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Before the Committee on Appropriations

Department of the Interior and Related Agencies Appropriations

Fiscal Year 2003

107*th* CONGRESS, SECOND SESSION

H.R. 5093/S. 2708

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DEPARTMENT OF ENERGY
DEPARTMENT OF THE INTERIOR
NONDEPARTMENTAL WITNESSES

Interior Appropriations, 2003 (H.R. 5093/S. 2708)

S. HRG. 107–816

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2003

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

ON

H.R. 5093/S. 2708

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2003, AND FOR OTHER PURPOSES

Department of Agriculture
Department of Energy
Department of the Interior
Nondepartmental Witnesses

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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2003

THURSDAY, MARCH 7, 2002

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

The subcommittee met at 10:09 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Robert C. Byrd (chairman) presiding.

Present: Senators Byrd, Burns, Cochran, and Domenici.

DEPARTMENT OF ENERGY

OFFICE OF THE SECRETARY

STATEMENT OF HON. SPENCER ABRAHAM, SECRETARY OF ENERGY

OPENING STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. The committee will come to order.

Mr. Secretary, I am very delighted to have you appear before this subcommittee. My first question, getting right to the point, is: How is that third baby in the Abraham family getting along?

Secretary ABRAHAM. He is doing well, sir. And you will note that, while his first name is Spencer, his middle name is Robert.

Senator BYRD. That is very important.

Well, he is already on first base.

Secretary ABRAHAM. I think so.

Senator BYRD. You said on September 6, 1996, that you and your lovely wife have twin daughters who were 3 years old, Betsy and Judy. How are they getting along?

Secretary ABRAHAM. If they did not have their younger brother tormenting them much of the time, I think they would report they are getting along very well. But they have learned that boys are a little different than girls. So we have quite a good family.

Senator BYRD. Tell those lovely children that they have been a great help to their father——

Secretary ABRAHAM. I will.

Senator BYRD [continuing]. This morning already.

On behalf of the Interior and Related Agencies Subcommittee, I welcome you here this morning. We appreciate you coming to formally present and discuss the administration's fiscal year 2003 budget request for the Office of Fossil Energy, the Office of Energy Efficiency, the Energy Information Administration, and the Strategic Petroleum Reserve.

Last May, when you first testified before this subcommittee, you had been Energy Secretary for only 3 months. The President's National Energy Policy, which was to guide the development of your Department's agency, had not been finalized or released. Nor had the catastrophic events of September 11 forced us to all reevaluate our national priorities with respect to energy.

But it is different this year. You have had adequate time in which to gain control of your department. The National Energy Policy, which you, as Secretary of Energy, have fashioned, has been presented to the Nation and has spurred what I consider to be an important debate. And 6 months after the devastating attacks of September 11, Americans understand just how vulnerable we are and why it is integral to our Nation's security that we increase our energy independence.

And yet, as I look at the Department's budget request, I am puzzled and somewhat dismayed. Rather than respond to the challenges we face by increasing our research and development activities as a way of securing our Nation's energy independence, this administration has instead chosen to retreat.

In energy conservation, for example, research and development activities that reduce the energy we use are cut by 8 percent. Under this budget proposal, the fossil energy research and development account is cut 16 percent from current levels. Coal research outside of the clean coal technology program is cut 9 percent. All research goes down by 37 percent overall, while programs specifically geared toward boosting exploration and production are slashed 49 percent. And the budget simply guts natural gas research, cutting those activities by 51 percent.

I appreciate the many demands, Mr. Secretary, that are placed upon you and your Department. You must address the safety of our Nation's nuclear stockpile. You have responsibilities for environmental cleanup. And the Energy Department, like all departments, has been called on to support the Office of Homeland Defense. But now is not the time to walk away from the kind of research that will secure our Nation's energy independence. As President Bush has said, "For the sake of national security, we must find more oil and gas at home."

Mr. Secretary, I will not, before you have had an opportunity to speak, belabor these points. I look forward to the question-and-answer period so that these and other issues can be discussed in greater detail. I also look forward to working with you and the subcommittee's distinguished ranking member, Senator Burns, in making sure that the Energy Department has the resources that it needs to carry out its duties. Your mission is an important one, and it should not be left behind.

Now I turn to my counterpart, my distinguished colleague, the ranking member of this subcommittee, Mr. Burns.

OPENING STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. Thank you, Mr. Chairman.

And what a difference a year makes. Last year at this time, Mr. Secretary, you appeared before the subcommittee in a time of relative peace in the world. At home, however, we were in the midst of an intractable energy crisis that began in California and infected

the entire West. Gasoline prices in parts of the country were heading towards $2 a gallon. There was great concern that a cold winter ahead could drive heating prices through the roof.

A year later, gasoline prices have settled considerably. The energy crisis in the West has seemingly abated. And the winter has nearly passed without showing its wicked teeth. Our troops are at war around the globe; and Senator Byrd is holding my gavel.

What a difference a year makes. As you know, Mr. Secretary, the apparent change in our energy fortunes will be fleeting, at best, unless we take some positive actions now. While additional generation capacity is being constructed in California and throughout the West, and especially my State of Montana, it will likely not be enough if we have even a modest hot spell this summer, and demand for electricity goes up, or if we cannot eliminate some transmission bottlenecks we are experiencing across the country.

While gasoline prices have moderated somewhat, domestic oil production continues to decline and prices remain increasingly subject to the production decisions of others, most of those decisions being made offshore. And while last year people in the West demonstrated an ability to reduce their demand for electricity, those demand reductions will be totally overwhelmed if our economy rebounds, as we all trust that it will. In fact, the imbalance between energy supply and demand lurks as a tremendous threat to a sustained economic recovery in this country.

Nobody, Mr. Secretary, can afford to be complacent about our energy future. I know the President shares this view. He has taken the first step by putting forward a balanced energy policy. But a policy is worth very little if it is not implemented. And that is one of the reasons I am glad to see you here today.

The energy programs under this subcommittee's jurisdiction are an important part of our energy policy. We need you to explain how this budget proposal relates to the President's policy. I must admit that I share many of the chairman's concerns about the budget request and whether it is adequate in some areas to support that policy. I hope that today you will connect the dots and explain how the one document relates to the other.

Last year you dutifully appeared before this subcommittee to defend a budget request over which you had very little control. That request was also produced without the benefit of the President's energy policy. That is not the case this year, however; so the bar for your testimony is set just a little bit higher. But knowing you, as I do, Mr. Secretary, I am confident you will clear that bar, even if we do not ultimately agree on every detail of this budget proposal.

We look forward to hearing your testimony. And I look forward to working with the chairman of this subcommittee. I do not know of a working relationship on any appropriations committee that is any better than our relationship here; and we want to continue that. I thank you for coming today.

And thank you, Mr. Chairman.

Senator BYRD. Thank you, Senator Burns. And thank you for referring to the working relationship that you and I enjoy on this committee. It is certainly bipartisan. And we will work together as we have worked together in the past.

Mr. Secretary, why do you not proceed with your statement, please?

SUMMARY STATEMENT OF HON. SPENCER ABRAHAM

Secretary ABRAHAM. Thank you, Mr. Chairman, and to the ranking member. I express my appreciation for the opportunity today to present our budget in a little more detail.

I think we have submitted a fairly lengthy official testimony, so I am going to dispense with going through all of that and make just a shorter statement.

Senator BYRD. Without objection, your entire statement will be included in the record as though read.

Secretary ABRAHAM. Thank you.

As both of you acknowledged, what we have been through over the last 12 months has been considerable. We have had a severe energy crisis in California, fears that it could have well spread to other parts of the country. We have seen heating oil, natural gas, and gasoline price spikes. And then, of course, the attacks of 9/11 and the events in the energy market since then. This has been a year for the record books.

I just want to say up front that the folks at the Department of Energy, the men and women who worked in this Department—and I have come to know a lot of them—have performed, in my judgment, superbly during this very difficult time. I think sometimes those of us in the appointed jobs or the elected jobs get most of the focus, of course. But the folks who work day-to-day in this Department have done a great job.

And I think that it is often the case that the people in a bureaucracy are the targets of criticism, often unjust. This Department has had more than its share. But during some pretty tough times, the men and women of the Department have done a spectacular job, I think, of rising to some fairly serious challenges.

I think we have accomplished a lot during this past year. Obviously the Department played an active role in the development of a national energy policy that the President announced last year. The Minister of Atomic Energy in Russia, in the Russian Federation, Alexander Rumyanstev, and I had a chance in September, right after the 9/11 attacks, and again in November, to meet and agree on an expanded and accelerated program for nuclear non-proliferation activities, particularly in the securing of materials in Russia. And we have already moved rather quickly to begin initiating that.

We launched, I think, an exciting new program in the area of transportation, long-term transportation efficiency, the FreedomCAR Program we call it, a program designed to develop new emission-free automobiles and other motor vehicles. After 24 years of study, as you know, we made a recommendation in February to the President for a permanent high-level nuclear waste, disposal site. And that process is now moving forward.

We launched a new initiative to maintain, improve, and expand the use of nuclear energy. We have also done some things to try to address some of the specific problems we had, including launching what will now be, I think, a successful program to improve the transmission of electricity within the State of California, breaking

down one of the most infamous bottlenecks in the country called Path 15.

So we, I think, have made some progress. We have also worked to try to address some comprehensive management challenges, which we have had at the agency. And we have taken steps, I think, to bring clarity to the Department's mission. We clarified back in October our over-arching mission is national security and the need to have energy security is a key cornerstone of that. This over-arching mission of the Department gives our team the kind of direction they need. We also made it clear that advanced basic science is central to that mission.

We performed a no-holds-barred review of our environmental management program and have proposed ways to both accelerate and reduce risk to communities in which our environmental clean-up sites exist. We performed an equally thorough review of our energy efficiency and renewables program, part of which is reflected in this budget, as well as in the energy and water budget, where we identified areas of great promise and guided the budget request this year, I think, in a more straightforward fashion.

What we discovered was that some areas, frankly, deserve greater investment than had been the case. Other areas had reached the point of maturity where the technology could be moved to the market. And in other areas we need to change and improve direction. And I think we are doing that.

Each of these policy and management reviews, I think, is shaped and will continue to shape the budget this year and in future ones. And now we intend to conduct similar comprehensive reviews of the two areas that we were not able to do for lack of having confirmed appointees in the areas of fossil energy programs and our comprehensive science programs. Happily, just this week Dr. Ray Orbach was confirmed by the Senate to head our Office of Science. And so now we have him there to conduct a top-to-bottom review of that division of the Department.

And I think you have met with, and he is here today, our brand new Assistant Secretary for Fossil Energy, Carl Michael Smith, who comes to us from the role as energy secretary of the State of Oklahoma. And I am anxious to work with him. I would also acknowledge Bob Kripowicz, who is here today, who has performed for the first year of our term here as the Acting Assistant Secretary and done a terrific job of helping me to surmount a lot of challenges, the ones we talked about here earlier. And Assistant Secretary Smith's first task is to perform the comprehensive review that I just mentioned.

Just as we have seen important changes this year in the energy efficiency and the environmental management programs as a result of the reviews conducted there, I expect comparable changes that will shape the budget and policy direction in the fossil energy program once this review is completed.

FISCAL YEAR 2003 BUDGET REQUEST

Let me just provide a few comments on the 2003 request. Our budget for the entire Department is $21.9 billion, over $8 billion of that is for the National Nuclear Security Administration, which includes $6 billion for our stockpile stewardship and related weapons

activities, and the largest amount we have ever requested, over $1.1 billion, to build on our nuclear non-proliferation progress.

We are also requesting over $3 billion to fund our cutting edge science programs, which, again, are going to be subjected to an even more intense review. And I think very favorable results will come from that.

In the area of environmental management, we are proposing to significantly expedite the clean-up of these former weapon sites, where communities have been told, up until now, they would have to wait 70 or 80 years for the clean-up activities to finish, at a cost to the taxpayers of some $300 billion.

We believe that by moving more swiftly, putting more money into those programs on the front end, we can get that accomplished sooner. And that will, in the long-term, both save money, but also give communities—more importantly—give communities the security of knowing that the high-level risks that they have confronted have been ameliorated. We are requesting $816 million for the fossil energy programs in fiscal year 2003. Included in the budget is funding for advanced research and development, Clean Coal Technology, Petroleum Reserves, and other similar programs. Specifically, we are requesting over $188 million for the Strategic Petroleum Reserve and the Northeast Home Heating Oil Reserve. This request supports our intention to fill the Strategic Petroleum Reserve to capacity in the next 3 years.

And we are funding at a level of $8 million our home heating oil reserve program, which we use, of course, to protect the most vulnerable consumers in the Northeast in the event of shortages of supply of the sort which we fortunately avoided this year but, as Senator Burns, indicated could be a challenge in the future. That reserve is now fully stocked and ready for emergency use.

The President's Coal Research Initiative accounts for $325.6 million of the request for Fossil Energy Research and Development. The President recognized the value of U.S. coal to this Nation's energy security when he proposed a new vision for clean coal technology and pledged an investment of $2 billion over the next 10 years to build on the significant technological progress made in recent years. We remain firmly committed to reaching that goal.

Just this week, the Department released a solicitation offering $330 million in Federal matching funds for industry-proposed clean coal initiatives. We want to begin a new partnership with the private sector to enhance energy supplies through clean coal technology. This technology, in our view, can help us preserve the environment while it strengthens energy security.

Just a few years ago, just the idea of a pollution-free coal plant seemed farfetched. Today that view has changed. It now appears likely that if the current pace of R&D can be sustained, a new type of fossil fuel energy plant can be introduced by the year 2015 that will have virtually no negative environmental effects. In fiscal year 2003, we are requesting over $63 million to develop the technology base for this power plant of the future.

As a result of our top-to-bottom reviews on energy efficiency, we are requesting a significant investment, over $1.3 billion in energy efficiency and renewables, to develop diverse sources of energy that are abundant, affordable, and clean. For programs under the juris-

diction of this subcommittee, we request $904 million. Last January, as I said, we announced our FreedomCAR initiative, a proposed partnership with private industry to develop clean, efficient fuel cell vehicles and the infrastructure needed to support them.

We are requesting $150 million in support of FreedomCAR, an important component of our long-term effort to reduce American dependence on foreign oil.

We will continue to invest in these programs that assist our families, particularly those related to our Weatherization Program. The budget includes $277 million to continue the President's $2 billion commitment to weatherize over 1 million homes over the next decade. Mr. Chairman, I have seen that program first hand. Recently I joined officials in this area to highlight its benefits in a home in Arlington, Virginia. The savings truly are remarkable. So that is a quick summary.

I look forward to both trying to address questions here today, but I want to just echo the comments made both by you, Mr. Chairman, and the ranking member. Having served together, we, I think, have a very successful track record of working on challenges together.

PREPARED STATEMENT

I look forward, both during this budget process, and later with regard to the implementation of these programs, to work closely with the subcommittee to both accomplish the goals which we have outlined here in the short term, but in a long-term sense as well.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. SPENCER ABRAHAM

INTRODUCTION

Mr. Chairman and Members of the Committee, I am pleased to be here today to discuss the fiscal year 2003 budget submission for the Department of Energy (DOE). This year we are proposing the largest budget in the Department's history. On September 11th our Nation changed, as did our national security challenges. The Department of Energy's $21.9 billion budget, that includes $1.8 billion for programs within this Subcommittee's jurisdiction, responds to that change in our focus as an agency and in the way we do business. This budget meets these challenges through investment in our national defense and in an important component of that, our Nation's energy security.

REFOCUSING OUR MISSIONS AND NATIONAL PRIORITIES

Shortly after the September 11th attacks, I spoke to Department of Energy managers and laid out new priorities for the agency. These priorities center on our main overarching mission national security.

I outlined a plan to review DOE's programs to bring our national security priorities back into focus. They include:

—certifying the safety and reliability of the nuclear stockpile;
—ensuring that R&D and production plans support the Administration's nuclear strategy;
—resolving the threat of weapons of mass destruction;
—providing safe, efficient and effective nuclear propulsion for the Navy;
—implementing the President's National Energy Policy;
—directing R&D budgets to innovative new ideas while ensuring application of mature technologies;
—exploring new energy sources with dramatic environmental benefits; and
—supporting Homeland Defense through a focus on the threat of weapons of mass destruction posed by terrorist groups or nation states.

National security concerns clearly drive the programs of the National Nuclear Security Administration and Other Defense programs, but it is also a key component of our energy, science and environmental programs. Energy security is national security. Failure to meet increasing energy demand with increased energy supplies, and vulnerability to disruptions from natural or malevolent causes, could threaten our Nation's economic prosperity, alter the way we live our lives, and threaten our national security. Energy programs will establish their highest research priorities to focus on the Department's overarching mission. They will direct research and development of new ideas that need encouragement; ensure greater application of mature energy technologies; and implement the President's National Energy Policy to increase domestic production, revolutionize our approach to energy efficiency, and identify a wider array of energy sources and types.

Since the announcement of the President's National Energy policy we have:

—ensured that our Strategic Petroleum Reserve protection is maintained in support of national energy security—the President directed the Department to add 108 million barrels of crude oil to the stockpile. The Department has implemented a royalty-in-kind program to fill the reserve to its maximum capacity quickly and without draining appropriated funds;

—set into motion a $300 million project (non-Federal funds) to work with the private sector to upgrade California's Path 15 and alleviate California's major electric transmission bottleneck. To accomplish this, Pacific Gas and Electric will work with 6 other parties and the Western Power Administration.

—continued the President's ten-year commitment to increase funding for the Weatherization Assistance Program to assist low-income families in reducing the cost for heating and cooling their homes;

—proposed an increase of $700 million in the Bonneville Power Administration's permanent borrowing authority to make needed investments in transmission and other infrastructure in the Pacific Northwest; and

—stocked the Northeast Home Heating Oil Reserve with 2 million barrels of home heating oil for emergency use.

The fiscal year 2003 budget for energy programs within the jurisdiction of this Subcommittee totals $1.8 billion. This request focuses Federal investment on future energy solutions and on R&D where our investment will make the most difference. To this end, this budget pilots a major DOE and OMB initiative to be expanded ultimately to all other Departments and agencies—to evaluate applied R&D programs and projects against empirical, objective criteria to ensure that, in additional to their scientific merits, these programs and projects are appropriate activities for the Federal government, are in accord with the principles of the National Energy Policy, and hold the most promise for delivering a product that will benefit the American people.

As a result of these evaluations, some projects were terminated, and some resources were redirected to maximize delivery of public benefits and provide long-term energy solutions. For example, the reduction in the Natural Gas Technologies budget request for fiscal year 2003 reflects the decision to target funding to those areas where industry clearly is not funding major development efforts on its own, or where a small amount of federal support can complete high-payoff, multi-year development efforts, or where federal cost-sharing can lead to technologies that can keep gas flowing from domestic wells that otherwise would be shut in. Similar to the Natural Gas Technologies program, funding in the Oil Technology program would be redirected in fiscal year 2003 to those areas where industry is not focusing its research attention and where a small amount of federal support could return significant dividends in terms of increased domestic oil production. Also, this budget features targeted energy investments that include FreedomCAR—bringing a long-term hydrogen fuel cell focus to transportation research—and the President's Coal Research Initiative recognizing the importance of cleaner burning more efficient coal power as part of the Nation's future energy supplies.

CHANGING THE WAY WE DO BUSINESS

I have also laid out my vision and expectations of the DOE workforce. DOE must become a place where employees of other Departments wish they worked, and an agency every Cabinet member wish they led. Programs would be managed against measurable performance objectives and managers would have clear accountability. I asked every manager to:

—ensure the safety of our employees and the communities surrounding our facilities,

—instill a respect for and adhere to the highest standards of security; and

—build a culture where merit determines hiring and promotion, and diversity is viewed as key to recruiting and retaining the best people.

But the challenge is greater. The Department is also addressing long-standing criticisms of DOE management and moving toward the Administration's model as set forth in the President's Management Agenda. With an emphasis on measurable performance objectives and accountability, we are holding DOE managers responsible for making these changes. We have set priorities, disciplined our focus, and will measure everything we do by reference to our missions and priorities.

IMPLEMENTING THE PRESIDENT'S MANAGEMENT AGENDA

The President has called for an active but limited government, one that empowers States, cities, and citizens; ensures results through accountability; and promotes innovation through competition. The Administration has targeted areas for improvement throughout the Federal government. Our work to fully implement these initiatives will continue through fiscal year 2004 and beyond, but we have a path forward and are making changes now.

Human capital

In order to eliminate unnecessary layers of management, direct personnel to high-priority missions, address skill imbalances, and achieve a 5–10 percent savings in management expenses through comprehensive, creative management reform, DOE will accelerate workforce planning and work with the Office of Personnel Management to conduct complex-wide organizational surveys to analyze and evaluate DOE field and headquarters redundancies, fragmentation and duplication of effort.

Competitive sourcing

We are initiating formal competitive sourcing reviews under the provisions of Office of Management and Budget Circular A–76 on approximately 1,000 positions. In addition, line managers are planning other reviews that may lead to formal studies. The longer-term goal is to conduct reviews on 50 percent of the Department's inventory of Federal positions that are not inherently governmental.

Improved financial management

We will continue to build on the Department's unqualified audit opinion on the consolidated financial statements and work to integrate better financial, budget, and program information in order to provide cost information related to performance.

E-Government

To make better use of computer information systems to improve management, promote efficient use of resources, and make our systems provide more people-friendly information, the Department will strengthen its Information Technology investment portfolio by linking investment control processes, using enterprise architecture, and improving security policies and capital planning.

Budget and performance integration

We have strengthened the Department's ability to measure performance by establishing the Program Analysis and Evaluation Office and developing a five-year planning, programming, budgeting and evaluation process. Building on the integration of performance metrics into our fiscal year 2003 budget submission, we are improving the performance measures contained in our fiscal year 2003 budget request and will continue to improve performance measures and their integration into the fiscal year 2004 budget. These improvements will provide clear, quantifiable outcomes to support budget requests.

Applied research and development (R&D) investment criteria

The President's management initiative on applied R&D calls for improved criteria to better focus programs on linkages to Presidential priorities, market justification, cost-sharing targets and performance outcomes. Our first phase of improvement is reflected in the budget for the Fossil Energy, Nuclear Energy, and Energy Efficiency and Renewable Energy programs. In fiscal year 2004, all applied R&D activities in the Department will make use of these improved criteria.

REPORTING ON PROGRESS

Management changes at DOE go beyond the objectives of the President's Management Agenda. To clarify roles, responsibilities and accountability, I have also revamped the Department's management structure.

I have strengthened the role of the Under Secretary for Energy, Science and Environment and given him direct line management responsibilities for Energy Efficiency and Renewable Energy and Fossil Energy programs.

The Department has made cross-cutting changes to strengthen accountability by:

—modifying the performance evaluation system for the Department's Senior Executives, making them more accountable for ensuring program success. These modifications will flow down to General Schedule employee levels during fiscal year 2002;

—issuing "Program and Project Management for the Acquisition of Capital Assets" (DOE Order 413.3), a major comprehensive resource to address all aspects of major project and program management and improve accountability for project and capital asset management.

—implementing the Project Management Career Development Program to enhance employee technical skills as recommended by the National Research Council;

—expanding the "Chief Operating Officer's Watch List" to monitor all significant construction projects. This useful tool provides high visibility and increased management attention to projects that exhibit early warning signs of trouble. In addition, we are placing much greater emphasis on acquisition planning, incorporating better measurements of performance, conducting earlier independent reviews, ensuring appropriate senior management oversight and providing real-time feedback to influence better outcomes; and

—initiating a process by which the Department's Program Secretarial Officers submit their highest priority objectives and related performance measures on an annual basis to the Deputy Secretary. This information will be tracked throughout the year and will be used to identify issues that may impede the achievement of these mission objectives.

We are also improving our financial management. The newly consolidated Office of Management, Budget and Evaluation (OMBE) added a new function, Program Analysis and Evaluation, to bring rigorous analysis and long-term budgeting of program plans and funding proposals. These improvements will benefit the Department.

OMBE will serve as a linchpin to improve the integration of the Department's strategic planning, budgeting and project management activities through the creation of a multi-year planning, programming, budgeting and evaluation capability. The Department will conduct long-term planning for all the Department of Energy programs in fiscal year 2004.

I would now like to address some of the specifics of our budget request.

THE FISCAL YEAR 2003 INTERIOR AND RELATED AGENCIES APPROPRIATION BUDGET REQUEST

In total for fiscal year 2003, we are requesting $1.8 billion. This amount is 3 percent, or $55.4 million, less than the current fiscal year 2002 level, but $181.1 million more than the fiscal year 2001 level. By appropriation, we are requesting $494.2 million for Fossil Energy Research and Development; $21.1 million for the Naval Petroleum and Oil Shales Reserves; $72.0 million for the Elk Hills School Lands Fund, which includes a $36.0 million advance appropriation; $904.3 million for Energy Conservation; $1.6 million for Economic Regulation; $188.8 million for the Strategic Petroleum Reserves; $82.8 million for the Energy Information Administration; and $40.0 million for Clean Coal Technology. One third of our total request, or $610.7 million, supports three Presidential Initiatives. They are Coal Research, $325.6 million; Weatherization Assistance Program, $277.1 million; and the Northeast Home Heating Oil Reserve, $8.0 million.

THE FOSSIL ENERGY BUDGET

The good news is that I now have my new Assistant Secretary for Fossil Energy on board. I already asked him to conduct a top-to-bottom review of the entire Fossil Energy program and report the results to me by July 1 of this year. His report will examine the strengths and weaknesses of our current program; how well it fits within the President's National Energy Policy and our Fossil Energy mission statement; and whether we are achieving the maximum benefits for the American people.

We are requesting $816.0 million for Fossil Energy programs in fiscal year 2003. Included in this budget are $548.2 million for Fossil Energy research and development; $40.0 million from previous appropriations for the original Clean Coal Technology program; $188.8 million for the Strategic Petroleum Reserve, which includes $8.0 million for the Northeast Home Heating Oil Reserve; and $93 million for the Naval Petroleum Reserves, which includes $72.0 million for the Elk Hills School Lands Fund ($36.0 million of which is an advance appropriation).

THE PRESIDENT'S COAL RESEARCH INITIATIVE

The President's Coal Research Initiative accounts for $325.6 million of the request for Fossil Energy research and development. President Bush recognized the value of U.S. coal to the Nation's energy security when he proposed a new vision for clean coal technology and pledged an investment of $2 billion over the next 10 years to build on the significant technological progress made in recent years. The Department's fiscal year 2003 budget proposal includes the second installment of funding for this initiative. It also focuses much of the undergirding coal research program on the President's longer-term clean coal technology goals.

Funding includes $150.0 million for the Clean Coal Power Initiative; $85.0 million for Central Systems; $54.0 million for Sequestration R&D; $5.0 million for Clean Fuels R&D; and $31.6 million for Advanced Research. These components are described below:

The Clean Coal Power Initiative.—This will be the initial step in carrying out the President's commitment. The Department intends to combine the $150.0 million appropriated in fiscal year 2002 with the $150.0 million requested for fiscal year 2003 and approximately $30.0 million of available funding from the Power Plant Improvement Initiative into a $330.0 million solicitation for industry-proposed, cost-shared demonstration projects. This first solicitation, which is scheduled to be issued in March 2002, will focus on rapidly advancing technologies that can be accelerated into the power sector through government-industry partnership projects. Industry sponsors will be required to at least match the federal funding share, and there will be a requirement that royalties from commercially successful technologies be used to underwrite future clean coal research.

Central Systems R&D.—Central station power plants remain the workhorses of America's power sector; currently, there are more than 375 coal-fired plants in the United States that generate 100 megawatts or more. Even though there is increasing interest in smaller, decentralized power systems, central station power generators will remain the dominant contributors to the Nation's power supply for well into the future. In total for fiscal year 2003, $85.0 million is requested for Central Systems R&D. Components of this program include the following:

—*Innovations for Existing Plants.*—In fiscal year 2003, $21.2 million is requested for the continued development of a scientifically sound base of data and technology to understand and reduce air and water pollutants from existing plants.

Mercury is likely to be one of the next major environmental challenges for the coal-fired power industry. To meet the 2008 deadline for mercury emission controls (EPA must publish a final rule by 2004), many of the Nation's coal-fired power plants will require new technology. Data collected by the Department in the late 1990s showed that no pollution control system on the market today reduces mercury emissions uniformly across the full range of power plant configurations. Emission controls can vary from 90 percent to virtually zero.

To develop mercury controls that are more reliable, at lower cost, and applicable to a wider range of plant types, the Department has put into place an aggressive technology development program. In 2000, the first near-term projects were selected with a goal of cutting mercury emissions by 50 to 70 percent by 2005 at one-half or less of today's costs.

In fiscal year 2003, advanced NOx control technologies will complete their pilot scale tests. If test results are successful, the technologies will be ready for full-scale demonstration, and important data will be generated for use in future multi-pollutant control strategies.

—*Advanced Systems—the Power Plant of the Future.*—Just a few years ago, the idea that a coal plant could be pollution free, including even carbon emissions, seemed farfetched. Today that view has changed. It now appears likely that if the current pace of R&D can be sustained, a new type of fossil fueled energy plant can be introduced by 2015 that would have virtually no negative environmental effects. In fiscal year 2003, we are requesting $63.8 million to develop the technological base for this power plant of the future.

Core elements of this effort include research on advanced concepts for integrated gasification combined cycle ($40.65 million) and pressurized fluidized bed combustion ($9.10 million). In fiscal year 2002, the pressurized fluidized bed combustion program was recast to focus on new concepts such as combustion hybrids that offer higher potential and reduced risks for future power plants. In fiscal year 2003, another significant refocusing will be underway in the turbine technology development program ($14.0 million). With the successful completion of the Advanced Turbine Systems development effort—which produced two new revolutionary, ultra-high efficiency, low-polluting, utility-scale natural gas turbines—DOE's turbine research is being redirected toward the develop-

ment of a new generation of zero-emission turbines, capable of being fired with coal gas and other gaseous feedstocks. Termed HEET—for "High Efficiency Engines and Turbines"—the new program is being defined this year by industry input and ongoing studies of market applications, public benefits, and technology needs.

—*Sequestration R&D.*—Carbon sequestration—the capture and storage or recycling of carbon gases—is the fastest growing program in the Department's Fossil Energy budget, reflecting President Bush's emphasis on developing advanced technologies to reduce the buildup of greenhouse gases. In fiscal year 2003, we are requesting $54.0 million.

This year the first of these projects will move into early field tests, providing the first "real life" data on whether various proposals for storing carbon gases are, in fact, worth pursuing. For example, in fiscal year 2002 the first full-scale project to sequester CO_2 in unmineable coal seams will take place, along with the first full-scale monitoring and verification of CO^2 injection into a depleting oil reservoir.

The significant increase in proposed funding for fiscal year 2003 (a 67 percent increase over the $32.2 million appropriated in fiscal year 2002) reflects the necessary costs for moving additional, promising concepts from laboratory-scale research into the next stage of tests. New field experiments in terrestrial sequestration, along with additional field tests in geological storage of greenhouse gases, are supported in the budget request.

—*Clean Fuels R&D.*—The Clean Fuels R&D program is in transition. Historically, the program focused largely on methods to convert coal to liquid fuels. Three years ago it was reoriented to include new efforts in reducing sulfur from petroleum and converting natural gas to liquid transportation fuels.

The reduction in the fiscal year 2003 budget request—to $5.0 million from $32.2 million in fiscal year 2002—reflects the Administration's view that much of the reoriented program was directed at research that industry could do on its own. Rather than concentrating on ways to remove pollutant-forming impurities from gasoline and diesel fuels, the fiscal year 2003 budget narrows the focus to exploratory research on novel concepts for chemically converting fossil fuel feedstocks into liquids and the development of a novel ceramic membrane that could significantly lower the costs of producing "syngas" for liquids production. If successful, this new membrane might also provide a lower-cost means for producing clean-burning hydrogen.

—*Advanced Research.*—In fiscal year 2003, we are requesting $31.7 million for two types of activities: (1) crosscutting and applied research that benefits the development of superclean, ultra-high-efficiency coal power systems and coal-based clean fuel systems with a particular emphasis on new materials, sensors and controls, and computational techniques for future power plants, and (2) analytical and assessment activities and international support that help guide planning and policy development for the Fossil Energy program.

DISTRIBUTED POWER GENERATION SYSTEMS

For Distributed Power Generation Systems, we are requesting $49.5 million in fiscal year 2003. Funding includes $47.0 million for Fuel Cells and $2.5 million for Novel Distributed Power Generation Systems. Components of the programs are:

Fuel Cells.—The Office of Fossil Energy's Fuel Cell program is on the verge of another success. Already, more than 220 "first generation" phosphoric acid fuel cell mini-power plants are operating or on commercial order throughout the world based on technology DOE helped develop in the 1980s. Now the more advanced fuel cells that DOE helped develop in the 1990s are being introduced into the market.

Orders for more than a dozen of the higher temperature molten carbonate fuel cells have been received by FuelCell Energy Inc., and the Connecticut company has broken ground on a 50-megawatt per year manufacturing facility. Siemens Westinghouse, DOE's partner in developing an even higher temperature, tubular solid oxide fuel cell system, has announced plans for its commercial manufacturing complex; an initial section of the plant is expected to begin fabricating commercial-scale solid oxide fuel cells in the spring of 2003. The Department's fiscal year 2003 budget will complete the Federal role in the development of these two classes of advanced fuel cell technology.

Research attention will turn increasingly to the next two major challenges confronting fuel cell technology: (1) significant cost reductions, and (2) the development of fuel cell-turbine hybrids that can push fuel-to-electricity efficiencies to "breakthrough" levels of 70 to 80 percent.

To help bring about dramatic cost reductions, the Department has helped create the Solid State Energy Conversion Alliance (SECA), a group of federal agencies, national laboratories, universities, and fuel cell developers. SECA's goal is to produce a core, solid-state fuel cell module that could be produced at a cost of no more than $400 per kilowatt.

Novel Distributed Generation Concepts.—The Department seeks to encourage promising technologies in the power generation field. For example, in recent years, the Department has funded the development of a new ramjet engine system for electricity generation. The Department will issue a competitive solicitation open to technologies that don't fit neatly into the more conventional categories described above (such as fuel cells, turbines, etc.). In fiscal year 2003, $2.5 million has been budgeted for the novel idea(s) that emerge from this solicitation.

NATURAL GAS TECHNOLOGIES

For Natural Gas Technologies we are requesting $22.6 million. Funding includes $15.5 million for Exploration and Production; $4.5 million for Gas Hydrates; and $2.6 million for Effective Environmental Protection.

Based on the Research and Development Investment Criteria being developed as part of the President's Management Agenda, DOE is reconsidering where its federal dollars for natural gas research should be directed to be most productive. Generally, the reduction in the Natural Gas Technologies budget request for fiscal year 2003 reflects the decision to target funding to those areas where industry clearly is not funding major development efforts on its own, or where a small amount of federal support can complete high-payoff, multi-year development efforts, or where federal cost-sharing can lead to technologies that can keep gas flowing from domestic wells that otherwise would be shut in.

Exploration and Production.—In exploration and production, this means that much of the fiscal year 2003 budget ($15.5 million) will be directed at completing the final year of development for several advanced drilling and diagnostic tools. For example, in fiscal year 2003, development of a new type of composite drill pipe will be completed. Made of carbon resins similar to those used in the shafts of golf clubs, the drill pipe will be less than half the weight of its steel counterpart, allowing producers to drill greater distances laterally from an offshore platform, or to drill in greater water depths. Similarly an ultra-lightweight cement will be readied for commercial introduction in fiscal year 2003 with the first applications likely to be in deep water drilling and production.

Also in fiscal year 2003, development of a high-pressure, jet-assisted coiled tubing drilling system will be completed, providing a new tool for industry to use to drill through dense gas-bearing formations faster and at less cost. A new diagnostic tool that can measure the growth of artificially induced fractures in a gas field in real time will also be readied for industry use in fiscal year 2003.

The Department will also use fiscal year 2003 funding to complete its research into "secondary gas recovery." This research has provided new tools and methods that operators can use to locate and produce natural gas missed by conventional technologies. Federal involvement in this technology development effort has helped revitalize gas production in areas of south Texas and has led to additional commercial production in the Midcontinent and the Gulf of Mexico.

Gas Hydrates.—In gas hydrates—a potentially huge, but still speculative future gas resource—funding is being scaled back. The proposed budget level, $4.5 million, is still sufficient to collect important data on safety and seafloor stability and the role of hydrates in global climate change. Several industry-led field activities are underway to drill into and collect samples of naturally occurring hydrates from the Alaska permafrost and the Gulf of Mexico. With a limited amount of funding, the Department hopes to "piggyback" on several of these projects and collect data that can be useful in determining future research needs.

Gas Infrastructure.—To provide better integration of infrastructure research efforts and reduce unnecessary program duplication, the Administration proposes to transfer responsibilities for all gas infrastructure R&D to the Department of Transportation's Office of Pipeline Safety (OPS). Within the last two years, the Fossil Energy R&D program has initiated several projects with industry and national laboratories to develop new tools for detecting damage and improving the integrity and reliability of the nation's aging natural gas pipeline system. Similar projects are also conducted by OPS. No funding is requested in the Fossil Energy R&D account in fiscal year 2003 for gas infrastructure projects. Given the nature of OPS's safety regulatory mission and related performance goal needs, this critical activity is best situated in DOT.

Emerging Processing Technology.—Also in fiscal year 2003, no funding is requested for emerging processing technology. In prior years, this budget category has supported research on improved methods for extracting fuel-grade natural gas from coal mines. Industry now has the technological foundation to proceed on its own. Also DOE will conclude its financial support for an international center for information on natural gas technologies, which also receives funding from the gas industry.

Effective Environmental Protection.—In fiscal year 2003, $2.6 million is requested. Activities that can lead to more effective environmental protection in gas (and oil) fields are funded at essentially the same level as fiscal year 2002. Within this activity, however, there is a proposed funding shift to support increased technology transfer of practices and processes that can address environmental issues that otherwise could limit gas production from domestic fields.

OIL TECHNOLOGY

In fiscal year 2003, $35.4 million is requested for Oil Technology. Funding includes $16.4 million for Exploration and Production; $9.5 million for Reservoir Management Practices; and $9.5 million for Effective Environment Projection.

Similar to the Natural Gas Technologies program, funding in the Oil Technology program would be redirected in fiscal year 2003 to those areas where industry is not focusing its research attention and where a small amount of federal support could return significant dividends in terms of increased domestic oil production. Components of the program include the following:

Exploration and Production.—In fiscal year 2003, we are requesting $16.4 million with much of the proposed program focusing on fundamental research that can be applied across the entire petroleum industry. PRIME—an initiative to support high-risk, fundamental research that could produce revolutionary advances in oil technology—will kick off in April 2002 with a call for proposals and will continue to be supported in fiscal year 2003. General areas likely to be covered under PRIME will be remote sensing and surveying, advanced tools for lower-cost slimhole drilling, remote downhole wireless monitoring, and advanced petroleum recovery technologies.

Reservoir Management Practices.—In fiscal year 2003, we are requesting $9.5 million to develop better reservoir management practices for domestic oil fields, especially those operated by smaller independent producers. Included is continued support for our PUMP initiative. PUMP—for "Preferred Upstream Management Practices"—is a major technology transfer effort, designed to disseminate new technologies, more effective production strategies, and other field management improvements to the Nation's smaller independent companies. In April 2001, the Department announced the first five PUMP projects; in September, it added four more projects. In fiscal year 2002, a third round of projects will be selected. We also will continue our "Technology Development with Independents" program, which provides cost-shared grants that small companies can use to apply new technologies to U.S. fields. Support for the Petroleum Technology Transfer Council and other technology transfer efforts will also be continued.

Effective Environmental Protection.—As in the Natural Gas Technologies program, funding ($9.5 million) is being requested for effective environmental protection activities that relate to oil field operations. Work will be scaled back in risk assessment efforts for exploration and production activities in favor of increased cooperative efforts with state, tribal, and Federal agencies to reduce permitting times for environmental regulations and regulatory processes. New technologies will also continue to be developed to provide more cost-effective environmental compliance options, with a particular emphasis on protecting sensitive environments on federal lands.

OTHER FOSSIL ENERGY R&D

In total for fiscal year 2003, we are requesting $115.1 million for other Fossil Energy R&D such as:

Program Direction.—In fiscal year 2003, we are requesting $89.6 million for Program Direction. This amount includes $14.0 million transferred from balances available in the Clean Coal Technology Program for program direction. Program Direction includes funding for salaries and other expenses for Federal and contract employees at Headquarters and at the Morgantown, Pittsburgh, and Tulsa offices of the National Energy Technology Laboratory (NETL), including those previously funded in the Clean Coal Technology appropriation account.

Plant and Capital Equipment.—The $2.0 million request provides for repairs, improvements and alterations to buildings at the NETL and the Albany Research Center (ARC).

Environmental Restoration.—In fiscal year 2003, $9.7 million is requested to continue remediation efforts at several former field test sites and to upgrade worker health and safety conditions at NETL and ARC. A series of lead and asbestos abatement actions will be completed at the sites, and a number of fixes will be made at the Pittsburgh and Morgantown facilities to improve indoor air quality.

Cooperative Research and Development.—In fiscal year 2003, $6.0 million is requested for projects at the University of North Dakota Energy and Environmental Research Center and the Western Research Institute. These projects receive at least 50 percent of their funding from private sector research organizations.

Advanced Metallurgical Research.—Our budget also includes $5.3 million to support advanced metallurgical research at the Albany Research Center in Oregon. A major effort in fiscal year 2003 will be to complete an analysis of the mechanisms that degrade refractory materials that line coal gasifiers. ARC has also emerged as a premier installation for research into mineral carbonation—a technique for converting CO_2 into an environmentally benign solid. In fiscal year 2003, the Center will construct and operate a 5-pound-per-hour benchscale mineral carbonation test unit.

Import/Export Authorization.—The budget request also includes $2.5 million to conduct regulatory functions associated with the import and export of electricity and natural gas, an increase of $.1 million from fiscal year 2002. The Office of Fossil Energy is responsible for authorizing the export of electricity, the issuance of permits for electric transmission facilities at the nation's international borders, and for authorizing natural gas imports and exports under Section 3 of the Natural Gas Act of 1938.

CLEAN COAL TECHNOLOGY

The budget request transfers all of the projects in this category to the Fossil Energy R&D account. These projects are funded with monies appropriated in prior years. While the Department intends to honor all outstanding project commitments, if surplus funds become available, they will be allocated to President Bush's Clean Coal Power Initiative described earlier.

Seven projects remain in various stages of design, construction or operation (four others are in the final reporting phase), but only two projects the Kentucky Pioneer coal gasification combined cycle project and the CPICOR Management Company's advanced iron making/power generation project will require new obligations from the existing pool of funding.

THE STRATEGIC PETROLEUM AND NORTHEAST HOME HEATING OIL RESERVES

For fiscal year 2003, we are requesting a total of $188.8 million. This includes $169.8 million for the Strategic Petroleum Reserve (SPR); $11.0 million for the SPR Petroleum Account; and $8.0 million for Northeast Home Heating Oil Reserve.

Strategic Petroleum Reserve.—The National Energy Policy has identified both the Strategic Petroleum Reserve and the Northeast Home Heating Oil Reserve as key response tools for the President to use in protecting Americans from imminent or actual disruptions in energy supplies.

In November 2001, President Bush announced his intent to fill the Strategic Petroleum Reserve to its full 700 million barrel capacity. On January 22, 2002, the Department began the first stage of the President's plan, joining with the Minerals Management Service (MMS) to solicit offers from industry to exchange 22 million barrels of royalty oil produced from Federal leases in the Gulf of Mexico. Earlier this month, the Department announced a contract with Equiva Trading Company to add 18.6 million barrels to the Reserve (the difference in quantities reflects adjustments for the cost of transportation costs and for crude oil quality).

As a result of the President's action, the fiscal year 2003 budget contains $11.0 million in the SPR Petroleum Account to pay the incremental costs of terminalling, transportation, power and third party inspections associated with the added fill.

The budget also includes $15 million in the Storage Facilities Development and Management account to continue treating SPR crude oil to reduce vapor pressure caused by the migration of gas from surrounding salt formations.

The Northeast Home Heating Oil Reserve.—In fiscal year 2003, $8 million is requested for the Northeast Home Heating Oil Reserve. The reserve is fully stocked and ready for emergency use. Commercial terminals in New Haven, CT; Woodbridge, NJ; and Providence, RI, are under federal lease and currently hold 2 million barrels of home heating oil that could be released to the market to counter a sudden fuel emergency. Although it now appears likely that the Reserve will not be called on during the 2001–02 heating season, the Department has in place a new web- based "real-time" auction system that prospective heating oil buyers would ac-

cess in the event a drawdown is necessary. Development of this system was a key "e-government" initiative undertaken by the Office of Fossil Energy in response to the President's Management Agenda.

THE NAVAL PETROLEUM RESERVES

The fiscal year 2003 budget request of $21.07 million continues to carry out the changes that have occurred within the Naval Petroleum and Oil Shale Reserves functions and organization since passage of the National Defense Authorization Act for fiscal year 1996.

Funding is included for the three responsibilities that remain: (1) oversight of commercial leases at the Naval Petroleum Reserve #2 in California, (2) operation of the Naval Petroleum Reserve #3 stripper well field in Wyoming, and (3) management of the Rocky Mountain Oilfield Testing Center co-located on the NPR #3 property.

The fiscal year 2003 budget also includes $72 million for payments to the Elk Hills School Lands Fund as a result of a Settlement Agreement reached with the State of California on October 11, 1996. Under this agreement, which resolved longstanding State claims to two parcels of land ("school lands") within the Elk Hills field, the Federal government must pay (subject to appropriation) 9 percent of the net proceeds from the Elk Hills sale to the State. The current estimate of the net sales proceeds is $324.0 million, of which $298.0 million has already been deposited into a contingent fund in the Treasury.

Through fiscal year 2002, three installments of $36.0 million each will have been paid. A fourth installment was advance appropriated in fiscal year 2002 to be payable in fiscal year 2003. The fiscal year 2003 budget request contains $36.0 million for the enacted advanced appropriations as well as $36 million for the fifth installment. Once all divestment related costs have been paid and the total payment to the State has been calculated, the final two installments will be paid in equal amounts in years six and seven.

THE ENERGY CONSERVATION BUDGET

The Energy Efficiency and Renewal Energy (EERE) budget request is split, as you know, between the Interior and the Energy and Water Development Appropriations Bills. Our overall EERE budget request for fiscal year 2003 is $1.31 billion, up $10.3 million over the amount appropriated last year. For our Interior programs in fiscal year 2003, we request $904.3 million, a slight decrease below fiscal year 2002 appropriations, but nearly $150 million above last year's request.

However, more important than how much we propose to spend on these programs is the fact that we are working to achieve more from them. As we developed this budget we were driven by some very fundamental questions. For example, what public benefits do we expect to achieve with the expenditure of these taxpayer dollars? How can we better measure success in pursuit of those public benefits? How can we leverage Federal dollars through partnerships with States, communities and the private sector to achieve greater success? We grappled with these questions in several ways:

—First, in response to recommendations in the President's National Energy Policy, we undertook a Strategic Program Review to review historical performance of EERE programs, and propose appropriate funding for those that were performance-based and modeled as public-private partnerships. This extensive review was accompanied by a series of public meetings held across the country. Our review identified activities that should be expanded, activities that have come to the end of their useful lives and should be terminated, activities that should be refocused, and activities that require "watch list" scrutiny to ensure they advance effectively. This review has driven many of the shifts you will see in our fiscal year 2003 budget.

—Second, we evaluated the results of an external, retrospective review by the National Academy of Sciences (NAS) designed to determine whether the benefits of our programs have justified the associated public expenditure. The NAS found that our Research, Development and Demonstration (RD&D) programs have yielded significant economic and environmental benefits, new technological options, and important enhancements to engineering and scientific knowledge in a number of fields. The NAS also offered recommendations that will improve our methods for estimating program benefits. We have taken these recommendations seriously and are evaluating how to best implement them. To help us assess the recommendations of the NAS and the potential for these recommendations to enhance our program benefit estimates, we have scheduled a conference entitled, "Estimating the Benefits of Government-Sponsored Energy

R&D." The Conference, which will be held in Crystal City on March 4 and 5, 2002, will bring together a range of experts in benefits analysis. Mr. Chairman, as a result of this conference, I expect that we will identify practical and affordable ways to enhance our existing GPRA benefits estimates. Additionally, the Department's Offices of Fossil Energy, Nuclear Energy, and Science are co-sponsoring this Conference in the hope that lessons learned at the Conference will enhance the analytical efforts of the entire Energy Resources business line, as well as our mutual abilities to assess the respective roles of basic and applied research.

—Third, as part of a pilot effort, we applied new evaluation criteria to our research and development programs in accordance with the President's Management Agenda. We hope to improve the application of these criteria in the evaluation of our programs as we move ahead.

—Finally, recognizing our increasing dependence on energy from areas of the world that are periodically unstable, I directed EERE to concentrate their efforts on programs that revolutionize how we approach conservation and energy efficiency. I challenged them to leapfrog the status quo and prepare for a future that, under any scenario, requires a revolution in how we find, produce and deliver energy.

The Energy Conservation budget request has been developed with these challenges and opportunities in mind. Mr. Chairman, I believe that the Energy Conservation budget request I am presenting today will move us forward in meeting our program goals and those of the NEP. For example:

—Residential Buildings Integration R&D activities will provide the energy technologies/solutions to catalyze a 50 percent increase in the energy efficiency of new homes and a 20 percent increase in the energy efficiency of existing prototype residential buildings by 2008 relative to the Model Energy Code.

—R&D activities led by our industrial program will deliver energy saving technologies/methods leading to reduced energy use in the eight energy-intensive "Industries of the Future" (IOF). These activities will help provide a 24 percent reduction in energy intensity in 2010, compared to the 1991 baseline.

—Fuel Cell R&D activities will reduce the production cost of a 50 kW vehicle fuel cell power system from $275/kW in 2002 to $125/kW in 2005 to $45/kW in 2010.

—Distributed Energy Resources (DER) R&D activities will enable new DER electricity-generating capacity to be increased from 5 percent in 2000 to 7 percent in 2005.

—The Federal Energy Management Program activities will decrease energy intensity in standard federal facilities by 30 percent by 2005, relative to 1985 levels.

BUILDINGS

EERE's buildings technology R&D programs address efficiency opportunities in commercial buildings (e.g., schools, offices, hospitals, stores) as well as residential buildings, both in existing structures and new construction. The programs also address appliance energy use in buildings, such as clothes washing and food refrigeration. The fiscal year 2003 budget request in this area is $408.8 million, $28.5 million above fiscal year 2002 enacted, a 7.5 percent increase. We request $316.9 million for the Weatherization Assistance and the State Energy Programs, both of which are grants programs that provide funding for States to improve energy efficiency in homes and communities. The remainder of the requested funding ($92.9 million) is for energy efficiency R&D (e.g., lighting, windows), development of building codes and appliance standards, training programs, and the Energy Star program.

Let me cite a few examples of programmatic accomplishments we expect to achieve with this budget, including major program shifts. In the Building Equipment and Materials Program, we request an increase for lighting R&D and energy standards for lighting and appliances. In lighting R&D, revolutionary technologies, such as Light-Emitting Diode (LED) and Organic Light-Emitting Diode (OLED) light sources, that can potentially double efficiency, are in the early stages of R&D and will be ready for the market in the next 5 to10 years. The lighting and appliance standards program continues to be an effective way to stimulate the market to incorporate energy efficiency gains available from today's technology. In addition, we complement our standards work with applied R&D. Also within this program, we will be decreasing our work in Space Conditioning and Refrigeration, Appliances and Emerging Technologies, Building Envelope, and Analysis Tools and Design Studies. Currently, the technologies in these areas are well developed and many are ready to be "graduated." Emphasis needs to be turned to educating consumers and builders about the utility and availability of these energy saving technologies. We intend to further these efforts through our Energy Star Program.

In our Weatherization Assistance Program ($277.1 million requested, $47.1 million above the fiscal year 2002 level), we will weatherize approximately 123,000 low-income homes, saving $2.10 in energy costs for every dollar invested over the life of the efficiency improvements. Increasing funding for this cost-effective program is a Presidential initiative and receives our highest priority. We also propose to expand the ENERGY STAR program ($6.2 million requested, $3.2 million above fiscal year 2002), as recommended in the NEP.

INDUSTRY

The Industrial Technologies program partners with key, energy intensive industries to develop and apply advanced technologies and practices that reduce energy consumption and improve environmental performance. In fiscal year 2003, we are requesting $71.6 million, a $1.0 million decrease from fiscal year 2002 enacted levels, for the Industries of the Future (IOF) Specific program. The Specific Vision Industries (Steel, Metal Casting, Mining, Agriculture, Forest Products, Glass, Aluminum, and Chemicals) R&D activities all received essentially level funding with two exceptions. We request no funding for the Petroleum Vision, based on the successful completion of the petroleum vision and roadmap and an acknowledgement that the petroleum industry should be able to fund R&D for this purpose. The other exception is a requested increase of $1.0 million for the Agricultural Vision. The requested funding will expand the Agriculture IOF Education Initiative supporting the establishment of a graduate curriculum on biobased products and bioenergy.

In fiscal year 2003, we are requesting $57.1 million, a $3.8 million decrease from fiscal year 2002, for the IOF Crosscutting program, which includes: Industrial Materials for the Future (IMF); Combustion, Sensors & Controls; National Industrial Competitiveness through Energy, Environment, and Economics (NICE3), Inventions and Innovation (I&I), and Industrial Technical Assistance (Best Practices and Industrial Assessment Centers). The IMF program was decreased $1 million through anticipated savings from re-engineering the program. We have reduced funding for Combustion activities by $2.8 million due to the delay of the final negotiations of the third biomass gasification project. We have also reduced funding for the I&I program by $2.0 million because we believe these funds could be put to better use in other EERE programs. The requested funding for I&I will meet existing mortgages.

FEDERAL SECTOR

The Federal government is the Nation's largest single energy consumer. In 1999 alone, the Federal government spent almost $8 billion to provide energy to its buildings, vehicles, and operations. Simply by using existing energy efficiency and renewable energy technologies and techniques, the Federal government can begin to lead the Nation toward becoming a cleaner, more efficient energy consumer.

In fiscal year 2003, we are requesting $27.9 million for the Federal Energy Management Program (FEMP), an increase of $4.5 million above fiscal year 2002. We will attract between $80 and $120 million in private sector investment through Super Energy Savings Performance Contracts (ESPCs) and expand Super ESPC projects in the areas of biomass, geothermal, and solar energy. In addition, FEMP will increase assistance to agencies to meet energy use reduction goals. These activities include 70 technical and design assistance projects, 10 of which will be innovative distributed energy resources (DER) and combined heat and power (CHP) projects. The DER initiative provides an increased degree of energy security for federal sites and CHP projects contribute to increased energy efficiency and reduced greenhouse gas production.

POWER

The Distributed Energy Resources (DER) Program leads a national effort to develop a flexible, smart, and secure energy system by integrating clean, efficient, reliable, and affordable distributed energy technologies; documenting the energy, economic, and environmental benefits of the expanded use of distributed energy resources; and supporting the development of regional or state energy strategies, including distributed generation deployment, as it relates to energy security and reliability.

By producing electricity where it is used, distributed energy technologies can reduce the need for developing a costly, new centralized infrastructure to deliver energy to distant customers that can suffer from some of the same disadvantages as the current system (e.g., transmission loss, vulnerability). Also, because distributed generators are located near the point of use, they allow for the capture of the waste heat produced by fuel combustion or fuel cells through combined heat and power systems (CHP) systems.

In fiscal year 2003, we are requesting $63.9 million, level funding. We will continue to focus on development of improved performance and fuel flexible gas turbines, microturbines, reciprocating engines and stationary fuel cells as distributed energy choices for end-use customers. Increased activities will be undertaken for integration and end-use applications of distributed energy systems, including the development of combined heat and power packages, controls and sensors, analysis tools and design studies.

TRANSPORTATION

Oil imports, about 53 percent of our petroleum consumption in 2000, are at an all-time high and currently add an estimated $109 billion per year to our balance of payments deficit. At the present time, the United States consumes 26 percent of the world's oil while producing only 12 percent of the total global supply. In terms of distribution of world oil reserves, OPEC is projected to continue to have the vast majority of oil reserves and as such, will have great influence over the price of oil.

The Administration has established a goal to achieve freedom from dependence on foreign oil. FreedomCAR (CAR stands for Cooperative Automotive Research) is a new partnership to develop technologies that will ultimately result in vehicles requiring no oil, and that emit no harmful pollutants or greenhouse gases. The long-term results of this cooperative effort will be cars and trucks that are more efficient, affordable, pollution-free and competitive. FreedomCAR will support R&D on hydrogen and fuel cells and will continue to support R&D for petroleum- related technologies that have the potential to dramatically reduce oil consumption and environmental impacts in the interim. Many of the programs described below will contribute to FreedomCAR's goals. In fiscal year 2003, we request $150.3 million, which includes $25.8 million from Energy and Water Development appropriations, for FreedomCAR that will be used to undertake many of the activities described below.

Vehicle Technologies R&D supports R&D that will produce dramatic improvements in fuel economy for automobiles, sport utility vehicles (SUVs), and light and heavy trucks, without sacrificing safety, environmental performance, and affordability. The activity comprises six areas of research: Hybrid Systems R&D, Fuel Cell R&D, Advanced Combustion Engine R&D, Electric Vehicle R&D, Heavy Vehicle Systems R&D, and programs for small businesses and universities called CARAT (Cooperative Automotive Research for Advanced Technologies) and GATE (Graduate Automotive Technology Education). In fiscal year 2003, we are requesting $149.2 million, a decrease of $5.8 million below the fiscal year 2002 level.

Let me cite a few examples of programmatic activities we expect to achieve from our request, including major budget shifts.

In Fuel Cell R&D ($50.0 million requested, $8.0 million above fiscal year 2002 enacted), we will develop technologies and fabrication processes to reduce the cost and accelerate the manufacturing capability for polymer-electrolyte membrane fuel cells. We will also develop critical balance of plant components such as compressors, and demonstrate advanced on-board hydrogen storage technologies. In Advanced Combustion Engine R&D ($40.7 million requested, $8.4 million below fiscal year 2002 enacted), we will continue supporting R&D so that passenger cars and light trucks can utilize fuel-efficient compression-ignition, direct-injection (CIDI) engines. We will also complete testing prototype diesel engines to demonstrate a 35 percent increase in fuel efficiency and meet Tier 2 emissions requirements for light trucks. Related to Hybrid Systems R&D ($42.6 million requested, $4.0 million below fiscal year 2002), we will continue development of advanced power electronics and storage devices while reducing support for the Digital Functional Vehicle, battery thermal management, and "predicting emissions from advanced simulation" models. These activities are less critical to quickly achieving competitive hybrid vehicles.

In the Fuels Utilization R&D Program ($18.5 million requested, $7.4 million below fiscal year 2002), we will complete existing contract obligations but terminate activities relevant to heavy-duty natural gas vehicles and infrastructure R&D because competitive natural gas engines and related systems are commercially available. In the Materials Technologies Program ($29.8 million requested, $10.5 million below fiscal year 2002), we will conclude our work on aluminum and advanced high-strength steels in order to focus our efforts on reducing costs and improving performance of carbon fiber materials.

INTEGRATED BIOMASS R&D PROGRAM

Biomass is a priority for the Administration as reflected in the NEP, and, Mr. Chairman, over the past few months we have rebuilt the program across-the-board in biofuels, biopower and biobased products. In working to rebuild the program, we

found that our biomass program needed better focus, and we have worked to set integrated priorities across our sectors.

We are driven by our vision of the widespread operation of an integrated industrial biorefinery and our goal to reduce America's dependence on foreign oil. We can already see the results of our efforts: we have ended over 100 projects since fiscal year 2001; we are de-emphasizing biomass co-firing with coal and the lignin route to ethanol, and we are moving away from our work on plant sciences and feedstock production. We are concentrating our overall funding instead on cellulosic ethanol, gasification, and biobased chemicals.

In fiscal year 2003, we are requesting $110.5 million for this restructured activity, with $26 million from Interior appropriations and the remainder from the Energy and Water Development appropriations. Funding for relevant activities of our biomass efforts in Interior appropriations are: $8.3 million for the Agriculture Vision; $2.6 million from the total of $11.8 million from the Forest Products Vision; and our Black Liquor Gasification work at $13.6 million. The $1 million increase in the Agriculture Vision will likely be used to seed an expanded multidisciplinary biomass education initiative.

POLICY AND MANAGEMENT

The corporate management, information, analysis, oversight and leadership required for the efficient and effective implementation of the EERE portfolio face several institutional challenges that make management and integration at the corporate level very complex. Policy and Management funds support the staffing, resources, and management support for all EERE sector offices at Headquarters; the field office in Golden, Colorado; and EERE's six Regional Offices (ROs). In fiscal year 2003, we are requesting $42.7 million for these activities, a $3.7 million decrease from the fiscal year 2002 level, reflecting expected administrative efficiencies.

THE ECONOMIC REGULATION BUDGET

DOE's Office of Hearings and Appeals continues work related to previous enforcement activities of the Department to equitably terminate the regulatory program implementing the Emergency Petroleum Allocation Act of 1973. The fiscal year 2003 budget of $1.6 million would finance the phase-out of remaining oil overcharge activities. The fiscal year 2003 request is a 28 percent reduction from fiscal year 2002 levels and initiates a three-year phase-out of the Economic Regulation activities consistent with language in last year's House Appropriation Committee Report.

THE ENERGY INFORMATION ADMINISTRATION BUDGET

For the Energy Information Administration (EIA), we are requesting $82.8 million. The requested funding will be used for ongoing data and analysis activities and critical data quality enhancements, so EIA can continue to disseminate 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 dissemination of energy data and analyses to a wide variety of customers in the public and private sectors through the National Energy Information Center; the maintenance of the National Energy Modeling System for mid-term energy markets analysis and forecasting; and the maintenance of the Short Term Integrated Forecasting System for near- term energy market analysis and forecasting.

In fiscal year 2003, EIA will focus on continuing three multi-year initiatives:

—updating its natural gas, petroleum, and electricity surveys and data systems to reflect changes in these restructured energy industries;

—working on improving data quality regarding these industries to assure that EIA's information products accurately reflect the state of the respective energy industry, its markets and supply; and

—realigning the energy consumption surveys with the 2000 census information to maintain production of the most comprehensive information on this Nation's energy usage, with particular focus on the digital economy and its impact on this Nation's electricity supply. The collection and analysis of accurate energy data facilitate production and dissemination of reliable energy information, which enables the Administration and Congress to make informed energy policy decisions.

Mr. Chairman, and members of the Subcommittee, that completes my prepared statement. I would be happy to answer any questions you may have.

TOP-TO-BOTTOM REVIEW OF FOSSIL ENERGY PROGRAMS

Senator BYRD. Thank you, Mr. Secretary, for your statement.

Let me begin by saying that I had the pleasure of recently meeting the Department's new Assistant Secretary for Fossil Energy, Mr. Smith, to whom you have referred in your statement. I know that he has only been on the job for about a month, but I believe that he can be a real asset to your Department. And I am sure that you are glad to have him on board. The Fossil Energy Office is long overdue for an Assistant Secretary who would be a strong supporter of fossil energy programs.

As I understand it, one of the first tasks that you assigned to Mr. Smith was that, as of July 1 of this year, he was to complete a top-to-bottom review of all fossil energy programs and report back to you. The review is supposed to address the strengths and weaknesses of all fossil energy programs and to determine how those programs fit into the President's National Energy Policy.

Now, given the fact that there are factions in the administration who were less friendly to fossil energy, and the fact that the administration's fossil energy budget requests have been less than robust, what assurances can you give my colleagues on this subcommittee that this review will not simply turn into a fossil energy bashing event? And will you agree to share the results of Mr. Smith's review with the subcommittee?

Secretary ABRAHAM. Well, first of all, we will share the results of the review. We have just done a similar review, as I mentioned, of our energy efficiency and renewable energy programs. And I believe that is just about completed. And when it is, that also will be available.

What we discovered there, I suspect, will be similar to what we will find as we go forward with this review. That is that we have a number of programs that are under-funded, some programs which have perhaps reached the point of maturity and can now move to application, and others that may need some modification. That is essentially what we discovered in the other area. And it resulted in the largest energy efficiency and renewable energy submission to Congress in 20 years.

But I think, just speaking for this Secretary, we recognize in our Department, and have very robustly argued the point, that energy security depends on maintaining the role of the fuels that we currently have providing energy diversity. The role coal plays in electricity generation of approximately 50 percent is critical.

We cannot afford to have a dramatic reduction in the coal component of our electricity generation, particularly, as you well know, with 275 years of supply at least available to us. But obviously, we also want to make sure that as we use coal, we do it in an environmentally friendly way that is consistent with current, as well as future, environmental standards. And that is the challenge of the Department.

But the advocacy for these programs will be very strong, because we very strongly believe that the role coal plays and that fossil fuels play must be maintained. At the same time, in our energy efficiency budget here, you see the commitment that we are making to research and development of hydrogen fuel cells and fuels cells

in our fossil energy R&D budget, as well. Because we recognize that we need to—we also need to have more diversity.

And so I can promise the subcommittee that, when we are done with the review, we will be pushing very hard on advocacy of these programs.

Senator BYRD. And you will share the results of Mr. Smith's review with the subcommittee?

Secretary ABRAHAM. Look forward to doing so, yes.

NATIONAL ENERGY POLICY

Senator BYRD. I thank the secretary. Mr. Secretary, the President's National Energy Policy, which I know you had a hand in writing, says, and I quote: "America's energy strength lies in the abundance and diversity of its energy resources and in its technological leadership in developing and efficiently using these resources." The policy goes on to say, or rather also says, and I quote again: "The challenge for our Nation is to use technology to maintain and enhance the diversity of our supplies, thus providing a reliable and affordable source of energy for Americans." And that is the quotation.

But finally this quotation: "Technology has been and will continue to be a key to achieving our energy, economic, and environmental goals." That will suffice for my quoting from the policy.

The President, of course, has been more succinct. He equates energy security with national security. Now as I consider those statements, I am left with the impression that at least some of the administration's top policy makers understand that there is a direct link between our ability to develop and deploy new energy technologies on the one hand, and our Nation's energy security on the other.

And yet, as I look at the Department's budget request, and particularly the request for the Office of Fossil Energy, the connection then, Mr. Secretary, between rhetoric and reality appears to have been lost. The budget request seeks an overall cut in fossil energy research of 16 percent from the enacted level. It would cut 37 percent from petroleum research, with specific programs geared toward boosting oil exploration and production being cut 49 percent. And in natural gas research, the budget proposes to cut 51 percent. You and I have discussed these issues, Mr. Secretary, before.

So you are not surprised when I say that I am exasperated with the administration's request. I would appreciate your telling the committee how you square the incongruence between the rhetoric we hear coming from the administration and the reality of its budgets. I am interested in knowing how we increase our domestic energy supplies on the one hand, while at the same time we decrease the amount that we are willing to spend on the research that will make that happen.

Would you care to comment?

Secretary ABRAHAM. I would be happy to comment, although I would acknowledge up front that you and I have had a number of these discussions. And I look forward to working with the subcommittee to try to move these programs forward.

Let me just talk in—in these terms: The technology research-and-development component of the budget of our Department is

virtually the same, pretty much, between the 2002 enacted level and what we have submitted. They are both at about an $8.3 billion total R&D budget. There have been some shifts within that.

One of the shifts which we see in the energy production side has been a movement of dollars in the direction of our renewable energy research and development, partly as a result of the completion of the review that I mentioned before. And, you know, one of the challenges we have is that there is a lot of pressure from folks in our Department who work in the renewables area and the efficiency area. Everybody has an argument that their programs are the most likely to produce energy gains.

I am hopeful that the review that Assistant Secretary Smith will be conducting will give the fossil energy programs similar, both, advocacy at the end of it, as well as a clarity of priorities that, frankly, we have needed to conduct this review to be able to ascertain.

But as I said, the other we have done, though—and I hope it would be noted in this budget—is that in addition to our commitment to the research and development and technology side, we also feel an obligation and a strong commitment to take finished technologies and, where appropriate, make them available. And one of the parts of this budget that is fairly substantially increased is the area of weatherization programs, where we have increased from, I think, about a $230 million level to, we are proposing, about $277 million.

That does not mean that research and development is not as important as well, but that is another one of the balances that we have to do in putting this sort of plan together. And we felt that, particularly after last winter, the winter of 2000/2001, that moving more of these resources where we know how to go into homes and improve considerably the way that they are able to conserve energy and thus save money for the home owners, for less-advantaged folks, was another priority that is addressed.

And so we have been balancing those. I think when Mr. Smith's review is done, it will give the fossil energy programs more clarity. And there is one other thing that I think also will help to guide us in the future. We have, as you know, also been conducting in the administration, a review of issues related to climate change and multi-pollutant legislation. On February 14, the President announced the results of those, his Clear Skies initiative, as well as our Climate Change initiative.

Each of those as they are being implemented have very significant impacts on fossil energy production. And now I think they too, will give more shape to future budget proposals, because now we have a better sense of what the targets are. And so I think that will also assist us in the future.

Senator BYRD. Could I—have you finished your——

Secretary ABRAHAM. Yes, I am.

FOSSIL ENERGY PRODUCTION

Senator BYRD. Yet, Mr. Secretary, the administration wants to vastly expand fossil energy production. So it seems a bit shortsighted to expand production while cutting back on the technologies that helped to utilize those fuels more efficiently and more cleanly.

Secretary ABRAHAM. Well, in the area of coal production, for instance, and the clean coal power initiative, the reductions in that area are primarily in the coal fuels area.

We happen to think that putting the emphasis more in the power plant program and the actual capacity to generate electricity through coal in a fashion that is more environmentally safe is the priority. So we have cut that back pending Mr. Smith's review, because we were not as convinced that the coal fuels program was one that would have as much long-term contribution. The review may give us more insight.

In the area of natural gas——

Senator BYRD. Excuse me. Is that going to give you, if you need to replace some of those cuts——

Secretary ABRAHAM. Well, I——

Senator BYRD [continuing]. Is that going to give you time to do so? And will you be able to do that?

Secretary ABRAHAM. Well, we believe that these programs are in pause but are not seriously jeopardized, because they are very long-term pay off programs. But, again, our focus was on what we think is the principal issue with respect to, for example, the coal technology programs. And that is to make sure that operating coal-generated electricity can meet future environmental standards so that coal as a percentage of electricity generation does not have to be significantly reduced.

Those were some of the decisions that we tried to make, based on priorities. And obviously, those priorities will be under scrutiny during the review that is ahead.

Senator BYRD. I have other questions, but I do not want to monopolize the time here. I want to call on our ranking member.

Before I do so, does it seem to be a little chilly in here?

Secretary ABRAHAM. Yes.

Senator BYRD. Why do we not cut this temperature a little bit? We are talking about energy. And now is the time to use just a little more.

All right.

Senator Burns.

Senator BURNS. Mr. Chairman, we have been joined by our colleague from Mississippi. And I do not know whether he would have a statement or——

Senator BYRD. I would be happy to have the subcommittee hear the Senator from Mississippi at this point.

OPENING STATEMENT OF SENATOR THAD COCHRAN

CONGRESSIONAL EARMARKS

Senator COCHRAN. Mr. Chairman, I appreciate that. I really have a question. But I do have a statement that is related to the question I am going to ask.

And it is in this connection: I notice in the submission of the budget request by the Department of Energy, there are some comments made about congressional earmarks. And there is specifically a complaint about the trend to earmark more of the funds by provisions in the appropriations bills. These bills are prepared by the Appropriations Committee and amended on the floor, as every-

body knows, i.e., subject to amendment by any Senator. If these provisions survive after conference with the House, it has been my understanding that the direction to the administration to spend the money, according to congressional language, is binding on the administration.

The administration cannot just say: "We do not like earmarks and, therefore, we are not going to release funds that have been earmarked by Congress for specific projects."

When I first came to Congress, Mr. Chairman, the law was such that Presidents were getting away with impounding funds. There was a big hue and cry about that. President Johnson did it; President Kennedy had done it before him, and President Nixon was doing it.

Particularly aggravating to Congress at that time, as I remember, were Federal highway funds that were appropriated to be spent to construct Federal highways. If the administration thought Congress had called on the administration to spend too much, it just would not spend the funds. It would hold them back. And this was called impoundment.

Well, to deal with that, a set of procedures were developed in the Congressional Budget and Impoundment Control Act that I remember being considered and passed by Congress when I was a Member of the House of Representatives.

Senator BYRD. 1974.

Senator COCHRAN. 1974. And under that law, if the administration disagreed over a particular project or program, or if they did not think money should be spent that had been appropriated by Congress, they could defer the spending, communicate with Congress that they were deferring it. Congress would have an opportunity to respond under the procedures of the law. Or if they wanted to cancel the funding, they could proppse to rescind the money. And if Congress agreed within a certain period of time, well, it was rescinded.

Well, what I am reading here now and what I am told by my staff is that in this fiscal year there were funds appropriated by the Congress for the Department of Energy. And one project in my State, $3 million, was designated—you can call it earmarked, whatever—for Mississippi State University and a private company to demonstrate the efficacy of a scientific process converting wood pulp and sawdust into useable energy. A grant, in effect, of $3 million was made for that purpose, for what is called the Winona, Mississippi, Project.

I am told that the funds will not be released, that the Department of Energy has made a decision to eliminate the funding for that. That is what my staff tells me. They have been in contact with the Department and have been told that they are not going to release the money.

Well, my understanding of the law is you cannot do that. Now I do not know what our recourse is, except the contempt power. I know we have that alternative. I do not know whether this fits within the guidelines for the use of the contempt power. But I do not think the Department of Energy can make these unilateral determinations as to which provisions of a bill that Congress passes and is signed into law they will respect and which they will not.

They cannot eliminate, in my view, Mr. Chairman, a provision of an appropriations bill in that way. So I want the Secretary to look into this, if he will, and get back to us about what the official position of the Department of Energy is with respect to that law, and whether or not we are going to have to go through the year checking to see if the provisions of appropriations bills are respected or not by this Department. And if they are not, are you going to follow the provisions of the law, or are you just going to eliminate the provisions that you do not like?

So this is a concern I have, Mr. Chairman. And that is the statement that I have. And my question is—I guess I have already asked it. In due course, after the ranking member gets through with his questions, I hope the Secretary can answer my question.

Secretary ABRAHAM. Well, first——

Senator BYRD. You can respond. I would like to hear the answer now, because I think we are all interested in that question.

Secretary ABRAHAM. This subcommittee had regularly indicated to me its interest in the Department's fulfillment of congressionally directed projects like this. And I committed, when I was here 1 year ago, that, as opposed to the kind of ongoing battles which had transpired as to previous earmarks, that we would fund congressionally-directed projects.

My understanding—and that is my view of this. That does not mean we would include in the next year's budget the same project or a similar project, those we have to deal with year in and year out. But as to this project, here is my understanding of the situation. And that is that this is a demonstration project, which requires a 50–50 cost-share arrangement. And it is my understanding that the language in the appropriation bill had indicated that, somehow, the current investment in the plan would suffice to meet that cost-share standard.

It is a $3 million earmark. And so presumably the argument would be that that previous infrastructure investment would constitute a fulfillment of the 50–50. I have asked about this because your staff's concerns and your concerns, Senator Cochran, have been brought to my attention.

Our position is we are attempting to both, A, verify the money amount to see if it fulfills whatever legal commitment we have to be able to show our Inspector General or anyone else that we, in fact, have fulfilled that 50–50 cost-share, as well as just making sure that that meets any kind of legal standards we are forced under other statutes to comply with.

And I will—I assure you we will resolve this. And if there are issues that remain as to whether or not this meets our General Counsel's interpretation of what we are required to require of the partner, I will let you know. I do not know. And I have asked them to get me an answer quickly, because I know it is important to the committee. Congressman Wicker has likewise brought this to our attention.

Senator COCHRAN. Mr. Chairman, I appreciate the assurance of the Secretary. And I look forward to working with you to be sure that we have not violated any laws, and particularly the one that we are talking about, the appropriations bill, which is a law, too.

Secretary ABRAHAM. Right. And again, our concern is whether or not, if it is possible to just designate pre-existing infrastructure as the cost-share, we want to make sure we can. We will work with you to do that.

Senator COCHRAN. Well, the Congress said that you would. I mean, said that it would amount to a compliance with the cost-share. And so the presumption is that there have been substantial funds invested in this and that those ought to be considered.

Secretary ABRAHAM. Right.

Senator COCHRAN. Okay.

Thank you, Mr. Chairman.

Senator BYRD. Well, thank you.

And thank you, Mr. Secretary, for your response. That is a subject that has been the matter of considerable discussion in previous years.

Secretary ABRAHAM. I know.

Senator BYRD. And especially when your predecessor came before this committee and made a statement that infuriated somewhat the—I hesitate to refer to it as the combustible temper of a member or so of this committee, including the chairman. But you have said at the beginning that you were going to honor the provisions of bills that were added by members. And you are doing, it seems to me, what you can to uphold your commitment to that. And so I want to compliment you.

Secretary ABRAHAM. Thank you.

Senator BYRD. If the Senator from Mississippi is satisfied on this question, I am going to ask again Senator Burns to proceed.

Senator BURNS. So I can double my time now.

Senator BYRD. No, no.

Senator BURNS. No, I will not do that.

NATURAL GAS AND OIL EXPLORATION AND PRODUCTION

Mr. Secretary, there are two areas that I think concern me most. And basically, they are very parochial. And they refer to activities that are going on in my State. I noticed that your budget request eliminates the industry partnership program in both natural gas and oil exploration and production.

These accounts have been extremely popular and have helped the Department leverage research dollars from an industry that is increasingly reliant on smaller, independent firms to meet our domestic energy needs.

Has there been any review to show that these accounts are less effective than other DOE research accounts? To my knowledge, they are actually some of the most effective and popular programs out there right now. And can you provide the rationale behind cutting these programs more than others, or was it simply a bean-counting exercise, coupled with the desire to protect Government employees at the expense of programs that support more research and less overhead?

I say this because we have two developments in our State, including the more effective use of smaller producing wells and, the emergence of coal-bed methane as a true energy source. I would like your response to that.

Secretary ABRAHAM. Senator, could you, just to make it more feasible for me to answer, clarify which budget category we are looking at here? Just so I can——

Senator BURNS. It is in oil and natural gas R&D.

Secretary ABRAHAM. Right. We—the approach that was taken within several of these R&D program areas was to hold some programs in sort of a pause in order to allow us to evaluate them through the process that I outlined here, to give it kind of the in-depth approach that I expect Assistant Secretary Smith to conduct.

We tried to focus in on the programs that, at least in the Department's specialists' view, were ones that had greater potential for production in the immediate period. That was the result of the review. It is a situation that will be open for consideration as we move ahead here in the next process.

FUEL CELLS

Senator BURNS. Well, I think we are going to have to sit down and visit about that—that particular line. And I think we can, once your review is complete. There is another area which I have been working on since 1993. And it is an area that I think has a great future, as far as reducing some of our energy shortages. And that is in the area of fuel cells.

As you know, I have worked very hard on communications issues ever since I have been here. And frankly, I regard the development of fuel cells, and especially stationary fuel cells, as being to the energy industry what wireless is to the telephone industry, to be right honest with you. It is one of those areas that needs developing. It is being developed in conjunction with our friends in Japan. And of course, the Europeans have a very active program now to look into the molten carbonate hybrid fuel cell demonstration going on now. I think those programs should be highlighted and we should move forward.

Last year we took great strides forward by starting two key projects in the fossil fuel cell arena. One was the demonstration of the hybrid molten carbonate fuel cell that combines a gas turbine with a fuel cell, and the other was the implementation of the electrochemical engineering program designed to address the current materials concerns in fuel cell development.

Mr. Secretary, I would like to have your assurance that these two projects will be continued in the 2003 budget and that you and your staff will work with me to identify the funding levels necessary to continue that important work.

Secretary ABRAHAM. Senator, with respect to the electrochemical initiative, that is an ongoing program, as I understand it, that has been sort of institutionalized in the Department. And we do have in the budget a continuation of that program, although I know that there has been a change in the funding level. And we will work with you in terms of trying to determine within the fuel cell arena whether its priority has fulfilled the goal of the program. The other program which you mentioned was one that, I think, was added last year.

Senator BURNS. That is right.

Secretary ABRAHAM. And just as a more over-arching statement, I would say that programs that had not yet become part of the kind

of ongoing effort, whether it was—this is throughout both my budget, as well as the rest of the administration's—but programs that were not, had not, reached that level, have not been funded in the budget submission that we have. Obviously, we are only part of that process.

And members first can participate, obviously, in giving some input to this review process, because that will be one of the topics we look at, but also obviously can——

Senator BURNS. Can you give me any idea on the review of that program, when we might take a look at it to see what it has done and the challenges that it has run into?

Secretary ABRAHAM. Well, let me—yes. Let me tell you, just to talk about the fuel cell program a little bit—and I do not mean to divert from your specific interest.

Senator BURNS. Yes.

FUEL CELLS

Secretary ABRAHAM. This budget, if you take—our total fuel cell investment is approximately the same in the 2003 submission as the enacted and a significantly higher level that Congress enacted, too, in the 2002 budget. What we do have is a shifting of resources from stationary to transportation fuel cell investment. And there is a principal reason for that, which is that in the area of transportation, under Assistant Secretary David Garman, who has been on our team now for the better part of the year, we moved ahead. We developed the FreedomCAR program, and we moved more resources into those fuel cell programs, because we had a clear-cut set of priorities there.

STATIONARY FUEL CELLS

In the area of the stationary fuel cells, which fall under the fossil energy budget, we have not done that yet. And our goal is to move that fairly quickly. As I think I said already, but just to reiterate, this review is not one we expect, that we intend to drag on. The full process will be done by the end of June. We would like your advice and counsel, if you would wish to give it, as soon as possible, so that we can look at the considerations you want to bring to our attention.

Senator BURNS. Well, I think that review is going to be very important and at least would give us, Congress, some idea on the progress that is being made and whether it is feasible. We would like to work with you in making the decision whether the program should move forward. In other words, I know we run into some challenges that just cannot be met. And that does give cause for a shift in dollars where we should put more emphasis.

Also, I look forward in working with you on carbon sequestration. I think that is very important. It is very important from our standpoint, because this allows us to do more things with the fuel that we have a lot of, and that is coal. And our R&D there, I congratulate you. You have increased your dollars there in that area. So I am very happy about that.

Overall, though, I think we can work our way through these funding levels and working with the chairman. I am sure we will come to an agreement of how we will spend this money and get the

biggest bang for the dollar. I appreciate you coming today. Thank you very much.

Thank you, Mr. Chairman.

Senator BYRD. Thank you, Senator Burns.

Senator Domenici, would you have a statement you would like to make and/or questions?

Senator DOMENICI. Mr. Chairman, are we asking questions or are we—I would have no statement.

Senator BYRD. Very well. The Senator may proceed with questions.

Senator DOMENICI. I thank you very much.

First, it is good to see you, Mr. Secretary.

Secretary ABRAHAM. Senator.

Senator DOMENICI. On a personal note, I wonder when you are finished here, if I could have a personal conversation with you regarding an issue that I think is significant?

Secretary ABRAHAM. Sure.

MINING OF CLEAN COAL

Senator DOMENICI. Could I talk a minute with you about the mining of clean coal? I think our distinguished chairman would be interested in this. I would like you to look into it and see if what I have experienced is as meaningful as I think.

Most of the effort of our country in terms of making clean coal more effective has been at cleaning up the coal as you turn it into energy, part of the combustion process, clean up the exhaust, make sure that what comes out into the air is cleaner. We have a young technology company in Northern New Mexico, in the City of Raton, where an engineer has invented, designed, and now has financing for a machine that cleans the coal in the mine, so that the coal that comes out is much cleaner and purified through a mechanism of how the coal is mined.

Now frankly, Mr. Chairman, I intended 6 or 8 months ago to bring them by your office. But we were waiting to see if they could get their machine financed; and it is now financed, so people can buy it and there is a bank that finances it.

What it does, Mr. Secretary and Mr. Chairman, is, as the machine picks up coal from the mine, it operates based upon what is normally the makeup of the coal in the ground. The pollutants are on the top end, not mixed throughout the coal.

So the machine sets itself, calibrates itself, so that it leaves out of the process of mining the coal which has most of the pollutant in it, and it mines cleaner coal and leaves the other part in the mine.

Now there are companies buying it, because it is financed by one of the major banks. I would like to ask you if we could work with your assistant secretary to ensure that there are some pre-mining opportunities to achieve the clean coal programs that we are so interested in and that you are.

Secretary ABRAHAM. Right.

Senator DOMENICI. Could we do that?

Secretary ABRAHAM. Mr. Smith is here today.

Senator DOMENICI. All right. I would not expect necessarily that he would know about it, although it is so revolutionary that maybe he might. We will work with him on it.

Mr. Chairman, I truly believe that this is a breakthrough of great significance, with reference to a better use of coal, that is not quite as clean as we would like it to be. Next, I just wanted to ask you about oil and gas technology partnerships.

I do not know if you are aware of the fact, Mr. Secretary, that the oil and gas technology partnership program, as utilized in national laboratories for cooperative activities regarding our ability to better produce oil and natural gas, use the high-performance and computational tools of the laboratories to come up with advanced exploration concepts. The program has been funded, $7 million; and $6 million last year. And now it is zeroed out.

I have heard many success stories regarding this program. I believe that it is essential, if we are going to continue to tell our people that we want to drill for oil and gas that we are going to do less and less harm to the environment and be able to get more and more of the resource out. That is what this partnership has produced. With the current recognition of the importance of domestic production, could you tell us what is the rationale for terminating the program?

Secretary ABRAHAM. Well, it really comes back to an answer I have given on several questions along these lines in this area of research. We have basically moved forward with programs, where it was the conclusion of the Department of Fossil Energy that the programs had the highest yield potential. We put other programs on either pause or not funded them in this cycle, subject to the review that the new Assistant Secretary, who just got confirmed a couple of weeks ago, is going to conduct.

It is kind of similar, Senator, to what we did in the energy efficiency and renewables area last year, because we did not have guidance on a lot of the research programs. We put some into either zeroed out or put them on hold in our budget submission. Congress added some back in on a number of those fronts, of course. But we then conducted this review.

And the review as a result of this year in the energy efficiency and renewable energy submission, the largest request in 20 years, because we now have guidance based on a real strong evaluation.

That is how we got to this point. And that is one of the programs that would be evaluated in this review that will be going forward.

Senator DOMENICI. So if you had a little bit more money, you would be taking a second look at programs like this one. Is that correct?

Secretary ABRAHAM. Well, we are going to take a second look at all of our programs now that—and I do not mean to criticize anybody for this. But Assistant Secretary Smith emerged from the Energy Committee for confirmation last October, but he did not get confirmed because a lot of things kind of got off track. But he did not get confirmed until 3 or 4 weeks ago, so we did not have his participation; we did not have any review.

Now that we are there, we will be looking at all these programs and trying to evaluate again what the priorities are consistent with——

Senator DOMENICI. Well, we understand that, and we expected that—and it is very good of you to remind us of it. But obviously, we are going to be talking about money.

Secretary ABRAHAM. Right.

Senator DOMENICI. For that new man to reorient and reorganize, he is going to have to take money from some and put it in others. If we are going to do a program like this one, we are going to have to have more resources allocated to this subcommittee.

Let me have one question, Mr. Chairman, and I will submit the other ones for the record.

NATIONAL LABORATORIES

Mr. Secretary, I think you know the national laboratories, even in particular those that work on nuclear weapons and the nuclear weapons program, the NNSA laboratories. They do a lot of research and development in areas that are truly beneficial to America in very broad and different ways than just developing the nuclear weapons program.

There is a program that has been developed by Los Alamos and Sandia because they have the super-computers, which permit them to do these kinds of things. They have developed and perfected an instrument and a tool called the National Infrastructure Simulation and Analysis Center, called NISAC.

I can say for the record here that I have never witnessed anything as dramatic as this breakthrough in terms of evaluating all of the infrastructure of the United States and being able to correlate what one piece of infrastructure means to another. It is absolutely fantastic.

They can ask the question as to what if somebody took down these three dams? What would the effect on our utility system be? All they do is talk to the super-computers. It will tell you how much energy was lost in America, where the shortcomings are because of the loss. It tells all of the pipelines in America, all of the dams, dikes, and all of the utility companies.

The chairman was kind enough, in the last appropriation bill, to put $20 million, at my request, into making this tool available for use. You now have followed suit and asked for its continuation but you left it in the Department of Energy.

It does not matter to me where it is. I am of the opinion that it has to become available and used by many people in this country. I imagine it already is.

Companies, businesses, America's defense establishment would all be wondering: "What would happen if, in fact, the terrorists took down"—and then you could talk about it and that machine will tell you. Now, if it is in the Department of Energy, how will it be made available to the Homeland Defense people? Could you discuss that? That worries me a lot.

Secretary ABRAHAM. Well, you know, it is an interesting history. When I visited the labs last year before 9/11, this was one of the particularly interesting parts of my tour. And, of course, we were not thinking about it in the context of a terrorist attack on part of infrastructure. We were actually looking at it at that time in terms of problems they were having in California with electricity generation.

Senator DOMENICI. Right.

Secretary ABRAHAM. They showed us a little simulation of, if there was a blackout in a certain part of California, what it might do to other infrastructure in that region, how it would affect a water program or whatever. After 9/11, we had an even greater appreciation of that program. In fact, a couple of—about a—I cannot remember the exact date, but subsequent to his appointment, Tom Ridge, our Homeland Security Director, actually came over to the Department, and we brought that capability in as part of a demonstration to him of some of the tools that he could call upon, and he has called upon.

So we are making that available and look forward to doing so. Obviously, there are some security limitations that would be invoked if the end use was—depending on who the end user might be. But we are doing that. And he is both aware of it and, I think, very supportive of it, because he recognized immediately the benefits it brings.

Senator DOMENICI. Well, I want to just close by saying in my opinion, subject to some thinking in terms of national security, how much of this information should be available? I think almost all of it. I believe it ought to become a user tool, a tool for users in the United States, and not be something that is hidden in some laboratory. It ought to be made available to anyone that needs it on some kind of a user basis that makes sense. It would be a very dramatic asset for America.

Thank you, Mr. Chairman.

Senator BYRD. Thank you, Senator.

HOMELAND SECURITY

Mr. Secretary, reference has been made to homeland security here. The full committee is going to conduct hearings on homeland security and the need for appropriations therefore. And you will be invited to appear before the full committee at that time. So we will be looking forward to having your advice in those connections.

Secretary ABRAHAM. Thank you.

FOSSIL ENERGY PROGRAM DIRECTION

Senator BYRD. Closely related to the issue of cutting research dollars is the administration's proposal to cut back on the number of scientists, engineers, and support staff who conduct that research. Many of those talented, dedicated professionals work at the National Energy and Technology Laboratory headquartered in Morgantown, West Virginia. And I am proud of the long history of quality work produced by the Morgantown lab.

And I know that its existence has brought great benefits to the Nation and to my State of West Virginia. Consequently, I am concerned when any effort is made to reduce the work force at the Morgantown lab and its sister facility in Pittsburgh.

For the Office of Fossil Energy, the administration has proposed $89.5 million in salaries and expenses, referred to as program direction funds for fiscal year 2003. That compares to an enacted level of $90.3 million. That would appear to be a cut of some $800,000. But my concern is that the budget includes, within the $89.5 million request, $14 million that the Congress has already

appropriated for salaries. And these are for people who are working in ongoing jobs, that have been requiring salaries for a long, long time.

In short, the $14 million is being double counted. And as a result, the actual request is not $800,000 less than the budget makes it appear, but $14.8 million less than what was enacted in fiscal year 2002. And that translates into a loss of 150 jobs in Morgantown and Pittsburgh.

Would you care to comment? You and I have discussed this recently, and you know of my concern about it, and also our intention to see that the matter is corrected.

Secretary ABRAHAM. Right. You and I have discussed this. You, in fact, drew my attention of the issues as to the redirection there and the—you know, we are trying to, within the constraints of our budget, provide as much support to these programs and program direction as we can. But that is a vital area. And we have had to make some tough decisions.

I was, however, concerned about this one and have asked our team to give me an update on the implications of that $14 million reduction so that I can better assess where we go from here.

Senator BYRD. Yes. Well—where is that document? Just so that the record will show—the budget document shows that for fiscal year 2002, it shows the figure $90.373 million. For fiscal year 2003 it shows $89 million, $89,550,000.

But the document also in a footnote says, if the CCT program direction, meaning Clean Coal Technology Program direction, were included in fiscal year 2001, the total would be $98,098,000 and would show for fiscal year 2002 $104,373,000. So this is clearly acknowledged by the document itself. So I am going to, working with Senator Burns, I am going to see that this account is straightened out and that the salary situation is corrected.

Having discussed this with you, you do recognize what the document says. And it clearly reveals that $14 million is, in effect, being counted twice.

Secretary ABRAHAM. You have brought that to my attention, Senator, and I acknowledge it.

Senator BYRD. I thank the Secretary. So Mr. Burns and I will see that the account is straightened out, working with you, and that the salary situation is corrected. I guess my question to you is this: Would you agree that if the chairman and ranking member can find additional funding for the Office of Fossil Energy, the program direction account is one of the, if not highest priorities for where that funding should be, is one of the highest, if not the highest priority, for which that funding can be put?

Secretary ABRAHAM. Certainly, it would be, yes.

NATIONAL ENERGY TECHNOLOGY LABORATORY

Senator BYRD. Last fall the Congress included $11 million in the Fiscal Year 2002 Interior Appropriations Act for planning and design of various plant and equipment improvements at the National Energy Technology Laboratory. The renovation project, which is expected to take approximately 7 years, will update and improve the research facilities available to the men and the women who work at the Nation's premier fossil energy lab.

Along with the funding, the statement of managers, which accompanied the conference support, directed the Department to include funding for the renovation project in its base budget for each of the next 6 years. Despite that additional funding for the project—despite that, additional funding for the project was not requested in the fiscal year 2003 budget.

I am aware that the Morgantown facility has some hurdles to clear with respect to the purchase of property next to the current lab, but those negotiations, I am informed, are ongoing and should not slow down the overall project. Aside from that, I am concerned that the Department did not seek additional funding this year in an effort to keep the project on track. As I understand it, Energy Department regulations required that all construction funds be in hand before work can go forward.

Would you please tell the subcommittee, Mr. Secretary, the status of the $11 million provided for planning and design in the fiscal year 2002 appropriations bill?

Secretary ABRAHAM. My understanding, Senator, is that at this point, approximately $3 million has already been expended since the 2002 budget was enacted, on-site preparation and demolition or relocation of structures. The allocation of the $11 million breaks up into a number of categories.

About $1.5 million of the $11 million will be spent this year on design and construction of two new combined office and lab buildings, $3.5 million on site preparation, the monies that I think have already begun to be employed, $5 million on renovation of existing labs.

The land purchase that you mentioned, we have estimated to be approximately a half million dollars, but those negotiations seem not to be completed. And then another approximately half million of the $11 million is in the category of repairing and replacing or relocating existing guard house, walkways, roads, and so on. My understanding is that the technology lab is projecting that all $11 million will have been spent or obligated to contracts this year.

As far as the construction issue and the requirement of all the money being in hand, I have asked, in follow-up to conversations that we have had, for a ruling on that. Because it did not seem, when it was brought to my attention, to be consistent with my understanding of the needs. And so I have asked our shop, our budget shop, and legal counsel shop to clarify that so I would know whether or not that is a prerequisite.

The issue that you raise with respect to the 2003 submission, as I have talked to our budget folks, the concern and the reason that there was not money included in the submission was because, until the—it is my understanding at least that until the additional land purchase has been accomplished—and apparently there have been some problems—that it is—it limits significantly what could be done in 2003, in the 2003 fiscal year. But I have asked for an update on that as well.

Senator BYRD. Mr. Secretary, I think it is important that the money show up in the 2003 bill. Can we count on your support, if the Congress were to provide the second installment of the renovation funding in the fiscal year 2003 appropriation?

Secretary ABRAHAM. Well, if it is—obviously, I cannot support the expansion of the overall budget. But obviously, if, in the allocations between the committees, there were more money in this committee or the subcommittee for this type of program, we support the lab. Let me just say we support the project. And subject to the concerns that I just mentioned, we wish to go forward with you.

Senator BYRD. Very well. Let me repeat. I am concerned that the Department did not seek additional funding this year in an effort to keep this project on track. And as I have indicated, Energy Department regulations require that all construction funding be in hand before work can go forward. That is the basis of our concern here. So we will discuss this through our staffs further and see where we go from there.

CONGRESSIONAL EARMARKS

Have the fossil energy earmarks from the Fiscal Year 2002 Appropriations Act been released? Now, Senator Cochran touched upon this earlier, but I wanted to have this question in the record. So if you would respond, please.

Secretary ABRAHAM. I would be happy to provide for the record a detailing of monies released to date. Let me just give you kind of a general statement of our approach. I committed to the committee last year that we would support and fund the congressional earmarks. As the committee knows, there are certain prerequisites that have to be established.

I mean, the one I mentioned with respect to demonstration projects, that there is an agreement that there has been the appropriate cost share accomplished, things of that sort.

But my understanding is most of the programs have already begun moving forward with funding, even though we are still in the first portion of the fiscal year. And we intend working with the projects to complete them. We are doing our best to accomplish both the goal of fulfilling Congress's interest in seeing these projects funded and also being accountable to you on the accurate and successful performance of these programs. So, one of the things which I have done on an across-the-board basis in the Department is to make sure that we monitor the progress.

But that does not mean that the money is not going out. It just means that we are also trying to do a better job of accounting for the programs themselves. But we will provide you with an up-to-date list. I may have one here even today. In the amount of material we have been bringing with us to these hearings, I cannot find it at this time. But I think that there has been a substantial forward progress across the board.

[The information follows:]

STATUS OF FISCAL YEAR 2002 EARMARKS—INTERIOR AND RELATED AGENCIES APPROPRIATION

For Fossil Energy, all projects have been awarded and work is underway. Following is a list of Office of Fossil Energy earmarks:

[In millions of dollars]

Ramgen Technology novel turbine engine	3.0
Wilsonville Power Systems Development Facility	4.0
La Porte Alternative Fuels Development Unit	3.5

U of AK, Clean Diesel Fuel Program	1.0
Arctic Energy Technology Center	3.0
National Energy Technology Laboratory	11.5
Ceramic Membrane program (w/syngas)	3.7

For Energy Conservation, work is underway. Following is a list of Office of Energy Efficiency and Renewal Energy earmarks:

—Thermo-Mechanical Processing Project, $2.0 million (working with the recipient to finalize the project's Statement of Work).

—Northwest Alliance for Transportation Technologies, $4.6 million ($3.2 million has been provided to date and additional funding will be provided in May 2002).

Senator BYRD. Very well, Mr. Secretary.

Mr. Burns, do you have anything further?

Senator BURNS. I have one question, and then I think that just about completes everything. I do have some more, but we can submit those in our usual negotiations.

COORDINATION WITH ENVIRONMENTAL PROTECTION AGENCY

Last year, Mr. Secretary, I raised the issue with you of the coordination between the Department of Energy and the Environmental Protection Agency, as it relates to the ongoing R&D performed by the Department. We have, at times, heard complaints that the EPA regulations do not adequately factor the linkages between different pollutants and emissions, or that they do not recognize the path of technology development in certain industries. I think there was a little squabble going on between the Department and EPA.

What has the administration done in the last year to ensure that EPA acknowledges and factors into the regulatory program the results of the DOE research?

Secretary ABRAHAM. Well——

Senator BURNS. Some of our research was just absolutely turned down by the EPA.

Secretary ABRAHAM. Right. And let me say that I think that, contrary to some press reports that would sort of create an impression of major conflicts between the agencies, we have worked together on a variety of very significant issues from climate change issues to issues that relate to the multi-pollutant legislation, the Clear Skies Initiative that the President offered to the National Energy Plan to an ongoing project, which was called for by the National Energy Plan on new source review.

You know we, in some cases, have had, in these discussions, two different analyses, the DOE analysis and the EPA analysis. And where there have been—in fact, on a number of occasions where there has been a disagreement because the analyses are different, the projections are different, we have actually had meetings where we have brought both the experts who produced the analysis and, in some cases, senior members of each, the Department and the agency, to present them to the larger groups that we were working with.

And I think it has worked pretty well. That does not mean we always agree with each other's analysis. But I think that the Department of Energy's analysis is getting a fair hearing in those meetings.

Senator BURNS. Well, peer review is very important. And I also sit on the other appropriations subcommittee that has to do with

EPA. And I plan to ask them the same question, by the way. We just need to—we can disagree and we all get to a different answer when it comes to bottom line. But just to disregard the work that is being done by the DOE out of hand was concerning to me. And so I aim to pursue that, along with the EPA, whenever they come before our subcommittee.

And I thank you for coming today. These are things that hold up R&D. And I just think we are in a time when R&D becomes very, very important. And I thank the chairman for his patience.

Senator BYRD. I thank the distinguished Senator.

Mr. Secretary, I think we have had a good hearing. On behalf of the subcommittee, I commend you for the work you are doing and thank you for your responses to the subcommittee's inquiries and for our continuing cooperation through our staffs.

I want to thank the staffs on both sides of the aisle up here.

And also, I want to express my gratitude to the distinguished ranking member for his many courtesies, his always cooperative attitude, and for the other traits for which he is so well known. I am sure——

Senator BURNS. That cannot be discussed at this hearing.

ADDITIONAL COMMITTEE QUESTIONS

Senator BYRD. Thank you very much. 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 ROBERT C. BYRD

CLEAN COAL SOLICITATION

Question. The Department of Energy recently issued a request for proposal (RFP) inviting industry to submit clean coal technology applications for the Clean Coal Power Initiative. If Congress approves the President's fiscal year 2003 budget request, a total of $330 million will be made available by the Department of Energy to cost-share in the selected clean coal projects to be proposed by industry. Prior to issuance of the DOE's solicitation on March 4, 2002, a draft solicitation document was issued and industry's comments requested. The draft solicitation proposed that industry repay the government's entire contribution to a selected clean coal project if the government is requested to provide fifty percent of the costs of the clean coal project. If industry requested a government contribution of twenty-five percent or less, then no repayment of the government share would be required by industry. Also, the DOE originally proposed that some portion of the government's cost share would need to be repaid when that contribution was greater than 25 percent but less than 50 percent. Industry widely endorsed this proposed repayment scheme. Congress anticipated the need for a flexible repayment requirement by giving the Department the authority to require less than full repayment of the government's contribution. Notwithstanding recognition by the Congress that repayment is not necessary in all instances, and even though the Department originally proposed a flexible repayment plan, the final RFP issued by the DOE on March 4 requires that the government's contribution, no matter what the amount, must be repaid. Under the original proposal, there was a built in mechanism for an applicant to seek the minimum amount of cost sharing. Minimizing cost-sharing from the government maximizes industry's commitment, increases industry's burden to insure that the project is successful, and increases the amount of government funds available for more projects. Why, Mr. Secretary, did the Department reverse itself?

Answer. In all approaches considered by the Department, repayment of the Federal investment and a minimum of fifty percent cost sharing was always mandatory. The Department did consider alternative repayment approaches before finalizing the

approach contained in the Clean Coal Power Initiative (CCPI) solicitation, which is consistent with the repayment strategy pursued in the Power Plant Improvement Initiative (PPII) and the original Clean Coal Technology Demonstration program.

CLEAN ENERGY TECHNOLOGY EXPORTS INITIATIVE

Question. Mr. Secretary, the United States is an international leader in the development of a wide range of clean energy technologies. I have been very interested in exploring ways for the United States to take the technologies developed in our laboratories and export them to other countries. The clean energy policies and technologies that are adopted today will have a profound influence on the shape of global energy system for many decades to come. This is a tremendous opportunity that cannot and should not be ignored. Therefore, over a year ago, I initiated the Clean Energy Technology Exports Initiative, an effort to open and expand international energy markets and increase U.S. clean energy technology exports to countries around the world. This commonsense approach can simultaneously improve economic and job opportunities at home, while providing developing and transitional countries with much-needed technologies, infrastructure, and other assistance to address their energy, environment, and climate change challenges. Is this something that the Administration supports?

Answer. The Administration is supportive of efforts to increase exports of clean energy technologies developed in the United States. This support has been expressed in the National Energy Policy Document and in the supporting documentation on the President's June 11 speech on Climate Change before his initial visit with European leaders. Once the CETE Working Group is formally established and CETE projects are identified, it will be possible to better focus our activities directed toward the initiative.

Question. If so, how are you working to make it a reality?

Answer. Currently, the 5-year strategic plan of the CETE Initiative is nearing completion with eight of the nine participating agencies having concurred in the document. Release of the strategic plan is expected after final clearance by the Executive Office of the President. Once the strategic plan is completed, the CETE working group will be established at a political level on an interagency basis. This group will approve CETE program activities, approve the framework for assessing program performance, commit agency resources in support of CETE, coordinate agency budget requests and uses, and submit the required annual report to Congress.

GAS HYDRATES PROGRAM

Question. Mr. Secretary, you have been quoted as saying that "Science programs will emphasize the most significant national priorities—to find sources of energy." Well, it seems to me that Fossil Energy's Gas Hydrates Program fits the bill—the program is a perfect example of long-term, high-risk very high payoff R&D that industry won't undertake entirely on its own. If only 1 percent of the gas located in hydrates could be produced, the United States would more than double its natural gas resource base. Why have you chosen to decrease the funding for this potentially major source of energy by 54 percent ?

Answer. The Department had some very difficult decisions to make when considering the fiscal year 2003 budget request. Several areas required funding to address urgent needs causing some other programs to receive less than full support. The Office of Fossil Energy is undergoing a review, which will hold programs in place pending final review.

The methane hydrate program is a unique program with unprecedented cooperation between multiple federal agencies including DOE, MMS, NOAA, NSF, USGS, and the Naval Research Lab (NRL). DOE's program is targeting hydrate issues such as resource characterization and safety and seafloor stability that significantly impact hydrates in the Gulf of Mexico and Alaska. The safety and seafloor stability issue in the Gulf of Mexico is related to access of conventional oil and gas resources that occur below or around hydrate deposits. The momentum gained over the past two years will be significantly reduced at the requested funding level. We maintain our enthusiasm for the program and feel that this research is of the utmost importance for the long-term security of domestic natural gas supply.

Question. What criteria and methodology did you use to come to that reduction?

Answer. Methane hydrates pose a potentially significant risk to conventional oil and gas recovery operations in the Gulf of Mexico. Tools are needed to better locate hydrate deposits and to deal with them during conventional production. The gas found in methane hydrates is potentially the largest source of hydrocarbon in the world.

A nationally coordinated program, complete with an industry/academia advisory panel and an interagency task force was commended in fiscal year 2001. Continuation of this collaborative program will require substantial resources. A Joint Industry Program has been formed to look at safety and seafloor stability issues in the Gulf of Mexico. In addition, two projects in Alaska will further characterize the resource and determine if hydrate deposits in the Arctic are sufficient to yield economically producible natural gas. The collaboration in the hydrates program between multiple federal agencies, national labs, industry, and academia is unprecedented. Some projects will be delayed pending Fossil Energy review.

NATURAL GAS INFRASTRUCTURE PROGRAM TRANSFER TO THE DEPARTMENT OF TRANSPORTATION

Question. The Natural Gas Infrastructure Program, managed by Fossil Energy, was transferred to the Department of Transportation's Office of Pipeline Safety. At a hearing before the House Interior Subcommittee on February 28, your Assistant Secretary for Fossil Energy stated, "Similar projects are also conducted by OPS. Given the nature of OPS' safety regulatory mission and related performance goal needs, this critical activity is best situated at DOT." Mr. Secretary: As you know, OPS focuses on safety and regulatory oversight of the interstate liquid and natural gas pipeline system. And they have no experience with R&D for natural gas storage technologies. By way of contrast, your own Fossil Energy program is experienced in conducting all manner of natural gas R&D, just last year received its first funding for infrastructure R&D, and is currently managing 31 cost-shared R&D projects with industry. Mr. Secretary, why are you allowing the Natural Gas Infrastructure Program to be transferred from the Energy Department to the Department of Transportation?

Answer. As you note, this funding first allocated to Department of Energy (DOE) last year, yet the Department of Transportation's Office of Pipeline Safety (OPS) has been engaged in this activity for over a decade. OPS and DOE have both been pursuing new methods of damage prevention and leak detection. OPS safety research program is funded from industry user fees while the DOE natural gas infrastructure reliability research program is funded by the taxpayer. In order to lower spending, improve the efficiency of government, and avoid duplication of R&D activity, the transfer of the DOE natural gas infrastructure reliability research program to the Department of Transportation is recommended.

Question. How does the public benefit from the transfer of this research program from a research to a regulatory agency?

Answer. The Department of Transportation, Office of Pipeline Safety (OPS) has a safety and regulatory oversight mission and regulates approximately 2.2 million miles of interstate liquid and natural gas pipeline systems. Since 1990, OPS has been sponsoring safety research funded from industry user fees. The Administration believes that the public is better served from research funded from user fees than from research subsidized by taxpayers through Congressional appropriations.

FUEL CELLS

Question. I understand that you have announced a new program called the Freedom CAR to develop hydrogen fueled fuel cells for automobiles and that the executives of Ford, General Motors and DaimlerChrysler helped announce this new cooperative automotive research partnership. I also understand that President Bush recently met with the President of UTC Fuel Cells and espoused the advantages of fuel cells. Given that Fossil Energy has long had a very successful fuel cell program—and that UTC Fuel Cells was a result of their efforts—and that hydrogen is likely to come from fossil fuels, such as coal and natural gas, what role will the Fossil Energy Program play in the FreedomCAR initiative?

Answer. Fossil Energy will not be directly involved in the FreedomCAR initiative. However, we expect considerable synergy, and the fuel cell activities within DOE will continue to be very closely coordinated. We agree that, at least initially, hydrogen is likely to come from fossil fuels and we expect that the Solid State Energy Alliance (SECA) Fuel Cell Program could provide a bridge, beginning with stationary applications, to a hydrogen economy. The SECA Program will provide a common platform that permits the use of the same core module for multiple applications in stationary, transportation (auxiliary power), and military sectors. Through mass customization, multiple markets can be reached simultaneously, increasing the production volume necessary for lower costs and wide application of the fuel cell technology. This simultaneous production is the way around the high cost impasse that fuel cells currently face. Stationary applications are expected to lead the market introduction of fuel cells and lower the costs, facilitating very low capital cost trans-

portation applications. We also expect that early transportation applications will help lower costs for some stationary applications.

Question. Given the fact that fuel cells have been given so much emphasis, and that the initial application of fuel cells is likely to be for stationary power, why did you reduce Fossil Energy's fiscal year 2003 funding for fuel cells by almost 20 percent?

Answer. We share your view regarding the importance and value of fuel cells and we are in the process of shifting resources to place more emphasis on the fuel cell program that is expected to achieve our goals for affordable fuel cells. The $47 million funding requested for fiscal year 2003 is a slight increase from our request last year. The reduced funding for near-term molten carbonate and solid oxide systems is adequate to allow the timely completion of those programs in fiscal year 2003. The funding request for the SECA program, which builds on advancements in core fuel cell R&D conducted over the past 20 years, is $22.5 million for fiscal year 2003. This will allow work to proceed on schedule for two industrial teams and the associated core technology development. We believe this is reasonable given Fossil Energy's program priorities and fiscal constraints.

Question. Why is the FreedomCAR initiative not considered "corporate welfare" when the fiscal year 2003 budget request seems to cast all Fossil Energy Programs as "corporate welfare"?

Answer. The Department has structured the FreedomCAR Partnership to ensure that federal funds are spent appropriately. In fact, our FreedomCAR partners, the automakers, will receive very little government funding. In the last year of the previous effort (The Partnership for a New Generation of Vehicles—PNGV), less than 1 percent of Federal funding went to the automakers. In reality, the industry partners' spending on technologies of joint interest has greatly exceeded government spending. We certainly expect that this will continue to be the case. We recognize that PNGV's vehicle-based performance metrics gave the impression that the government was subsidizing product development. The FreedomCAR Partnership will have a clearly defined "technology" focus and this, coupled with limited funding to the automakers, should alleviate any concerns regarding corporate welfare.

FREEDOMCAR

Question. The Administration has proposed a new research and development program to produce an advanced, ultra-clean vehicle in the future, FreedomCAR. The previous program, the Partnership for a New Generation of Vehicles, invested much effort in the development of a broad range of component technologies, including making stronger, lighter weight materials from steel. The Administration has proposed $150 million for the FreedomCAR program but has also reduced funding by over $6 million for lightweight materials technology research and development, a 38 percent cut. Will steel and other industries have continued opportunity to participate in this program or will their involvement be phased out to concentrate on the development of the fuel cell platform?

Answer. Lower priority has been assigned to continued support for R&D on metals (i.e., steels, aluminum), primarily because prior R&D has helped bring many lightweight metals technologies to the point of being commercially competitive. There is a strong constituency in industry to carry these results forward toward use in production vehicles. FreedomCAR will continue significant lightweight materials R&D, but will shift resources towards longer range, groundbreaking technologies such as carbon fiber materials and more exotic metals such as titanium and magnesium.

WEATHERIZATION

Question. Please provide information, for the record, on weatherization activities in West Virginia, including the number of weatherized homes to date and the schedule for releasing fiscal year 2002 money.

Answer. Through Program Year 2000, the State of West Virginia has been awarded more than $56 million in DOE funds and together with leveraged funds, has weatherized more than 58,000 low-income homes. The State of West Virginia's grant for Program Year 2002 is $3,251,749 which will weatherize approximately 1,200 low-income homes. The West Virginia Weatherization State Plan for Program Year 2002 was submitted to the DOE Philadelphia Regional Office on January 17, 2002 for review. The review was conducted and the plan approved by the Regional Office on Feb 10, 2002. As of this writing, the West Virginia award is imminent.

Question. In addition, please provide an update about the progress of spending fiscal year 2002 funds nationwide.

Answer. The Weatherization Assistance Program Year 2002 will begin for 31 States on April 1, 2002, the remaining 19 States on July 1, 2002, and the District of Columbia on September 1, 2002. Eleven States have submitted applications to DOE for approval to begin their programs prior to the start of their regular program year in order to ramp up to meet this year's goals. DOE is in the process of reviewing and approving State plans for Program Year 2002. The production of units and the expenditure of funds are reported to DOE on a quarterly basis. An update on the progress of spending fiscal year 2002 funds for all States will not be available until October 2002 at the earliest. DOE will conduct a careful review of States' progress on meeting the production goals stated in the fiscal year 2002 Budget and the expenditure of the additional $77 million appropriated for fiscal year 2002.

ENERGY EFFICIENCY SCIENCE INITIATIVE

Question. The Committee directed the Department of Energy to make 50 percent of the funds available for the Energy Efficiency Science Initiative to the Fossil Energy R&D account in fiscal year 2002 and all future years. Since the Administration proposes to eliminate the Energy Efficiency Science Initiative, what effect will this have on ongoing programs within fossil energy?

Answer. In fiscal year 2002, Congress appropriated $12 million for the Energy Efficiency Science Initiative. Further, it directed that of this amount, 50 percent ($6 million) was to be made available to Fossil Energy Research and Development (FE R&D) and 50 percent ($6 million) to Energy Efficiency and Renewable Energy (EE).

Presently, a joint FE/EE solicitation, which is being coordinated with the Office of Science, is being prepared. It is planned to be issued in late fiscal year 2002. It will seek proposals covering fundamental research topics that are of interest to both FE and EE.

The funds will support research projects that are in addition to those currently being pursued under the present FE R&D Program. Therefore, elimination of this initiative should not adversely affect ongoing R&D activities.

ENERGY CONSERVATION R&D BUDGET CUTS—CONTRACTS REDUCED OR TERMINATED

Question. The Administration proposes a $52 million decrease for R&D programs within the Office of Energy Efficiency and Renewable Energy for energy conservation. Please provide a list of R&D contracts that will be reduced or terminated as a result of this cut.

Answer. Within Energy Efficiency's proposed fiscal year 2003 budget, we are aware of 49 individual R&D contracts that would receive reduced funding as a result of budget reductions relative to fiscal year 2002. About half of those contracts would be ended in fiscal year 2002. These reductions reflect an assessment against the R&D Investment Criteria of research activities in areas such as building equipment, materials and tools, micro-turbines, electric vehicles, petroleum refining processes, and vehicle materials. For example, some R&D activities are ready to be "graduated" industry, and some cannot make a strong case that a Federal role is appropriate, regardless of the stage of development.

The table below, and on the following three pages, provides the details of the projects that will be affected:

Sub-program	Primary cont.	Title/subject of contract	Contract number	Reduction from FY 2002 ($K)	Contract ended (Y/N)?	Contract to end in FY 2002 (Y/N)?
Buildings:						
Equip.Materials, & Tools	PNN L	Appliances and Emerging Technologies R&D—Expand subCFL	22475/RL01830	$150	N	N
Equip.Materials,& Tools	ORNL	Appliances and Emerging Technology R&D—HPWH national demonstration.	OR22725	179	N	N
Equip.Materials,& Tools	LBNL	Analysis Tools and Design Strategies—Building Design Advisor	4746/SF00098	100	Y	N
Equip. Materials, & Tools	NIST	Analysis Tools and Design Strategies—EnergyPlus/CONTAMW Link	IAA	50	Y	N
Equip. Materials, & Tools	NETL	Analysis Tools and Design Strategies—EnergyPlus: New module development.	na	100	Y	N
Equip. Materials, & Tools	LBNL	Analysis Tools and Design Strategies—SPARK Development	4746/SF00098	250	Y	N
Equip. Materials, & Tools	NETL	Field Testing, ASHRAE co-funding, ARTI co-funding, duct testing, space conditioning existing buildings.	na	1,229	Y	N
Equip. Materials, & Tools	ORNL	Refrigeration—Commercial refrigeration R&D	OR22725	1,471	Y	N
Technology Road Maps & Competitive R&D	NETL	Competitive R&D Solicitation	TBD	6,000	Y	N
Equip. Materials, & Tools	ASE	Energy Efficient Window Collaborative	na	135	N	N
Equip. Materials, & Tools	NETL	Market Characterization, Planning and Analysis	na	128	N	N
Equip. Materials, & Tools	U. of Minn.	Windows and Glazings—Commercial building guidelines & research; and 2nd edition Residential window.	GO1 0225	110	N	N
Equip.Materials,& Tools	NFR C	Windows and Glazings—Develop and implement EPACT window and rating program.	SF19011	150	N	N
Equip. Materials, & Tools	FSEC	Windows and Glazings—Develop and implement EPACT window and rating program.	GO10225	80	N	N
Equip. Materials, & Tools	NREL	Windows and Glazings—Electrochromic durability research, test & evaluation, and standards..	0910541/GO10337	110	N	N
Equip. Materials, & Tools	PNNL	Windows and Glazings—Harmonization of performance standards; technical cooperation.	RL01830	20	N	N
Equip, Materials, & Tools	U. of Mass.	Windows and Glazings—Thermal performance advanced research—3D FEA; ISO/NFRC coordination.	CH10604	55	N	N
Equip, Materials, & Tools	ORNL	Windows and Glazings—Thermal testing research—support NFRC/industry rating programs; ISO harmon.	OR2 2725	60	N	N
Equip, Materials, & Tools	ORNL	Crosscuting Research	OR22725	130	N	N
Equip, Materials, & Tools	LBNL	Windows and Glazings Research—Lead Lab	SF00098	1,622	N	N
Equip, Materials, & Tools	ORNL	Building America Support	CEEW314/OR22725	314	Y	N
Equip, Materials, & Tools	ORNL	Non HCFC Closed Cell Foam Insulation	CEE W214	150	Y	N
Equip, Materials, & Tools	NETL	Competitive Solicitation	TBD	2,000	Y	N
Equip, Materials, & Tools	ORNL	Commercial Roofing Systems	CEEW314/OR22725	150	Y	N

Sub-program	Primary cont.	Title/subject of contract	Contract number	Reduction from FY 2002 ($K)	Contract ended (Y/N)?	Contract to end in FY 2002 (Y/N)?
Equip, Materials, & Tools	ORNL	Industry Partnerships, Subambient Piping System, Insulation Systems, Tech Transfer, Roadmaps.	CEEW314/OR22725	986	Y	N
Equip, Materials, & Tools	NIST	Wind Control for Energy Efficiency	IAA	100	Y	N
Subtotal Buildings				15,829		
Power Technologies:						
Microturbines	Ingersoll Rand	Advanced Microturbine System Development	CH11059	400	N	N
Microturbines	Solar Turbines Inc.	Advanced Microturbine System Development	CH11062	500	Y	N
Microturbines	GE Corporate R&D	Advanced Microturbine System Development	CH11063	600	N	N
Microturbines	Capstone Turbine Corp	Advanced Microturbine System Development	CH11058	1,000	N	N
Microturbines	United Technologies Research Ctr.	Advanced Microturbine System Development	CH11060	1,000	N	N
Microturbines	Honeywell Power Systems	Advanced Microturbine System Development	CH11061	500	Y	N
Reciprocating Engines	Cummins Engine Co. Inc	Advanced Reciprocating Engine System Development	CH11078	200	N	N
Reciprocating Engines	Caterpillar Inc.	Advanced Reciprocating Engine System Development	CH11079	200	N	N
Reciprocating Engines	Waukesha Engine Div	Advanced Reciprocating Engine System	CH11080	200	N	N
Reciprocating Engines	NETL	Advanced Reciprocating Engine System Support	300	N	N.	
Subtotal Power Technologies				4,900		
Industry:						
Petroleum	Davidson	Global On-Stream Inspection	DE-FC07-01ID13997	353	Y	N
Petroleum	Colorado Sch. of Mines	Energy Savings Separations	DE-FC07-01ID13998	275	Y	N
Petroleum	Onix	Micro-GC Controller	FC07-01ID13999	50	Y	N
Petroleum	Sandia Labs	Hydrocarbon Leak Detector	M0ID280	185	Y	Y
Subtotal Industry				863		
Transportation:						
Advanced Pwr. Elect.	Semikron	Automotive Integrated Power Module Development	EE50602	500	N	N
Propulsion Materials Technology	ORNL-sub to Industrial Ceramics Solutions.	Microwave Regenerated Diesel Exhaust Particulate Filter		350	N	N
Combustion and Emission Control	Detroit Diesel Corp	Emission Control Subsystem Development	EE50575	2,000	Y	N

Lightweight Materials Technology	USAMP Cooperative Agreement.	Strain Rate Characterization of Steels; High-Strength Steels Stamping Project; Sheet Steel Joining Tech; Sheet Steel Fatigue Characteristics; Active Flexible Binder Control System for Robust Stamping; Warm Forming Of Aluminum; Hydroforming of Aluminum Tubes.	OR22910	1,912	Y	N
Electric Vehicles R&D	Moltech	Development of Lithium Sulfur Battery Technology		600	Y	N
Electric Vehicles R&D	PolyPlus	Development of Lithium Sulfur Battery Technology		1,200	Y	N
Electric Vehicles R&D	Saft	Development of Lithium Ion Battery Technology		1,500	N	N
Subtotal Transportation				8,062		
Total energy conservation				29,654		

COOPERATIVE PROGRAM WITH THE STATES

Question. The Cooperative Program with the States is eliminated except for $2 million requested in the Industry Sector. Please provide the rationale behind continuing the program in Industry but not in the Buildings or Transportation sectors.

Answer. The Industry Sector believes that the Cooperative States RD&D program is providing some value to its portfolio, while the other Sectors do not. In light of the refocused program priorities established by the President's National Energy Plan (NEP), President's Management Agenda, EERE Strategic Program Review, and the new EERE Strategic Plan; the Building and Transportation Sector programs have refocused to meet these priorities.

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

STRATEGIC PROGRAM REVIEW—FOSSIL ENERGY

Question. The President's Energy Policy recommended that the Department conduct a strategic program review of its research and development programs. How was this review conducted for Fossil Energy?

Answer. During the last week of February 2002, Fossil Energy's newly confirmed Assistant Secretary Mike Smith initiated the strategic review of Fossil Energy programs. The review will examine, in depth, each of the program areas within Fossil Energy; the Strategic Petroleum Reserve, the Oil and Gas program, the Coal and Power Systems program, and the National Energy Technology Laboratory (NETL). The review is due to be completed by July 1, 2002.

The review will use the principles outlined in the President's Management Agenda to examine the Fossil Energy programs, to look for ways to improve performance and streamline operations. Programs and projects will be examined to see how they perform when measured against the following performance criteria:

1. Alignment with the National Energy Policy goals:
   —Increasing domestic energy supplies
   —Protecting America's environment
   —Ensuring a comprehensive delivery system
   —Enhancing national security
2. Business Performance:
   —Investment strategies
   —Investment criteria
   —Policy implementation
   —Communication
   —Accountability
3. Technical Performance:
   —Procurement process
   —Technical accomplishments
   —Lab-to-Market successes
4. Public Benefits:
   —Environmental benefits
   —Energy security benefits
   —Economic benefits
5. Conclusions:
   —Closures and Completions
   —Redirections
   —Missing programs
   —Strengthened programs

Question. Can you provide us with some examples of Fossil Energy funded programs that were recommended for termination or reductions, and the reasons behind those recommendations?

Answer. At this time, no recommendations have been made, as the review process was just initiated (latter part of February 2002). The review is scheduled to be completed by July 1, 2002.

Question. Can you provide us with some examples of Fossil Energy programs that the strategic review deemed to be successes, and the rationale behind those determinations?

Answer. No. Once the review is complete, we will be happy to provide you with examples of Fossil Energy programs to be successes and the rationale. The review will examine, in depth, each of the program areas within Fossil Energy; the Strategic Petroleum Reserve, the Oil and Gas program, the Coal and Power Systems program, and the National Energy Technology Laboratory (NETL). The review is due to be completed by July 1, 2002.

Question. Was the Strategic Review completed in time to be fully considered in the development of the fiscal year 2003 Fossil Energy budget request?

Answer. As mentioned previously, during the latter part of February 2002, Fossil Energy's newly confirmed Assistant Secretary Mike Smith initiated the strategic review of Fossil Energy research and development programs. The review is due to be completed by July 1, 2002.

Question. If not, what elements remain to be completed and when will they be completed?

Answer. The complete review process has begun and is due to be finished by July 1, 2002.

STRATEGIC PROGRAM REVIEW—ENERGY CONSERVATION

Question. The President's Energy Policy recommended that the Department conduct a strategic program review of its research and development programs. How was this review conducted for Energy Conservation?

Answer. Carrying out the direction of the Secretary of Energy, in June 2001 the Assistant Secretary initiated the Strategic Program Review (SPR), involving senior staff within the Office of the Assistant Secretary, and the Office of Planning, Budget and Management working with EERE's Deputy Assistant Secretaries, program managers, and staff. The review had both public comment and internal review components.

A public comment period, including seven public meetings, was coordinated by EERE's Outreach office. As a part of the public comment process, the EERE Regional Offices hosted a series of EERE town meetings in Boston, Denver, Seattle, Philadelphia, Atlanta, Chicago, and Washington, D.C. These meetings, along with e-mail and postal mail responses, accounted for 4,279 public comments. EERE completed a report summarizing these comments on August 31, 2001.

The internal review examined four programmatic elements: alignment with energy policy and markets; technical performance; resulting benefits; and, business performance.

The examination of these programmatic elements included reviews of information and data on such issues as:

—current legislative and regulatory requirements;
—existing external and peer reviews from such peer organizations as the National Research Council and the President's Committee of Advisors on Science and Technology;
—specific barriers to developing EERE technologies;
—strategies used to address these barriers and how such strategies have evolved over time;
—program activities and technical results—including successes and failures; and
—program benefits—including impacts on energy supply and use, economic costs and benefits, reductions in environmental emissions, and security benefits such as reducing oil use.

Following the interview phase by the Review Team, the DASs for each end-use sector (buildings, industry, transportation, power, and federal) and their program personnel presented and explained a summary of their program performance information to the Assistant Secretary for Energy Efficiency and Renewable Energy, the Principal Deputy Assistant Secretary for Energy Efficiency and Renewable Energy, and the Deputy Assistant Secretary for Planning, Budget and Management.

The Strategic Program Review is available on the EERE Home Page at www.EREN.gov.

Question. Can you provide us with some examples of Energy Conservation funded programs that were recommended for termination or reductions, and the reasons behind those recommendations?

Answer. The following materials provide four examples of activities recommended for termination.

Wettable Ceramic-Based Drained Cathode Technology.—Alcoa will integrate the technology advances for the cathode with EERE-supported work on the advanced anode to significantly reduce the energy intensity of the electrolytic cell, which is used for the smelting process. Alcoa has acquired the intellectual property rights for this technology and can continue without DOE support.

Hybrid Direct Injection R&D.—The Hybrid Direct Injection Engine R&D program focused on developing technology for direct injection gasoline engines (i.e. Spark Ignition Direct Injection (SIDI)). This engine technology has the potential to improve the fuel economy of conventional passenger cars by 10 to 15 percent. Most of the obstacles to commercialization of this technology are related to meeting future tailpipe emission standards and reducing the cost of the high-pressure fuel injection

systems. Considerable progress was made on both fronts during the term (1999–2001) of the program. The technology is now believed to be close enough to commercial feasibility that the auto companies should undertake the remaining development work without Government support. The Program should be discontinued and all activities funded through this budget line cease.

Direct Production of Silicones from Sand.—The direct conversion of silicon dioxide (sand or quartz) into silicone polymers would eliminate the energy-intensive silicon manufacturing step required in the conventional process. A team of researchers (including GE, Molecular Simulation, Inc., and OM Group Inc.) used advanced combinatorial chemistry technology to survey hundreds of catalysts that might enable direct or one-step conversion. Although the team did identify several inexpensive materials that appear to be suitable, closer study revealed that the direct synthetic route was not chemically feasible. Thus, this work can be closed out. Nonetheless, this work significantly advanced the fundamental understanding of making silicone and several patents will be filed.

Residential Refrigerator Research.—Past research and regulatory efforts have reduced the energy use of new refrigerators by nearly a factor of four since 1975. Continuing research in areas such as improved insulation, more efficient motors, and general refrigerator cycle efficiency research is important for non-residential applications, but research specifically focused on conventional vapor-cycle residential refrigerators now has lower potential returns than work in other areas and should be discontinued.

Question. Can you provide us with some examples of Energy Conservation programs that the strategic review deemed to be successes, and the rationale behind those determinations?

Answer. EERE has supported the development of a number of highly successful technologies. The National Academy of Sciences' National Research Council conducted a detailed review of about $1.6 billion worth of EERE research last year, producing the report, "Federal Energy R&D: Was It Worth It?", National Academy Press, 2001. The NRC review found that the energy conservation portfolio produced a return of 20 to 1 on the $1.6 billion portfolio they examined. In addition, the NRC found that these technologies generated net realized environmental benefits valued at $3–20 billion. The NRC also noted, however, that "most of the realized economic benefits to date are attributable to three relatively modest projects in the building sector carried out in the late 1970s and 1980s and continuing into the 1990s." (These projects are low-emissivity window coatings, electronic ballasts, and efficient refrigerator compressors.) Also, NAS only assessed 20 percent of the EERE portfolio, which was not selected randomly.

Other projects successful at producing benefits included Oxy-Fueled Glass Furnaces—now installed on 30 percent of U.S. glass furnaces; and Advanced Lost Foam technology—providing energy savings of 25–30 percent plus overall production cost reductions of 45–50 percent on complex castings. The NRC also identified as successes research such as DOE–2 building energy modeling, Indoor Air Quality, Advanced Turbine Systems (efficiencies improved from 29 percent to 38 percent and scheduled for commercial introduction in 2003), and others. The NRC also found significant options and knowledge benefits stemming from EERE-supported research.

The Strategic Program Review identified more than a dozen additional technologies beyond those examined by the NRC that were developed with EERE support and appear to provide substantial benefits. These include refrigerator technologies which reduced average consumption of electricity by U.S. refrigerators by nearly a factor of four over the past 25 years; advanced alloys that enable use of high efficiency natural gas furnaces—now accounting for a quarter of the market; advanced ceramic coatings used in diesel engines; advanced wind turbines; and improved drill bits for geothermal development, but now used widely in the oil and gas industry.

The total net realized economic savings identified by the NRC of $30 billion is more than the entire expenditure by EERE over its history. Inclusion of the other technologies identified by the SPR will increase these realized benefits significantly.

Question. Was the Strategic Review completed in time to be fully considered in the development of the fiscal year 2003 Energy Conservation budget request?

Answer. Many of the elements of the Strategic Program Review were ncorporated in the fiscal year 2003 budget request. Other recommendations of the SPR, such as calling for analytical work to determine the future course of technology work in particular areas or calling for the implementation of best practices in various aspects of program management, are activities that will influence future budget requests.

Question. If not, what Energy Conservation elements remain to be completed and when will they be completed?

Answer. In addition to recommended closures, the Strategic Program Review identified activities for redirection, for close monitoring—the "watch list", for expansion—including areas where further analysis is required to determine how best to proceed, and for implementation of "best practices" in program management. These will require ongoing attention. In particular, the implementation of best practices, for example, is a longer-term effort to improve overall program management.

Question. The Justification indicates that the strategic review recommended that 20 activities within the Energy Efficiency program be terminated. Please provide a list of these 20 Energy Conservation activities for the record, along with the relevant funding levels for fiscal year 2001 and fiscal year 2002.

Answer. The activities recommended for closure are listed below, together with fiscal year 2001 funding levels. Fiscal year 2001 funding is provided because that was the year during which this funding was examined during the SPR and some of those activities have already been changed in response to the SPR during fiscal year 2002. Fiscal year 2003 funding that might have gone to these activities has generally been shifted to other activities that were identified as potentially having greater public benefit and that match up well against the R&D investment criteria developed as part of the President's Management Agenda.

A longer description of the activity is provided below to better indicate the specific technology in question.

Activity	Fiscal year		
	2001 funding	2002 funding	2003 funding
Wettable Ceramic-Based Drained Cathode Technology	$120,000	.....	.....
Committee on Energy Efficiency Commerce and Trade (COEECT)	1,000,000	.....	.....
SIDI-Hybrid Direct Injection R&D	5,800,000	.....	.....
Glass-Fiber-Reinforced Polymer Matrix Composites	[1] 0	.....	.....
Lighting technology development projects	973,500	.....	.....
Light Source Basic Research Projects	1,107,800	$165,200	.....
Advanced Gas Water Heaters	301,000	.....	.....
Dehumidification Characterization Research	[2] 0	.....	.....
Develop an Integrated Window/Wall system	400,000	399,755	.....
Sensor for Verification of Gas Fill Integrity of Windows	140,000	199,000	.....
Whole Building Diagnostician	[3] 0	.....	.....
Natural Gas Vehicle Engine R&D	6,400,000	9,852,000	[4] $2,300,000
Concentrating Solar Power (CSP) Program Troughs	2,278,000	2,070	.....
Resource Energy Managers (REMs)	381,320	[5] 0	[5] 0
FRESA, WATERGY and Integrated Screening Software	156,000	40,000	40,000
Continuous Fiber Ceramic Composites	1,740,800	540,000	.....
Methane de-NO_X Reburning for Wastewood, Sludge, and Biomass Fired Stoker Boilers	200,000	283,000	.....
Direct Production of Silicones from Sand	600,000	10,000	.....
Residential Refrigerator Research	110,000	.....	.....
Automotive Aluminum Casting	620,000	.....	.....

[1] Fiscal year 2000 was last funding for project.
[2] Carryover from prior years funding ($219K) used.
[3] $200K Carryover used.
[4] Requested.
[5] Carryover funds not included.

1. *Wettable Ceramic-Based Drained Cathode Technology*.—Alcoa will integrate the technology advances for the cathode with EERE-supported work on the advanced anode to significantly reduce the energy intensity of the electrolytic cell, which is used for the smelting process. Alcoa has acquired the intellectual property rights and can continue without DOE support.

2. *Committee on Energy Efficiency Commerce and Trade*.—The Committee on Energy Efficiency Commerce and Trade (COEECT) is a 15 member Federal working group established in 1993 whose function is to coordinate Federal export assistance to the U.S. energy efficiency industries. The Department had contracted with the Export Council for Energy Efficiency (ECEE) to provide industry input and identify market needs on behalf of COEECT. COEECT should now be closed and the Clean Energy Technology Exports initiative, currently in development under the NEP, should consider which COEECT activities may be worthy of future support.

3. *Hybrid Direct Injection R&D*.—The Hybrid Direct Injection Engine R&D program focused on developing technology for direct injection gasoline engines (i.e. Spark Ignition Direct Injection (SIDI)). This engine technology has the potential to improve the fuel economy of conventional passenger cars by 10 to 15 percent. Most of the obstacles to commercialization of this technology are related to meeting future

tailpipe emission standards and reducing the cost of the high-pressure fuel injection systems. Considerable progress was made on both fronts during the term (1999–2001) of the program. The technology is now believed to be close enough to commercial feasibility that the auto companies should undertake the remaining development work without Government support. The Program should be discontinued and all activities funded through this budget line cease.

4. *Glass-Fiber-Reinforced Polymer Matrix Composites*.—Glass-fiber-reinforced polymer-matrix composites (PMCs) activities of the Automotive Lightweight Materials program demonstrated that large automotive structures probably could be manufactured out of fiber-reinforced PMCs in minutes at costs typical of the high-volume automotive industry, instead of the days and weeks typical of the aerospace, small-boat, and sporting goods industries. This activity is ripe for commercialization and should now end.

5. *Lighting technology development projects*.—Developed under cost-shared competitive solici-tations, the development of solid-state ceramic lighting for "signage" will be completed during 2002 and be transferred to industry for further development and commercialization.

6. *Light Source Basic Research Projects*.—Basic materials development on coatings for incandescent filaments and new phosphors for fluorescent fixtures is being completed during 2002 and the next phase of work is subject to private sector interest.

7. *Advanced Gas Water Heaters*.—Research on condensing heat exchangers and absorption heat pumps to demonstrate the next discrete efficiency jumps available for gas water heating is being completed during 2002 and results transferred to industry for further development and commercialization. Continued low gas prices reduce likelihood of immediate development activity in private sector.

8. *Dehumidification Characterization Research*.—Research to develop more accurate understanding of the energy performance implications of various dehumidification processes is being completed during 2002 and results transferred to industry, DOE and standards organizations for R&D planning and standards development purposes.

9. *Integrated Window/Wall Systems Development*.—Through competitive solicitation, this heavily cost-shared project focuses on the development and evaluation of specific combinations of advanced windows and wall materials that could lead to energy efficient product offerings in residential construction. Work is being completed in 2002 and transferred to industry for further development and commercialization.

10. *Sensor for Verification of Gas Fill Integrity in Insulated Windows*.—Development work is being completed in 2002 and results transferred to industry and to market deployment efforts. Research on further improvements in technology is not viewed as critical to success.

11. *Whole Building Diagnostician*.—A research project for a building operations optimization system is being completed in 2002 and has successfully demonstrated value in several research studies of buildings. Results will be made available for commercialization by private sector.

12. *Natural Gas Vehicle Engine R&D*.—DOE and industry cost-shared partnerships over the last 8 years have resulted in over 20 certified heavy-duty engines that set new standards for low emissions and high performance using natural gas. There has not been, however, much success in the marketplace due to barriers to adoption of natural gas engine technologies and lack of refueling infrastructure. Given the limited technical opportunities for further performance improvements and significant market constraints, technology R&D should be terminated.

13. *Concentrating Solar Power (CSP) Program*.—CSP troughs were commercialized in the late 1980s in California and 354 MW of installed capacity have been operating since that time with ongoing technical assistance on issues such as improved O&M techniques. A recent NRC Report concluded that CSP troughs were not likely to be cost competitive in the United States in the foreseeable future. Based on this, the specific trough activity should be closed.

14. *Resource Energy Managers (REMs)*.—FEMP provided seed funding that resulted in successful REM programs in Washington and California. Since a number of Federal agencies are embracing this concept and will support this function directly, FEMP funding can be phased out.

15. *FRESA, WATERGY and Integrated Screening Software Tools*.—FEMP will phase out support of these tools, as they did not rise high enough relative to other priorities to warrant further support.

16. *Continuous Fiber Ceramic Composites*.—This program has been ongoing for ten years. Several applications have been commercialized, and materials codes and standards will be completed and adopted. Applications are limited by the relative costs of these materials compared to most metal applications, however. The program should be closed out with the remaining funds.

17. *Methane de-NO_X Reburning Process for Wastewood, Sludge, and Biomass Fired Stoker Boilers*.—Demonstrations of methane de-NOx technology in three paper mill biomass boilers have successfully proven that the technology will increase thermal efficiency and the use of biomass fuel while reducing emissions and natural gas consumption. This work can now be closed out.

18. *Direct Production of Silicones from Sand*.—The direct conversion of silicon dioxide (sand or quartz) into silicone polymers would eliminate the energy-intensive silicon manufacturing step required in the conventional process. A team of researchers (including GE, Molecular Simulation, Inc., and OM Group Inc.) used advanced combinatorial chemistry technology to survey hundreds of catalysts that might enable direct or one-step conversion. Although the team did identify several inexpensive materials that appear to be suitable, closer study revealed that the direct synthetic route was not chemically feasible. Thus, this work can be closed out. Nonetheless, the fundamental understanding of making silicone was significantly advanced. Several patents will be filed.

19. *Residential Refrigerator Research*.—Past research and regulatory efforts have reduced the energy use of new refrigerators by nearly a factor of four since 1975. Continuing research in areas such as improved insulation, more efficient motors, and general refrigerator cycle efficiency research is important for non-residential applications, but research specifically focused on conventional vapor-cycle residential refrigerators now has lower potential returns than work in other areas and should be discontinued.

20. *Automotive Aluminum Casting*.—Aluminum casting activities of the Automotive Materials Technologies program have developed technology that, if implemented by industry, should be able to produce aluminum components that perform as well or better, cost the same or less, but weigh 40 percent less than steel components. These activities are drawing to a successful conclusion and can be stopped at the end of fiscal year 2002.

An early focus of the ALM sub-program was development and validation of technologies to enable cost-effective casting of aluminum structures for automobiles. Major ALM aluminum-casting projects "Design and Product Optimization for Cast Light Metals," "Die Casting Die Life Extension" and "Rapid Prototyping of Casting Dies" concluded on or before fiscal year 2001, as did major projects "Metal-Compression Forming" and "Ultra-Large Caster" funded by the Office of Heavy Vehicle Technology's High Strength Weight Reduction program. The program is shifting to support longer term, higher risk work on issues of casting magnesium and metal-matrix composites. Major projects on casting of magnesium and of aluminum-matrix composites reinforced with ceramics were begun during or before fiscal year 2001 and have now been increased in fiscal year 2002.

PRESIDENT'S MANAGEMENT INITIATIVE

Question. The President's Management Initiative directs agencies to review their personnel requirements with an eye towards reducing the inventory of Federal positions that are not inherently governmental. DOE has initiated a review of some 1,000 positions as part of this initiative, and is planning other reviews. However, several past studies of DOE programs have found that the Department requires greater in-house capability to manage the many contracts on which it already relies to execute its programs. How do you reconcile these two recommendations/directives?

Answer. The competitive sourcing studies being undertaken by the Department are focused on administrative functions that are not directly associated with the oversight of contractors executing mission programs. Becoming more efficient in these administrative services will improve, rather than detract from, the Department's efforts to strengthen project and contract management capabilities of the Federal workforce. In our development of the FAIR Act inventory for 2002, we will provide guidance to DOE organizations on the need to reflect program, project, and contract management needs in decisions on which positions should be considered in planning any future studies.

RECENT SUCCESSES

Question. Can you provide us with a few examples of some of the successes that have come out of your Fossil Energy R&D programs in the last year? If possible, give us examples from a variety of areas.

Answer. In the last year, the Fossil Energy program continued to add to its track record of producing technological advances that are helping to provide cleaner air, potential "breakthroughs" in greenhouse gas controls, new distributed energy options, and more energy from domestic sources. Some of the examples include:

—*A "Solid" Solution for Global Warming?*—One of the possible "breakthrough" ideas for reducing the atmospheric buildup of carbon dioxide, a greenhouse gas, is to capture the gas and sequester it. One way to store the gas could be to convert it into an environmentally safe solid form—a process called "mineral carbonation." The basic chemical procedure is well known, but the major obstacle has been to reduce the time required for the solid carbonate to form (in nature, the process can take thousands of years). In 2001–2002, scientists at DOE's Albany Research Center made a major advance by reducing processing times from six days to just over 30 minutes—a length of time that makes the process reasonable for an industrial operation. The next step is to reduce the energy requirements to make the carbonation process economically feasible.

—*Using CO_2 to "Wash" Landfill Gas*.—Americans dispose of more than 100 million tons of garbage in landfills each year. As the garbage decomposes, it releases gases such as methane and carbon dioxide that can contribute to the greenhouse effect. In late 2001, a DOE-sponsored project showed how the carbon dioxide can be captured and used to "wash" pollutant-forming impurities from the methane. The result is clean landfill natural gas that can be used as a fuel, along with a concentrated stream of carbon dioxide that can be used for such commercial applications as making dry ice, carbonating beverages, or stimulating plant growth in commercial greenhouses. Acrion Technologies Inc., a small business, developed the process with DOE support, and in December 2001, the company showcased the technology at the New Jersey EcoComplex.

—*The Fuel Cell that "Keeps on Ticking"*.—An all-solid-state fuel cell developed in DOE's stationary power fuel cell program achieved a world record for operations in 2001. The fuel cell—a 100-kilowatt solid oxide fuel cell developed by Siemens Westinghouse Power Corporation—first started up in 1997 at a power plant in the Netherlands. Three years later, the unit had accumulated 16,612 hours of operation—proving that the revolutionary concept of an all-ceramic fuel cell will be rugged and reliable enough for future commercial power generation. In August 2001, Siemens Westinghouse moved the fuel cell to a power plant in Essen, Germany and restarted it. The unit came back to life with no problems and continues to generate power and valuable data on the longevity of advanced solid oxide fuel cells.

Question. Can you provide us with a few examples of some of the successes that have come out of your Energy Conservation R&D programs in the last year? If possible, give us examples from a variety of areas.

Answer. The Interior-funded programs within EERE have realized a number of successes in the past year, including:

Advanced Turbine Systems.—This research began in 1992 and has led to the successful demonstration of a gas turbine, the 4 MW Mercury 50, with an efficiency of about 38 percent and with low NO_X emissions (<10 ppm). This is substantially higher performance than the original goal set for this program of about 33 percent efficiency at 22 ppm NO_X, and a dramatic improvement from the previous industry best of 29 percent efficiency at 25+ppm NO_X. This turbine is in final test and commercial units are expected next year. This work also resulted in the development of advanced ceramic-combustor liners, and other advances.

Hybrid Vehicles Based on DOE-Supported Research.—All three U.S. automakers have announced plans to produce hybrid vehicles in the 2003–2005 timeframe that incorporate and draw upon Office of Advanced Automotive Technologies-funded research. The DaimlerChrysler Durango, Ford Escape, and General Motors Silverado will have hybrid models available in the 2003–2005 timeframe. These models draw on DOE-funded research. For example, the U.S. Advanced Battery Consortium research has increased the life of lithium ion batteries from 2 to 7 years for hybrid-electric vehicle drives. Successful integration of advanced lithium-based batteries into hybrid and electric vehicles is critical to transforming prototypes into production vehicles. If the battery cannot consistently meet minimum performance standards by delivering sufficient energy and power, the vehicle will not perform well in acceleration or range tests. The battery also must be able to be produced in large volumes.

Graphic Foam/Advanced Materials.—The Oak Ridge National Laboratory developed and patented a novel high-thermal-conductivity graphite foam. This technique produces a lightweight foam with high bulk thermal conductivity up to 180 W/mK (watts per meter Kelvin) and an open porous structure. The cell walls are made of oriented graphitic planes and exhibit thermal conductivity of greater than 1700 W/mK (copper conducts 400 W/mK). This material shows promise for improving energy efficiency while reducing weight in applications ranging from heat sinks and radiators for automotive applications to leading edges for aerospace vehicles, and for

thermal signature and other heat management solutions for the Department of Defense.

DOE-Supported Materials Research Appear in New Models and Prototypes.—Aluminum for door, deck and hood panels for Cadillac, Oldsmobile, and Chevrolet vehicles utilize a production process developed through research supported by DOE. The 2001 Chevrolet Silverado pickup has a 50 pounds lighter composite pickup truck box. In 2001, the Jeep Wrangler had a new, lighter, recyclable thermoplastic hardtop. The aluminum body structure on the Prodigy is 53 percent lighter than a conventional steel design, and the process used on the Prodigy is applicable to high volume production. In DaimlerChrysler's prototype ESX3 vehicle, the unique thermoplastic injection molded body system is estimated to reduce weight by 46 percent and cost by 15 percent versus conventional steel structures.

Removing Particulate Matter from Diesel Emissions.—Oak Ridge National Laboratory, Microwave Materials Technologies, Inc., and Industrial Ceramic Solutions developed and demonstrated under simulated driving conditions a special silicon-carbide fiber that can be formed to trap particulate matter (PM) and efficiently convert microwave energy to heat energy for regeneration. This microwave-regenerated filter system will permit vehicles to meet the Environmental Protection Agency 2007 Tier 2 standards for diesel engine PM emissions.

In another research project, DOE-funded researchers demonstrated that, under certain conditions, advanced diesel fuel formulations can achieve PM emission reductions of up to 35 percent without compromising fuel efficiency or raising oxides of nitrogen (NO_X) emissions.

Federal Energy Management Program.—In the last year, the Federal Energy Management program began implementation of the President's May 3, 2001 directive to agencies to conserve energy by publishing published a recommended action plan for agencies, collecting proposed actions from all agencies and producing a report for the President summarizing these actions. FEMP created ALERT teams to assess the peak load situation of some of the largest Federal facilities in constrained areas—most notably, California. These teams recommended a variety of low or no cost actions that could reduce the Federal peak load.

FEMP's Super Energy Savings Performance Contracting (Super ESPC) program achieved over $120 million in delivery orders in fiscal year 2001, achieving the program goal and almost doubling the prior year's delivery order volume. All ESPC delivery orders have a positive net present value. That is, appropriately discounted, the net cash flow to the government (energy cost savings minus payment to the contractor over the life of the delivery orders) is positive. In addition to being cost-effective investments, ESPCs save energy.

(a) Total federal ESPC project investment awarded through fiscal year 2001

Approximately $1 billion dollars ($1.0093 billion), all of which is a net benefit to the government since these federal building improvements come at no up front cost.

(b) Guaranteed annual energy-related cost savings associated with (a) above

Approximately $125 million per year ($125.2 million estimated), essentially all of which is paid out to the contractor during the term of the contract for debt service and services such as maintenance, repair and replacement of equipment.

(c) Site Btu per year savings associated with (a) above

Approximately 7.1 trillion site Btu saved per year (equivalent to 27 percent of the site energy consumed by the Department of Veterans Affairs in fiscal year 1999, or enough energy to supply the annual requirements of 68,000 U.S. households).

ENERGY BILL

Question. The Senate is currently debating a rather considerable energy bill. Based on what you know about the Senate bill, are there things in it that would dramatically alter the focus or direction of the Energy Efficiency or Fossil research programs?

Answer. While the Senate energy bill includes provisions that would affect the Energy Efficiency and Fossil Energy research programs, nothing in the bill would dramatically change the focus or direction of these programs or dramatically expand or constrain existing authority. In the case of the Energy Efficiency (EE) research program, the Senate energy bill does not change the authority EE has pursuant to Energy Policy Act of 1992 to engage in a broad and diverse portfolio of R&D activities related to energy efficiency and renewable energy. In the case of the Fossil Energy (FE) research program, Congress has appropriated funds that are used to implement the President's National Energy Policy goals concerning domestic natural resources. Although the Senate energy bill could determine boundaries for FE activi-

ties on a geographic scale (e.g., ANWR) or within a regulatory mandate (e.g., emissions control), it would not alter the general focus of FE programs. FE programs will continue to enhance U.S. economic and energy security by (1) managing and performing energy-related research; (2) ensuring that FE technology is utilized in the market; (3) operating our nation's petroleum reserves; and (4) supporting the development of information and policy options that benefit the American public.

BUILDING TECHNOLOGY RESEARCH

Question. The request for Technology Roadmaps and Competitive R&D is $2.357 million, a large reduction from the $6.857 million appropriated in fiscal year 2002. The budget justification further indicates that 9 new projects were initiated in fiscal year 2001 and 6 new projects were initiated in fiscal year 2002, and that "[fiscal year 2003] funding will allow follow-through on the expectations of several hundred industry partner-participants in BTS road maps". What will be the impact of the proposed reductions on the 6 new projects initiated in fiscal year 2002?

Answer. The fiscal year 2003 funding request level for Technology Roadmaps and Competitive R&D will have no impact on the new projects initiated in fiscal year 2002. These projects will be fully funded from fiscal year 2002 appropriations and will not require any fiscal year 2003 funds.

The fiscal year 2003 budget request will support the roadmapping process from the development phase to implementation within the Federal research programs. This will mean maintaining the roadmaps in a dialogue with industry partners and sharpening the focus of the Federal role as was done in fiscal year 2002 to clarify the research needs for lighting technology and specifically address the potential for solid state lighting. The Department and its research partners and participants expect that such a continuing dialogue will facilitate effective implementation of buildings-related research priorities. DOE will determine participation in this roadmap by applying the Administration's Research and Development Investment Criteria, emphasizing the Federal role of conducting pre-competitive research that broadly benefits an entire industry and clearly supports the National Energy Policy and Administration priorities.

Question. On other previously initiated projects?

Answer. Under Technology Roadmaps and Competitive R&D, a total of 29 projects were initiated from fiscal year 1999 through fiscal year 2001. Sixteen of these projects have been completed or are being completed in fiscal year 2002 and thus need no fiscal year 2003 funding. The funds requested in fiscal year 2003 will be used to support the remaining 13 previously initiated projects, as warranted based on their on-going performance.

Question. Does this truly meet the expectations of the "partner-participants"?

Answer. These road maps provide a broad guide to future public and private sector research in the buildings area. DOE's partners and participants expect DOE to work from these partnership road maps in designing the public aspects of research in these priority areas. DOE's partners and participants also expect DOE to conduct the R&D program using open competition and peer review.

DOE has responded, not only by conducting broad solicitations under Technology Roadmaps and Competitive R&D for three years, but also by increasing the level of competition in the end-use targeted R&D programs in Buildings Research and Standards. In 2003, DOE will emphasize the revising and updating of the roadmaps, in cooperation with industry, to better target its R&D programs in future competitions. At the same time, DOE will focus its competitive efforts within the road map in targeted end-use areas, rather than through broad solicitations covering all building technologies.

DOE will determine participation in this roadmap by applying the Administration's Research and Development Investment Criteria, emphasizing the Federal role of conducting pre-competitive research that broadly benefits an entire industry and clearly supports the National Energy Policy and Administration priorities.

Question. What funding level would be required to continue ongoing projects in the manner originally envisioned?

Answer. There are 13 previously initiated projects within Technology Roadmaps and Competitive R&D which could be continued into fiscal year 2003. The fiscal year 2003 request level will fully support those projects that warrant continuation and that will return the most public benefit for the taxpayers investment.

Question. Is the funding level requested sufficient to closeout these projects in an orderly fashion while extracting some benefit for the Federal investment to date?

Answer. All projects initiated under Technology Roadmaps and Competitive R&D longer than 18 months duration are subdivided into phases. DOE commits funding for only one phase at a time. At the end of each phase, DOE conducts an intensive,

formal project review to decide on funding the next phase. Phases are designed so that a useful product is available at the end of each phase. This arrangement insures that projects can be closed out in an orderly fashion without any closeout costs and that useful results are produced by every project to the greatest extent.

LIGHTING RESEARCH

Question. The request includes an increase of $1.5 million for lighting R&D, with an increased focus on solid-state lighting. Approximately how much of the request would be devoted to solid-state lighting efforts?

Answer. $2.45 million (35 percent of the Lighting R&D budget) will be devoted to solid state lighting.

Question. Would funds be used for a new solicitation or competition? Used in-house? Used to support ongoing work?

Answer. Over one-half of the portfolio of projects is competitively-selected and cost-shared with large and small entities from industry, academia, and research institutions. Additional funds would be placed on these ongoing projects in the research areas of light sources (conventional and solid state), distribution, and controls. A continuing level of core research will continue at Lawrence Berkeley National Laboratory, but we intend to award as many contracts as possible via competitive solicitation, in alignment with the Administration's R&D Investment Criteria.

Question. The current draft of the Senate energy bill authorizes a highly ambitious solid-state lighting research program. What is DOE's long-term program plan for these research efforts? What size research program might this become in future years? What are the barriers to market entry faced by this technology?

Answer. DOE has held five workshops which included the general lighting industry, compound semi-conductor industry, universities, research institutions, and national labs. The workshops produced a solid state lighting research agenda that includes both light emitting diodes (LEDs) and organic light emitting diodes (OLEDs). The workshop results point to research needs in areas such as substrate materials, light extraction, and photon conversion materials. This research could provide the scientific knowledge which would form the foundation for the development of solid state lighting products. As the technology is constantly evolving, further workshops for LEDs and OLEDs are planned this year to update the research plan, and to discuss the appropriate Federal role and the process for undertaking future cooperative research.

When the fiscal year 2003 budget was developed, the planning for the solid state lighting initiative was in progress; thus the initiative details were not sufficiently developed in time for the initiative to be considered for the fiscal year 2003 budget. The Department is currently funding three competitively selected solid-state lighting research projects. We do not know the level of funds needed to fully develop this technology. DOE will determine its participation in this initiative by applying the Administration's Research and Development Investment Criteria, emphasizing R&D activities that have a clear Federal role (pre-competitive research that broadly benefits an entire industry, clear public benefits), and are performing well and making progress toward milestones, and clearly support the National Energy Policy and Administration priorities.

SPACE CONDITIONING AND REFRIGERATION R&D

Question. The justification describes a $2.7 million reduction for space conditioning and refrigeration R&D programs, but notes that there will be a new solicitation for space conditioning technology. What ongoing activities will be completed, terminated or reduced due to this reduction?

Answer. As in the envelope area, many of the technologies in these areas are well developed and several are ready to be "graduated" to the private sector. For example, we are in the process of field testing a prototype heat pump water heater and pursuing a procurement project for an efficient roof top air conditioner. In these cases, we are able to focus more limited resources on providing research results to consumers and builders.

We are also balancing our R&D activities with our standards activities. In the area of space conditioning, for example, we have recently completed the standards for residential central air conditioners, which will raise the minimum efficiency of units in the market place. We are also beginning to work on standards for commercial unitary air conditioners and heat pumps (roof top air conditioners).

The fiscal year 2003 budget request does not continue the American Refrigeration Technology Institute (ARTI) research, which has not resulted in the development of

technologies that significantly improve energy efficiency of space cooling and refrigeration products and industry cost sharing has been below expectations.

Question. How much will be devoted to the new solicitation described in the justification?

Answer. Funds available for a new solicitation will be determined following review of the status of the technical progress and potential contribution of ongoing, competitively awarded projects. Distribution systems and improved system integration offer the largest opportunities for additional energy savings and would likely be a significant part of a competitive solicitation in fiscal year 2003.

BUILDING ENVELOPE R&D

Question. A significant reduction is requested in Building Envelope R&D. Will the reduction hamper or scale back the projects selected in the competitive solicitations issued in fiscal year 2001 or fiscal year 2002?

Answer. No.

Question. What amount of funding would be required to continue these projects as originally contemplated?

Answer. Under Building Envelope R&D, a total of 9 projects were initiated in fiscal year 1999 through fiscal year 2001 through broad, competitive solicitations. Six of these projects could be continued in fiscal year 2003. Assuming that all 6 of these projects show sufficient technical progress to warrant continuation, taking them to completion as originally scheduled would require fiscal year 2003 appropriations for Building Envelope R&D of $1.2 million, equivalent to our budget request.

LIGHTING APPLIANCE STANDARDS

Question. Please provide for the record a timeline for the various rulemakings completed in fiscal year 2002, currently underway, or proposed to be initiated in fiscal year 2003.

Answer. DOE has four current standard rulemakings underway: Residential Central Air Conditioning and Heat Pumps, Residential Furnace and Boilers, Commercial Unitary Air Conditioning and Heat Pumps, and Distribution Transformers. DOE is undergoing a prioritization process to identify additional products which have substantial energy savings potential and might be good candidates for inclusion in the existing appliance standards program and/or voluntary programs. DOE will consider beginning in fiscal year 2002 or fiscal year 2003 rulemakings for product(s) identified in this prioritization process. DOE also has rulemakings underway for test procedures for Dishwashers (sensors), Distribution Transformers, Residential Central Air Conditioning and Heat Pumps, and Commercial HVAC and Water Heater Equipment. The Test Procedure for Dishwashers (non-sensing) was published in fiscal year 2002. See the table below.

Standards rulemaking	Status	Fiscal year	
		Initiation year	Planned completion
Res. CAC/HP	Developing Final Rule	1999	2002
Res. Furn./Boiler	Preparing ANOPR	2001	2004
Comm. Unit. AC/HP	Preparing ANOPR	2002	2004
Dist. Transformers	Preparing ANOPR	2001	2004
Identifying Potential New Products (Prioritization Proc.)	Reviewing Analysis	([1])	([1])

[1] To be determined.

Test procedures rulemaking	Status	Fiscal year	
		Initiation year	Planned completion
Dishwasher (nonsensing)	Final Rule Published	1999	2002
Dishwasher (sens.)	Publishing NOPR	1999	2002
Dist. Transformers	Reopening Comment Period	1999	2002
Res. CAC/HP	Drafting Final Rule	2001	2002
Comm. HVAC	Reopening Comment Period	2000	2002
Comm Wtr. Htr.	Reopening Comment Period	2000	2002

EQUIPMENT, MATERIALS AND TOOLS—MANAGEMENT SUPPORT

Question. The justification indicates an increase of $1 million for technical/program management support but provides little information as to why this increase is being requested. Why is this increase necessary?

Answer. Although it is intended to provide technical expertise to enable all the program in Equipment, Materials and Tools, the Technical/Program Management element almost entirely supports the Appliance Standards program by providing resources for essential technical analyses supporting the appliance standards rulemaking process. These analyses are needed to ensure that standards are technically feasible and economically justified. As shown on page 206 of the budget request, the fiscal year 2003 request for Appliance Standards ($9,197,000) and Technical/Program Management ($2,200,000), which totals $11,397,000, is linked to the level of work anticipated to meet the expectations of the National Energy Policy, such as rulemaking and test procedures. The needed level of effort is comparable to the fiscal year 2001 overall program level for Appliance Standards ($9,195,000) and Technical/Program Management ($2,265,000) which totaled $11,430,000.

WEATHERIZATION AND STATE ENERGY PROGRAMS

Question. The President's campaign materials stated that he would "Reform and double the funding for the Weatherization Program and State Energy Program." While the request includes a substantial increase for Weatherization, the amount requested for the State Energy Program is a reduction of $6.2 million. Has the Administration's view of the State Energy Program changed due to more detailed evaluation of the program or broader budget circumstances? Or should the original campaign commitment be read to endorse a doubling of WAP and SECP collectively?

Answer. The President's campaign materials commit to "increase spending for Weatherization programs by $1.4 billion over 10 years," which will approximately double funding for that program. The commitment to the State Energy Program is to reform it. DOE is currently working with the states on SEP reform.

The Administration considers both programs important and appreciates their ability to leverage federal funds and transfer energy efficiency technologies to the State and local level. The request for the State Energy Program in fiscal year 2003 represents an increase of $0.8 million over our fiscal year 2002 request of $38 million. We are seeking to develop our relationships with states so they become true partners and not just grant recipients.

Question. With regard to "reform" of the Weatherization Assistance Program, has the Administration considered whether a cost-share requirement of some sort would be appropriate in order to leverage the Federal commitment to WAP?

Answer. Overall, the Weatherization network leverages more than 25 percent cost sharing. In 2000, States leveraged almost $75M in non-Federal resources, and DOE estimates that local agencies leveraged an additional $55M. States continue to leverage funds through a variety of sources, including utility restructuring and systems benefits funds, to supplement their weatherization programs. For instance, in Massachusetts combined funding for electric and gas utility programs was about $20 million for 2000. The recent energy crisis has escalated States leveraging efforts to identify non-Federal resources to help provide weatherization services to more low-income households. Currently, more than $100 million is leveraged voluntarily in 43 states, representing leverage of more than 70 percent of current appropriations levels. The current leveraging gains have required no State or Federal administrative or any additional reporting requirements for private funds. A cost share requirement may involve onerous reporting and accounting by the States and local agencies. Moreover, some States would not be able to afford to participate.

DOE is constantly working with both State and local agencies to attract and secure non-Federal resources. In 2002, DOE is committed to pursuing opportunities to leverage by targeting rapid-growth States that have traditionally had few or no partnerships with utilities or other non-Federal sources with their weatherization programs.

Question. Is the Administration supportive of this concept? What would be the impacts of a cost-share requirement on program delivery?

Answer. The Department does not support a cost share or match requirement for the Weatherization Assistance Program because there would be some States that would not be able to participate and therefore the Program would lose its status as a national program. The concern is a cost share that is required of each State. Some States have had great success in obtaining non-Federal resources to supplement their programs, while other States have had little or no success. The variance is from one State to another and in certain instances from one year to the next, de-

pending on the agreement between the contributor and the availability of funds. In some States, there is only the availability of DOE funds to administer the Program.

A 25 percent State cost share requirement is inequitable. Many States have appropriated funds and/or have leveraged funds from private sources. However, a number of states, particularly those with large low-income populations, have enjoyed little success in leveraging non-Federal resources into their programs that could be used as a cost share, and would be the most likely to not qualify for Federal funds. A formal cost share requirement for States may result in a net loss of funds for weatherization as a number of States and native American Indian Tribes who receive direct funding from DOE, would not qualify for the program. Those States unable to meet a full cost share would receive fewer DOE funds which could result in withdrawal of voluntary contributions by states, utilities, and other private sources.

In sum, a cost share requirement would have a deleterious effect on program delivery in many States, leaving some States unable to weatherize any homes at all, and others having to reduce the number of homes served. This would of course mean lay-offs of weatherization workers in those States. Furthermore, because the availability of matching funds could vary dramatically from year to year, the network of weatherization agencies would suffer from unstable funding, and the maintenance of a skilled weatherization workforce would be jeopardized.

Question. The Committee approved an fiscal year 2002 reprogramming for national and regional training and technical assistance. Does the Department feel that its request of $4.095 million for this purposes in fiscal year 2003 is still appropriate based on the overall level requested for WAP?

Answer. The Energy Conservation in Existing Buildings Act of 1976, 42 U.S.C. 6861 et. seq., enacted as Title IV, Part A, of the Energy Conservation and Production Act, Public Law 94–385, Section 416, permits DOE to use an amount not to exceed 10 percent of the annual appropriations to conduct training and technical assistance activities to ensure program effectiveness and assist States' ability to deliver services to low-income persons.

Historically, DOE has allocated approximately 8.5 percent to the States, to conduct training and technical activities supporting their weatherization programs locally. DOE has used the other 1.5 percent to fund numerous national and regional training and technical assistance activities which help support the States and can be done more cost-effectively by DOE. States look to DOE to augment their efforts to provide expanded project support, services and other deliverables that States require to assist them to attain their program goals to deliver more cost-effective, energy efficiency services to low-income Americans.

The $4.095 million requested, which is about 1.5 percent of the total fiscal year 2003 request, is the appropriate amount for DOE to use for national and regional activities supporting State weatherization work in fiscal year 2003.

Question. Between the State Energy Program and the SEP Special Projects, the Department performs a great deal of cooperative work with states. To what extent does the Department also perform cooperative work on a regional basis in cases where there are common regional interests, and where regional efforts might be more efficient? Please provide some examples of such work.

Answer. The Office of Energy Efficiency and Renewable Energy Programs has six Regional Offices that serve to assist States both individually and regionally. These Offices serve as a catalyst in promoting regional cooperation and regional interests. Through regionally hosted meetings, States are able to explore opportunities to address regional approaches to common interests. Often these meetings and discussions lead to multi-state efforts which lead to joint proposals under the SEP Special Projects. Regional Offices are also involved in regional initiatives created by other organizations.

The Denver Regional Office, for example, is actively involved in the Western Governors' Association, the Western Interstate Energy Board and the Western Regional Air Partnership, collaborating to develop a strategy for the regional haze issue. That office also has for years supported a regional association of state Weatherization managers, to conduct peer exchanges and training. Currently, these services are provided by the State of Montana, with DOE funding, on behalf of the entire region.

Another example is a multi-state collaboration known as the Energy Services Coalition, currently involving 20 states that are promoting the use of performance contracting for energy efficiency work. The coalition is funded by Rebuild America.

Regional efforts relating to the Clean Cities program have also produced regionally focused projects such as the promotion of alternative fuel vehicles at all of the airports serving the Washington D.C. region. Other examples include regional infrastructure development along major interstate corridors, and development of a comprehensive plan to market renewable resources in the Mid-Atlantic Region.

Question. Does the structure of relevant DOE programs limit the Department's ability to perform work on a regional basis?

Answer. The Department's six Regional Offices play an integral role in promoting regional approaches, coordination of common State goals, and working with a number of programs in the Office of Energy Efficiency and Renewable Energy (EERE).

While the Regional Offices are an invaluable resources in coordinating and facilitating regional efforts, adjustments within the structure of efficiency and renewable programs could likely also improve the Department's ability to perform work on a regional basis. Improved coordination of grants functions, for instance, could streamline federal assistance in these areas.

Question. Do relevant regulations or statutes limit such activities in any way?

Answer. Although existing regulations and statutes emphasize States and provide funding specifically for the States, there are no prohibitions relating to regional approaches to common objectives, and States may utilize available funding to conduct regional approaches.

Question. Please provide for the record a table showing the amount of SEP funds received by each state for fiscal year 2001 and fiscal year 2002, and the projected amount based on the fiscal year 2003 request.

Answer. See the table below.

State/Territory	Fiscal year		
	2001 SEP formula distribution	2002 SEP formula distribution	2003 SEP formula allocation (estimated)
Alabama	$604,000	$726,000	$616,000
Alaska	292,000	353,000	298,000
Arizona	537,000	651,000	554,000
Arkansas	462,000	558,000	479,000
California	2,496,000	3,024,000	2,570,000
Colorado	581,000	683,000	594,000
Connecticut	553,000	641,000	564,000
Delaware	260,000	313,000	266,000
District of Columbia	246,000	295,000	252,000
Florida	1,283,000	1,552,000	1,324,000
Georgia	833,000	1,012,000	861,000
Hawaii	271,000	326,000	277,000
Idaho	303,000	366,000	310,000
Illinois	1,570,000	1,796,000	1,590,000
Indiana	907,000	1,060,000	924,000
Iowa	537,000	625,000	545,000
Kansas	484,000	570,000	492,000
Kentucky	620,000	735,000	632,000
Louisiana	760,000	897,000	754,000
Maine	346,000	407,000	351,000
Maryland	694,000	808,000	706,000
Massachusetts	847,000	974,000	861,000
Michigan	1,332,000	1,525,000	1,347,000
Minnesota	800,000	916,000	811,000
Mississippi	441,000	535,000	454,000
Missouri	747,000	872,000	760,000
Montana	284,000	342,000	292,000
Nebraska	370,000	437,000	376,000
Nevada	321,000	394,000	331,000
New Hampshire	320,000	379,000	327,000
New Jersey	1,088,000	1,253,000	1,104,000
New Mexico	345,000	414,000	352,000
New York	2,151,000	2,448,000	2,191,000
North Carolina	854,000	1,016,000	873,000
North Dakota	270,000	324,000	276,000
Ohio	1,491,000	1,728,000	1,517,000
Oklahoma	535,000	632,000	544,000
Oregon	496,000	587,000	504,000
Pennsylvania	1,508,000	1,722,000	1,521,000
Rhode Island	297,000	352,000	304,000
South Carolina	534,000	640,000	545,000
South Dakota	262,000	314,000	268,000
Tennessee	720,000	851,000	733,000
Texas	2,182,000	2,653,000	2,233,000

State/Territory	Fiscal year		
	2001 SEP formula distribution	2002 SEP formula distribution	2003 SEP formula allocation (estimated)
Utah	376,000	450,000	384,000
Vermont	261,000	309,000	266,000
Virginia	837,000	988,000	856,000
Washington	689,000	830,000	706,000
West Virginia	420,000	489,000	424,000
Wisconsin	834,000	956,000	844,000
Wyoming	253,000	307,000	259,000
American Samoa	189,000	230,000	194,000
Guam	197,000	239,000	202,000
Northern Marianas	188,000	229,000	193,000
Puerto Rico	467,000	547,000	474,000
Virgin Islands	205,000	255,000	213,000
Total	37,750,000	44,535,000	38,498,000

FEDERAL ENERGY MANAGEMENT—FEMP

Question. The FEMP program has an impressive track record of enabling reductions in Federal energy usage, with preliminary data showing that the 20 percent square footage reduction set in EPACT for the year 2000 will be exceeded. Can the Department say how much of this reduction is due to efficiency improvements in occupied Federal space as opposed to improvements owing to abandonment or sale of Federally owned or leased space in favor of more energy-efficient space? In other words, how much of what once was energy-inefficient Federal building stock is still in use, but under non-Federal ownership or occupancy?

Answer. The 23.6 percent annual reduction in BTUs/Gross Square Foot by Federal buildings from 1985 to 2000 was affected by turnover in building stock, energy efficiency projects, acquisition of energy efficiency products, weather patterns, fuel mix, and other factors. We do not collect data on the 500,000 buildings that have gone in and out of the Federal Government's building inventory over the last 15 years, but we do have information on energy consumption. While gross square footage has increased slightly from 3,034.9 to 3,061.7 million square feet, energy consumption has declined from 139 to 106 trillion BTUs/Gross Square Foot annually. We estimate that one-fourth (27 trillion BTUs annually) of the 23.6 percent reduction resulted from the $3,829 million investment in Federal energy projects between 1985 and 2000).

	Gross square feet (GSF) (million square feet)	BTUs Per Year (in trillions)	BTUs/GSF
1985	3,034.9	422.3	139.1
2000	3,061.7	325.4	106.3

Question. Page 291 and 292 of the Department's budget justification indicate identical totals for recoveries from other Federal agencies for FYs 2001, 2002 and 2003. Are these entries redundant, or should the two totals be added to calculate total recoveries for the FEMP program (i.e. $1.6 million for fiscal year 2003)?

Answer. These entries are redundant.

Question. How many limited appointment personnel are currently being supported from recovered funds? Of the total funds collected to date, how much has been obligated?

Answer. Currently, FEMP is supporting one limited appointment position in DOE's Golden Field Office with recovered funds. FEMP is in the process of hiring five limited appointment personnel to work on regional alternative financing issues. To date, $1.5 million of total collected funds have been obligated.

INDUSTRIES OF THE FUTURE—SPECIFIC

Question. The Administration has requested substantial resources for bioenergy initiatives, but the investments are predominantly in the biofuels and biopower area rather than bioproducts. What is the rationale for this funding allocation?

Answer. Biofuels and biopower represent the most direct and the largest opportunities for biomass technologies to reduce U.S. dependence on foreign sources of energy and increase domestic energy supply. Simultaneously, development of these

technologies will help to boost economic development in domestic industries and rural areas of the United States. Demand for ethanol has increased substantially in recent years in response to Clean Air Act requirements. Demand is expected to increase at an even greater pace as California, New York and Connecticut phase out MTBE. Research in biofuels will help develop the conversion and distribution systems to meet future demand.

The DOE fiscal year 2003 request is aligned with the goals identified in the President's National Energy Policy. The NEP recognizes the tremendous potential for ethanol as an alternative transportation fuel. It also recognizes the opportunities for biomass-generated electric power. The Strategic Program Review identifies the opportunity for the redirection of funds from various terminations and formerly earmarked projects to biobased products in the biomass program portfolio. It is understood that such R&D can create high value products that will support development of other components of an integrated biomass industry.

In addition to research in biofuels and biopower, DOE is continuing to support high impact cost shared research in the area of bioproducts. The Agriculture IOF Biobased Products program is relatively new with initial funding in 1999. It is focused on replacing the predominantly petroleum based feedstocks used in the chemical industry with renewable biomass feedstocks utilizing advanced technology with more energy efficient processing. We believe the current balance is adequate considering the maturity of this program and the ability to leverage enabling biobased technology development in the EWD bioenergy and biorefinery programs. It should be noted that funding for bioproducts is also requested through the Interior Appropriations.

Question. Is the $8.3 million requested for the Agriculture Vision sufficient to run an R&D solicitation, or will the funding only be used for educational grants?

Answer. The current budget request is sufficient to run the excellent portfolio of Agriculture IOF program R&D projects. There will be an R&D solicitation issued very shortly, utilizing funding from E&W that will encompass some research on biobased products, in conjunction with biorefineries, to produce some combination of fuels, power and bioproducts. This should further enhance DOE's portfolio of research on biobased products. There will not be a separate research solicitation specifically addressing the Agriculture IOF Vision and Roadmap issued by OIT in fiscal year 2003. OIT will issue a solicitation to expand the Agriculture IOF Education Initiative targeted at catalyzing multi-disciplinary graduate school curriculum and accompanying research in biobased products and bioenergy.

Question. Is the funding requested sufficient to finance projects already selected?

Answer. The fiscal year 2003 budget request is sufficient to fund all of the current active multi-year Agriculture R&D projects. As always, project performance and achievement of milestones will effect project schedules down selection.

Question. What would the Department require to implement an R&D solicitation in fiscal year 2003?

Answer. We believe the current funding is sufficient to meet the objectives of the Agriculture IOF Vision and Roadmap. A change in priorities would be required to implement an R & D solicitation in fiscal year 2003.

Question. $1.2 million is requested for Sustainable Forestry activities within the Forest Products program. What distinguishes the type of research conducted within this activity from work being done by the Forest Service or within the Department of Agriculture?

Answer. The sustainable forestry area of the forest and paper vision program focuses on modifying wood fibers to improve the efficiency of the manufacturing process thus reducing the energy usage specifically in the pulping and paper making processes. Fibers can be modified through biotechnology, tree physiology and sustainable soil productivity; DOE plans to support R&D in each area with its Forest Products program. In biotechnology, the focus is on understanding the genetic and molecular processes that control wood formation and properties. In tree physiology, the focus is on how wood formation and wood properties are affected by plant growth regulators such as light, water, and nutrients. In sustainable soil productivity the focus is to better understand the effects of intensive forest management on wood properties in the manufacture of solid wood, pulp and paper products. This supports the DOE mission to develop and deploy advanced energy efficient technologies that lead to the reduction of energy use in the industrial sector. The mission of the USDA Forest Service is to achieve quality land management under the sustainable multi-use management concept to meet the diverse needs of people. The land management focus is on Federal Lands.

Question. There are relatively few changes in the sector-specific portion of the Industry program. Is the Department confident that the request for each sector is in-line with the benefits projected to be realized from the individual sector programs?

Answer. The Department is confident that the request for each sector is in-line with the benefits projected from the individual sector programs. At the requested budget level and continued level funding, our GPRA analysis projects that we are on pace to deliver 1.4 quads in annual energy savings in 2010 through investments we make in partnership with industry. These industries are expected to reduce their energy consumption by 2.9 quads through normal modernization investments. The additional 1.5 quads are the stretch component of our national goal of 25 percent reduction in energy intensity. We believe the IOF R&D Visions, Roadmaps, technologies, partnerships, and their effects on markets will catalyze and enable policy and investment changes that will attract the industry investment needed to become more efficient, competitive, and achieve the stretch goal. See the table below.

IOF sector	Energy benefit (Btu × 1,012)	Fiscal year 2003 budget request
Aluminum	76	$8,103
Chemicals	233	14,458
Forest Products	80	11,827
Glass	31	4,572
Metal Casting	35	5,357
Steel	71	10,329
Mining	76	5,119
Agriculture	189	8,259
Petroleum Refining	36	.....
Industrial Materials for the Future	74	12,698
Sensors & Controls	9	3,774
Combustion Systems	141	15,600
Industrial Assessment Center	40	7,694
Inventions & Innovations	112	2,372
NICE3	45	2,736
Best Practices	169	8,235
Total	1,417	121,133

Question. For each industry sector program (with the exception of petroleum), are the funds requested sufficient to finance existing projects and mortgages as planned? If not, what additional funds would be required in each sector?

Answer. There is sufficient funding being requested for existing projects in each industry sector in fiscal year 2003. Potential funding mortgages needed to bring those projects to a successful conclusion will be considered as progress of each project is assessed against milestones.

INDUSTRIES OF THE FUTURE-CROSSCUTTING

Question. $13.6 million is requested for industrial gasification. What is the program plan for fiscal year 2003 and beyond for black liquor gasification demonstration projects?

Answer. We monitor the costs and funding needs of these projects on an on-going basis, with the objective of sufficient project funding for planned project continuity, while minimizing end-of-year uncosted obligations. We believe that the budget request for fiscal year 2003 meets this objective for the three demonstration projects.

Question. Are the funds requested in fiscal year 2003 fully sufficient to support the plan?

Answer. Based on our current assessment, the funding request for the biomass gasification is sufficient to support the plan.

Question. If additional funds were available, how could such funds be used and what amounts would be appropriate?

Answer. We believe the current funding meets the needs of the program through fiscal year 2003.

Question. An increase of nearly $2 million is requested for Industrial Assessment Centers. At the same time, OMB review criteria for DOE research programs clearly place a premium on supporting efforts that would not be performed by the private sector. Why are industrial energy assessments not performed by private sector energy service companies?

Answer. Unlike energy service companies, a major objective of the IAC program is to train engineering students in industrial efficiency. Since its inception in 1976, the program has successfully provided over 1,700 university students with hands-on training in industrial energy management. This program has produced a cadre of experienced energy experts, a good number of whom have continued working in

the energy management field, often for energy service companies. The small- and medium-sized manufacturers who are receiving industrial assessment services from the program often have neither the in-house expertise nor the means to seek private sector energy expertise. Another important distinction between the IAC program and private sector companies is that the IACs only make assessment recommendations. On average, half of the recommendations made by IACs are implemented by the manufacturing client, often with the help of private sector energy service companies. Based on IAC recommendations, the savings potential for the average industrial client is $55,000 per year.

Question. What inherent capabilities does the Department have that energy service companies do not?

Answer. As mentioned above, the principal differences are that the IAC program's provides university-level engineering students with hands-on industrial training as an integral part of their overall engineering curriculum, creating a cadre of knowledgeable and experienced energy efficiency experts for the industry's infrastructure; and, the recommendations the IAC's provide are made without a direct financial interest in the outcome, minimally providing a validating second opinion or stimulating the customer to pursuing the potential savings.

Question. Does the Department's presence in this area inhibit private sector involvement?

Answer. No, rather than inhibit, the program supports private sector involvement in two ways. As mentioned above, the implementation phase of any recommended work is not done by IACs and is totally handled by the private sector, creating new business for them. Also, the program has produced engineers whose practical experience in industrial efficiency has been sought by the private sector. In this way, the program has helped to successfully increase the pool of qualified candidates with energy systems knowledge and experience entering the private sector industrial community.

Question. Does the Department's presence effectively subsidize the energy service industry by effectively performing market research that the companies would otherwise do themselves?

Answer. No, the program does not conduct any market research.

FREEDOMCAR

Question. The Administration has refashioned its automotive research program under the name FreedomCAR. Can you described in more detail the distinction between FreedomCAR and its predecessor, the Partnership for a New Generation of Vehicles (PNGV)?

Answer. The major differences between the PNGV and FreedomCAR are described below in terms of vision, government involvement, technology emphasis, and R&D scope.

Different vision.—While the focus of PNGV was on demonstration of high fuel efficiency, pre-production family sedans by 2004, FreedomCAR's ultimate long range vision is petroleum free, emissions free transportation, with emphasis on hydrogen fuel cells.

Streamlined government leadership.—FreedomCAR is a collaboration between USCAR and the Department of Energy. PNGV was a collaboration of seven agencies, led by the Department of Commerce, with USCAR.

Different technology emphasis.—FreedomCAR is focused on hydrogen and fuel cells, and the necessary hybrid enabling technologies, with transitional efficiency gains from advanced combustion and fuel cells using fuel processors. PNGV emphasized compression ignition direct injection (diesel) hybrids.Different R&D scope:

FreedomCAR's focus is R&D at the component level with equal emphasis on light trucks and cars. PNGV emphasized development and demonstration of pre-production mid-sized family sedans, with the hope that the technologies would be scalable.

Question. Can you describe some of the concrete benefits that have come from DOE-supported automotive research done to date?

Answer. In its annual reviews of the Partnership for a New Generation of Vehicles (PNGV), the National Research Council (NRC) noted "the substantial accomplishments already gained in pursuing the program so far" (seventh report—2001) and observed that the partnership has enhanced cooperation at all levels and has achieved results more rapidly than would have been the case in the absence of partnership" (sixth report—2000). However, the NRC reported that PNGV had achieved zero net economic benefit as of 2000 (*Energy Research at DOE: Was It Worth It?*, 2001), Nevertheless, some technologies developed under PNGV are now being commercialized, and benefits will begin to accrue as market penetration begins. Selected concrete examples of technological achievements are listed below.

Enabling research

Increased the life of lithium ion batteries from 2 years to 7 years for hybrid-electric vehicle drives.

Demonstrated that under certain conditions, advanced diesel fuel formulations can achieve particulate matter (PM) emission reductions of up to 35 percent without compromising fuel efficiency or raising oxides of nitrogen (NOx) emissions.

Vehicle integration

The aluminum body structure on the Ford's Prodigy concept vehicle is 53 percent lighter than a conventional steel design, and the process used on the Prodigy is applicable to high volume production.

In DaimlerChrysler's ESX3 concept vehicle, the unique thermoplastic injection molded body system is estimated to reduce weight by 46 percent and cost by 15 percent versus conventional steel structures.

General Motors' Precept concept vehicle proved the technical feasibility of achieving 80 miles per gallon, however, high cost remained as a major barrier toward commercialization.

PNGV Research successes migrating into production

Cadillac, Oldsmobile, and Chevrolet vehicles incorporate aluminum door, deck, and hood panels by utilizing a PNGV developed production processes.

The 2001 Chevrolet Silverado uses a 50-pounds lighter composite pickup truck box. The 2001 Jeep Wrangler utilizes a new, lighter, recyclable thermoplastic hardtop.

Announced production plans

All three automakers have announced plans to produce hybrid vehicles in the 2003–2005 timeframe. (DaimlerChrysler Durango, Ford Escape, General Motors Silverado)

Question. What can we expect from Detroit in the next few years in terms of advanced technology coming to market?

Answer. All three automakers have announced plans to produce hybrid vehicles. These vehicles will be produced on standard assembly lines. The existing vehicle models have been redesigned to accommodate both conventional and hybrid powertrain systems.

DaimlerChrysler.—The 2003 Dodge Durango will be offered with a hybrid powertrain. This version of the Durango will achieve 18.6 miles per gallon (mpg) combined city/highway (20 percent improvement), compared with 15.5 mpg for the conventional V–8 Durango. A hybrid-electric version of the Dodge Ram pickup, the Contractor Special, is expected to be introduced in 2004. On-the-road, this vehicle will achieve 15 percent better fuel efficiency, lower emissions and better performance than the conventional Ram. Off-the-road, the vehicle can be utilized as a stationary electrical generator to deliver up to 20 kilowatts (kW) of ac power to run power tools.

Ford.—In 2003, the Escape Sport Utility Vehicle (SUV) will offer a hybrid electric powertrain using a 4-cylinder engine. Customers will get an estimated 40 mpg on the urban driving cycle, which is nearly double the V6 fuel economy while maintaining V6 performance. Also, a next generation vehicle platform has been announced that will utilize a 42-volt electric system and an integrated starter generator (ISG), although the date of introduction is uncertain.

General Motors.—The Chevrolet Silverado and GMC Sierra full-size pickup truck line will feature a hybrid propulsion system that will be available in 2004. The ParadiGM hybrid propulsion system, which is being designed for use on a global mid-sized platform, is also scheduled to debut in 2004. It is expected that the first vehicle to incorporate the ParadiGM system will get about 20 percent better fuel economy than the non-hybrid version of the vehicle and is targeted to achieve lower tailpipe emissions.

Question. Where are we with regard to determining the optimal fuel source for transportation fuel cells?

Answer. Hydrogen is the optimal fuel for transportation fuel cells; however, hydrogen is not found in nature and must be produced from an energy source or feedstock. Therefore, it is an energy "carrier," much like electricity. In the long-term, hydrogen produced from a diverse mix of domestic energy sources is the strategy that provides the best energy security by lessening our dependence on foreign oil. These domestic sources potentially include natural gas, coal, nuclear and renewables. Once affordable, renewables will provide the best option since they are sustainable (i.e., never run out) and have the least environmental impact.

Natural gas provides a good interim or "start-up" strategy to produce hydrogen since natural gas distribution infrastructure exists. With significant demand for natural gas in other energy sectors (e.g., power generation, residential, etc.), total reliance on natural gas for the transportation sector would likely require significant imports and not relieve our dependence on foreign sources to meet our transportation energy needs.

The lack of widespread hydrogen refueling infrastructure (from any source) and the absence of an acceptable on-board hydrogen storage system have prompted research to develop on-board fuel processors that could generate hydrogen from gasoline and other fuels. With little infrastructure investment required, this interim approach is expected to be able to provide significant energy efficiency and environmental benefit if the cost of vehicles using this technology can be lowered and market demand generated.

Question. Do we have any idea whether it makes more sense to generate hydrogen on-board or off-board?

Answer. It makes more sense to generate hydrogen off-board the vehicle at a retail station or other distributed location and to store the hydrogen fuel in the vehicle. From a vehicle perspective, it is a simpler and more cost effective approach. This approach requires more research to develop a safe and efficient vehicle hydrogen storage system that stores enough hydrogen to provide an acceptable range (i.e., 350 miles) without taking up passenger or trunk space. However, off-board hydrogen generation would still involve significant infrastructure investment and development in off-board fuel processing, hydrogen purification, off-board storage, and dispensing technologies. Since no market presently exists, government assistance may be necessary to encourage energy providers to begin making hydrogen available at retail stations and to help resolve codes and standards issues related to hydrogen utilization.

On the other hand, using a fuel processor to generate hydrogen on-board the vehicle from conventional fuels requires little or no infrastructure investment. EERE and the private sector are continuing R&D efforts to overcome considerable cost, reliability, and start-up challenges associated with this approach. Depending on progress with the on-board approach, as well as technological advances and regulatory developments concerning the off-board approach, EERE may eventually discontinue R&D supporting the on-board approach.

Question. In terms of on-board generation, do we know whether methanol, ethanol, natural gas or petroleum is the most sensible choice, or will it be multiple fuel types? When do you think we'll have this information?

Answer. If reliable, fast-starting fuel processors can be developed for light-duty vehicles, a petroleum-based fuel is the most sensible choice because we could use our existing distribution and refueling infrastructure. Alternatives such as methanol, ethanol, and natural gas-derived Fischer-Tropsch fuels would provide significant petroleum displacement benefits if used as components in petroleum blends. The chemical composition of these alternative fuels used as blending agents make the fuel processing reaction easier and would require infrastructure investment similar to oxygenates in gasoline.

For heavy-duty vehicles (i.e., buses, etc.), the use of alternative fuels such as ethanol, methanol, and natural gas-derived Fischer-Tropsch fuels has greater potential because the vehicles tend to be centrally refueled. National compatibility for distribution and refueling infrastructure would not be required. Regional fuels (i.e., ethanol in the Midwest) may provide energy, economic, and environmental benefits. Also, natural gas may be more viable on heavier vehicles where more room is available for fuel storage.

Given the potential for alternative fuels blended in petroleum for light- and heavy-duty vehicles, we believe the on-board fuel processor technology under development needs to be "fuel flexible," which means that the technical approach taken must not eliminate these viable alternatives.

Question. One of the reasons you've refocused the goals of the transportation research program is that PNGV was geared to produce a type of vehicle consumers wouldn't buy. That said, your budget would continue much of the ongoing work begun under PNGV. Where are we with regard to the performance of hybrid vehicles?

Answer. There are several ways to evaluate the performance of hybrid vehicles. Hybrid vehicles that are currently on the market provide a 10 to 50 percent increase in fuel efficiency compared to conventional platforms and add an estimated 10 to 20 percent increase to the vehicle cost. These hybrids compete in a small vehicle segment and are primarily aimed at urban driving. In terms of vehicle driving performance, current hybrids are considered to be comparable to the conventional drivetrains that they replace for the targeted market segment. However, in order

for hybrid vehicles to be more competitive in a broader market segment with conventional vehicles, additional advances in power electronics, electric motors, and batteries are needed to increase the power, improve the efficiency, improve the reliability, reduce the weight, and reduce the present high cost of the system.

FreedomCAR is structured to build on the technical progress achieved from work conducted under the Partnership for a New Generation of Vehicles (PNGV), including much of the work on hybrid systems. The fiscal year 2003 budget request would fund the highest priority hybrid research (high power energy storage, power electronics, and electric motors) at 93 percent of the fiscal year 2002 appropriated level of 19 percent more than our fiscal year 2002 request. One of the fundamental differences between FreedomCAR and PNGV is that the new Partnership aims to apply its R&D to all vehicle types, not just mid-size sedans as was the focus of PNGV. This shift is a response to changing consumer preferences that favor light trucks and sport utility vehicles (SUVs). Many of the technologies pursued under the PNGV can be applicable to light trucks and SUVs.

Question. Are we close to having hybrid vehicles that are large enough and perform well enough to meet consumer demand in places other than urban settings?

Answer. The hybrid vehicles currently on the market and announced for the near term are designed to take advantage of the stop-and-go driving found in urban settings. However, in public forums, automotive manufacturers have indicated that products offering towing capability and intercity travel over mountainous terrain are under development. In addition, the automakers have announced several hybrid vehicles in the large passenger vehicle and full-size pickup truck categories. For example, the Dodge Ram Contractor Special, referenced in question 52, is designed for both on- and off-road travel and, while parked, functions as a stationary generator. Also, the Dodge Durago hybrid sport utility vehicle (SUV) and Ford Escape hybrid SUV are expected to be available in 2003. Performance for all these vehicles is promised to be equivalent or better than their conventional counterparts while offering varying fuel economy improvements. It remains to be seen to what extent consumers will adopt these vehicles. Technologies being developed in the Department of Energy programs, in partnership with industry, will enable application of competitive hybrid propulsion to a broad range of vehicle platforms and usage.

The Department of Energy, together with industry partners, will begin the technology demonstration phase of heavy hybrid propulsion vehicles in 2003. Two 40-foot hybrid transit buses will be delivered for a six-month revenue service test. Subsequently, the industry team developing this heavy hybrid propulsion system expects to deliver (in 2004) their technology in Class 8 trucks for long-haul operation. These initial products are not expected to be fully cost-effective in the marketplace and additional development efforts will be required to optimize the technology and reduce costs to marketplace requirements.

TRANSPORTATION FUEL CELLS

Question. Within the Fossil Energy R&D account, funding for fuel cell work under the Solid-state Energy Conversion Alliance (SECA) has been reduced significantly. Though the specific focus of SECA is different than the transportation fuel cell program, are there basic technologies that might be developed under SECA that could be in used in transportation applications?

Answer. The fuel cell work under the Solid-State Energy Conversion Alliance (SECA) is concentrated on the development of relatively high temperature, planar solid oxide fuel cells. This planar technology has the potential to be much more compact than the tubular technology developed by Siemens-Westinghouse for stationary applications. Because of much higher operating temperature and longer start-up times compared to polymer electrolyte fuel cells which are being developed for light-duty vehicles, solid oxide technology is not as viable for these applications. Rather, solid oxide technology, which is rapidly progressing, is best suited for stationary applications where quick start-up is not a stringent requirement and where co-generation of high quality heat can be an additional benefit.

The solid oxide technology under SECA may have applications in heavy-duty vehicles where fast start-up is not required and vehicles tend to be operated for extended duration (i.e., Class 8 trucks, locomotives, etc.). Another potential application in heavy-duty vehicles could be as auxiliary power units (APUs) where a small solid oxide fuel cell would potentially provide electrical power for cargo refrigeration, cabin cooling, accessory loads, etc., more efficiently than a mechanically driven alternator. The APU could also replace extended hours of truck idling necessary to provide electrical power during rest and holdover periods which would result in significant energy and environmental benefits.

The Office of Energy Efficiency and Renewable Energy's Office of Transportation Technologies (OTT) is currently sponsoring a study to determine the best vehicle applications for APUs and the corresponding energy and environmental benefits. Diesel fuel processing development for heavy-duty vehicles and for remote stationary power is the basic technology area that SECA and OTT share and are already collaborating to minimize redundant research efforts. Since diesel reforming requires higher temperatures (to prevent coking), it is more compatible with the solid oxide operating temperature. As a result of the close collaboration between OTT and SECA, OTT is sponsoring an effort at the National Energy Technology Laboratory to develop diesel fuel processing technology. Also, under OTT's Cooperative Automotive Research for Advanced Technology (CARAT) program, proposals related to diesel reforming and APUs have been competitively solicited. Potential awardees will carry out their work in close coordination with SECA.

Question. The justification indicates that the Department will establish a Fuel Cell National Resource Center at Los Alamos National Laboratory to provide a national user facility for research, development and testing. Why has Los Alamos been selected to host this center?

Answer. The Department of Energy selected Los Alamos National Laboratory as the site to host the National Fuel Cell Resource Center because LANL is where the most capable fuel cell scientists reside. Scientists at Los Alamos obtained the original breakthroughs and patents responsible for making the polymer electrolyte fuel cell viable for transportation applications. Today, the staff at Los Alamos have the best fundamental and basic understanding of fuel cell-related electrochemistry and materials necessary to resolve remaining issues with the technology. Researchers at Los Alamos have a long track record of working with industry (General Motors, Motorola, Honeywell, etc.) to transfer knowledge and solve specific fuel cell problems.

Question. Was this result of a competitive process?

Answer. No.

Question. Does establishment of this center have the support of manufacturers and other stakeholders?

Answer. Yes, we have received strong letters of support from General Motors Corporation, Ford Motor Company, and fuel cell developers. Other national laboratories (e.g., Argonne National Laboratory, etc.) will be part of the center.

HEAVY DUTY TRUCK VEHICLE SYSTEMS

Question. With respect to Vehicle System Optimization, the request includes a noticeable increase in funding from $9.3 million in fiscal year 2002 to $10.3 million in fiscal year 2003. How has the Department developed a relationship with the Truck OEM's to ensure that research dollars are appropriately allocated to meet our nation's energy challenges?

Answer. The truck original equipment manufacturers (OEMs) have participated in workshops held specifically to elicit their input in defining R&D needs and opportunities for R&D collaboration between industry and government. These workshops have resulted in technology roadmaps and multi-year program plans in several areas that would lead to the overall vehicle system energy efficiency improvement, including reduction in aerodynamic drag and rolling resistance, and reduction in truck accessory loads. These plans have been peer reviewed and used as the basis for solicitations for cost-shared industry/government R&D.

HYBRID VEHICLE RESEARCH AND DEVELOPMENT

Question. Of the $41 million dedicated to hybrid technology in DOE for fiscal year 2003, only $4 million is identified for application to Heavy-Duty Vehicles. This appears somewhat inconsistent with Assistant Secretary Garman's testimony to the House Science Committee that referenced our nation's ever increasing fuel consumption created by heavy duty trucks. What efforts are underway to ensure that the light-duty hybrid investment provides maximum relevance and benefit to the heavy-duty hybrid technology suppliers, engine manufacturers, and their truck OEM customers in the 21st Century Truck Partnership?

Answer. The $4 million requested in fiscal year 2003 for heavy hybrid vehicles will provide for technology development by industry teams of hybrid propulsion technologies for heavy-duty trucks and buses. The Department believes the requested $4 million for heavy hybrid technologies is an appropriate request. As a result of previous Department of Energy and industry cooperative developments, one industry team will commercialize a hybrid propulsion 40-foot transit bus for revenue service in 2003. The funding requested in fiscal year 2003 will continue to advance the heavy hybrid program by means of a fiscal year 2003 solicitation to enlist additional industry partners in this technology area. The industry partners include tech-

nology suppliers, engine manufacturers, truck original equipment manufacturers (OEMs) and 21st Century Truck Partnership participants. The success of this program to date is based, in part, on the adaption of several critical technologies originally developed for light-duty hybrid electric vehicles such as power electronics and battery energy storage technologies. Continued adaption of appropriate light-duty hybrid technologies to heavy-duty hybrid vehicles is expected.

HEAVY DUTY ENGINE RESEARCH AND DEVELOPMENT

Question. Through the efforts of Congress, the Heavy Truck Engine line item was increased from $6 million $9.4 million for fiscal year 2002. In doing so, Congress acknowledged the importance activity in achieving our national goals of energy efficiency and emissions reductions. However, the Department's fiscal year 2003 budget request for this activity is only $7 million, a reduction of more than $2 million from the fiscal year 2002 level. Does your work with the engine industry on this project indicate that this reduced funding level is adequate to meet the demands for fuel efficiency and emissions reduction facing the industry in 2007?

Answer. The President's request for the Heavy Truck Engine R&D activity in fiscal year 2003 ($7.0M) is an increase of $1.1M relative to the fiscal year 2002 request ($5.9M). The Department feels the request of $7 million is adequate to meet fuel efficiency and emissions reduction goals facing the industry in 2007.

LOCOMOTIVE ENGINE RESEARCH

Question. In coordination with the rail sector, the Department recently issued a 119-page "roadmap" for improving railroad locomotive fuel efficiency. However, the Department's fiscal year 2003 budget request for such off-highway vehicle research, including locomotives, is just $500,000.

Answer. The Department feels that the request of $500,000 with equal cost-share from industry is adequate to engage industry interest.

Question. Why did the Department go to the trouble of developing a detailed work plan if the agency did not intend to request sufficient funds to implement it?

Answer. The Department has developed a draft 119-page roadmap for improving railroad locomotive fuel efficiency. The draft plan represents a compilation of stakeholder input that will be used to identify industry R&D needs and opportunities for Government and industry collaboration. The document reflects an early phase of information gathering and should not be considered a detailed work plan. Once a final draft of the "roadmap" document is completed, it will undergo full government and industry peer review and final approval for release by the combined government/industry team working on it. The peer reviewed, final "roadmap" will be the basis for developing a detailed Multi-Year Program Plan that will lay out the prioritized R&D over several years. The Department feels that the request of $500,000, with equal cost-share from industry, is adequate to engage industry interest, and complete a detailed Multi-Year Program Plan. Of course, as with all R&D programs, the future proposed R&D activities will be assessed annually against the R&D Investment Criteria developed as part of the President's Management Agenda; funding levels will be requested accordingly.

Question. What were the results of the strategic program review with regard to the relative merits of off-highway vehicle R&D (esp. locomotive research)?

Answer. The off-highway vehicle R&D planning was not complete when the strategic program review took place and was not discussed

Question. The Department's fiscal year 2003 budget requests some $70 million to improve the fuel efficiency and emissions characteristics of heavy-duty trucks. How do the heavy truck sector and off-highway vehicle sector compare in terms of fuel use, emissions, etc.?

Answer. The table below compares the fuel use (in quadrillion Btus, Quads) of heavy trucks, off-highway (construction and agriculture), and rail transport (locomotives) in 1999 and 2000 as well as projected for the out years (2010, 2015, and 2020).

Heavy vehicle category	Energy Use (quadrillion Btus)				
	1999	2000	2010	2015	2020
Heavy Trucks	4.6	4.8	6.2	6.9	7.4
Off-highway	0.7	0.7	0.8	0.8	0.8
Rail (Locomotives)	0.6	0.7	0.7	0.7	0.7

Source: The 1999 values are from *Transportation Energy Data Book: Edition 21—2001,* ORNL–6966, Oak Ridge National Laboratory, September 2001. The 2000 values and projections are from the U.S. DOE Energy Information Administration, Annual Energy Outlook 2002, DOE EIA–0383(2002), December 2001.

In 1999, the relative emissions contributions of heavy trucks, off-highway, and rail vehicles are shown in the table on the next page.

Emissions	Heavy trucks	Off-highway	Railroads
NO_X, million short tons	4.1	4.3	1.2
VOCs, million short tons	0.6	2.2	0.05
PM2.5, million short tons	0.2	0.3	0.03

Source: *Transportation Energy Data Book: Edition 21—2001,* obtained from U.S. Environmental Protection Agency, National Emission Inventory Air Pollutant Emission Trends.

Question. What are the potential benefits from R&D in each sector in terms of reduction in fuel use and emissions?

Answer. The fleet average fuel economy of line-haul, tractor-trailer heavy trucks is 6.6 miles per gallon (mpg). The fuel economy of current, best technology tractor-trailers is between 7.25 to 8 miles per gallon. If all the technologies leading to an improved heavy truck fuel economy of 10 miles per gallon are commercialized, there will be an improvement from 25 percent (over the current best technology truck) to 52 percent (over the fleet average truck). The total fuel savings would be dependent on the penetration of the 10 mpg technologies into the heavy truck fleet. Carbon dioxide emissions reduction will be achieved in direct proportion to the reduction in fuel use. In addition, a heavy truck payload increase resulting from vehicle weight reduction would mean fewer numbers of heavy trucks on the road to deliver the same ton-miles of freight. Fewer trucks on the highways result in lower total emissions of criteria pollutants (NOx and particulates) assuming that each individual truck is criteria emissions compliant.

For the off-highway sector (e.g., construction equipment, rail or locomotives, and farm equipment), it is estimated that compliance with the future more stringent emissions standards would mean an energy efficiency penalty of as much 5 to 10 percent. In addition, it has not been established that the durability and the current life of off-highway vehicles used in farming and construction could be maintained if emissions control technologies such as exhaust gas recirculation (EGR) were implemented. One of the major challenges on the off-highway engine R&D will be to reduce the inherently higher emissions of NOx from off-highway diesel engines while maintaining and ultimately improving fuel economy. It is anticipated that improvements will need to be made in the fuel quality of off-highway diesel fuel as well as advances in combustion, engine, and emissions control technology in order to achieve the goals of the program.

Question. What about for locomotive engines specifically?

Answer. Currently, locomotives dissipate their braking energy as heat as they slow down when going downhill or around curves. Estimates indicate that braking energy recovery could improve the overall locomotive energy efficiency by 10 to 14 percent. In addition, advanced powerplants (engines) could potentially improve energy efficiency by an additional 6 to 10 percent. One of the major challenges on the locomotive R&D will be to reduce the inherently higher emissions of NO_X from locomotive engines while maintaining and ultimately improving fuel economy. It is anticipated that improvements will need to be made in the fuel quality of locomotive diesel fuel as well as advances in combustion, engine, and emissions control technology in order to achieve the goals of the program.

NATURAL GAS INFRASTRUCTURE

Question. Mr. Secretary, we have met previously to discuss the problems with the Fossil Energy portion of your budget as it has been proposed. Obviously, I am a proponent of increasing domestic energy supplies, but am also extremely interested in making sure that our energy infrastructure is reliable, and more importantly, safe. The Department is suggesting that we zero out the Natural Gas Infrastructure account. I know there is a proposal to send some of the activity to the Department of Transportation, but I am not sure that there has been adequate planning to do so. Does the DOT budget increase by an amount similar to the $10 million reduction in our budget and have you personally taken the time to ensure that this transition would benefit the safety and reliability of our natural gas infrastructure?

Answer. The Department of Transportation (DOT), Office of Pipeline Safety (OPS) budget does not increase by an amount similar to the $10 million reduction in the DOE's natural gas infrastructure program. The DOT's Office of Pipeline Safety fiscal year 2003 research budget, funded from industry user fees, increases by $4 million, from $4.7 million in fiscal year 2002 to $8.7 million in fiscal year 2003. Although DOE has not yet discussed with DOT how we would transition the DOE infrastructure reliability technology research program, implemented by the National Energy

Technology Laboratory, to OPS, we plan to do everything to ensure that this transition will benefit the safety and reliability of our natural gas infrastructure. It is our understanding that up to twenty percent of the OPS fiscal year 2003 safety research program may be in the same focused area as the DOE natural gas pipeline technology activity, e.g. damage prevention and leak detection.

CLEAN FUELS R&D

Question. Mr. Secretary, your request severely decreases the funding available for Fuels research in the Fossil Accounts. The reductions bring activity in this area down from over $30 million in fiscal year 2002 to $5 million in your request. Knowing that fuels development, especially clean fuels development, is extremely important to allow us to continue utilizing fossil fuels, I am confused as to why we would reduce these accounts by such extreme levels. What do mortgages of such quick downturns of activity leave us with, and is DOE left holding uncompleted contracts in this or other accounts if Congress agrees to abandon these programs?

Answer. The fiscal year 2003 Budget request includes reduced funding for the high priority innovative development of an Ionic Transport Membrane (ITM) for the conversion of air and natural gas to produce synthesis gas with a projected saving of up to 20 percent over current technology. Funding is also provided for supporting research and advanced physical conversion technology. All Fossil Energy programs are presently undergoing a top to bottom review. Upon completion, the program will be restructured to comply with the results of the review.

The refocusing of the Fuels program will necessitate either stretch-out, restructuring or discontinuance of several contracts. There are no large mortgages in the sense of financial liabilities associated with the termination of contracts, but there are several existing contracts which include planned activities which would not receive Federal funding.

Question. Especially worrisome is the Ultra Clean Fuels Program that went from funding under the petroleum account at a level of just under $10 million in fiscal year 2001 to over $16.5 million in fiscal year 2002, to a requested level of zero in fiscal year 2003. How can basic R&D activity weather such extreme swings of funding, and isn't it wasteful to throw money into ramping up research and walking away without reasonable review?

Answer. The development of technologies to produce ultra-clean transportation fuels to meet U.S. Environmental Protection Agency Tier II vehicle emission and diesel fuel standards is being pursued by industry. The time frame for the introduction of these fuels is too short for the government to have an impact on their methods of production.

Question. Do you feel the Ultra Clean Fuels program will be completed in this year? As I understand it, clean diesel programs are essential to meeting EPA's upcoming restrictions on particulate and emissions.

Answer. The development of technologies to produce ultra-clean transportation fuels to meet U.S. Environmental Protection Agency Tier II vehicle emission and diesel fuel standards is being pursued by industry. The time frame for the introduction of these fuels is too short for the government to have an impact on their methods of production. The current ultra-clean transportation fuels projects would not be completed this fiscal year.

Industry efforts are expected to result in the successful development of technologies to produce ultra-clean transportation fuels to meet EPA's upcoming restrictions on particulate and emissions, although the cost of this technology is expected to be higher than could be achieved through the use of technology being developed under the Department's Ultra Clean Fuels program.

FOSSIL ENERGY—CARBON SEQUESTRATION

Question. Mr. Secretary, I notice that your budget request increases Carbon Sequestration R&D from $32 million to $54 million. I understand that we must take a closer look at carbon sequestration due to the reality that fossil fuels will remain a large portion of our energy portfolio over the upcoming decades. In the context of the overall hit that the Fossil R&D account has taken, including our willingness to walk away from clean fuels research and other environmentally friendly programs, what do we gain from this additional $20 million in Sequestration research?

Answer. The simple answer is that the additional $20 million of sequestration research allows us to stay on our program plan to deliver practical, effective, low cost sequestration options in another 13 years. It allows the Department to be responsive to the President's June 2001 Climate Change Technology Initiative, and his February 2002 Climate Change announcement. Both of these cited carbon sequestration

as a key element of the technology package needed to address climate change concerns.

The full answer is somewhat more complex. If one posits that there is reasonable possibility we are facing climate change impacts from current levels of fossil fuels use, then we clearly need options for mitigating such impacts. It is my opinion that relatively low cost sequestration can enable our society to continue to enjoy the economic and energy security benefits which flow from keeping coal and other fossil fuels in our energy mix. In this context carbon sequestration research provides a low cost insurance policy against both adverse impacts from climate change and adverse economic impacts from more costly approaches to mitigation.

Viewed from a different perspective, I believe that without a demonstrated option for addressing greenhouse gas emissions from coal use, programs such as those you are advocating will face suffocating opposition could increase to include even present uses of coal. The sooner we can demonstrate that sequestration can address those concerns, the sooner we can gain the critical popular support needed to pursue additional technologies to expand the role of coal in meeting the Nation's energy needs.

Question. Can you honestly argue that this increase of activity in a fairly new program is more worthwhile and will help us gain tangible results more quickly than research in the accounts that I have highlighted today?

Answer. Our first priority in designing an R&D portfolio is to identify any issues that could eliminate the use of fossil fuel. The only such issue for fossil energy is global climate change. Carbon Sequestration may be an effective alternative to discontinuing the use of fossil energy, or accepting substantial environmental damage, if strong evidence of damage is demonstrated. Unfortunately, we cannot wait until all the information is available on climate change, before developing additional options. We must begin now. Quickly developing effective, low cost sequestration options is viewed as the most critical R&D need within the Fossil Energy program, and that is the reason for the rapid scale up in the sequestration budget.

WINDOWS TECHNOLOGY

Question. The justification indicates that $6.228 million was allocated for windows technology research in fiscal year 2002, a substantial increase over the fiscal year 2002 budget request. How are these funds being allocated? Please be specific about amounts, recipients, purpose of funds, new vs. ongoing work, etc.

Answer. The fiscal year 2002 Interior Appropriations Bill Conference Committee Report designated "$3,000,000 is for windows research (including electrochromics)" over the fiscal year 2002 budget request of $3.228 million. The total amount appropriated in fiscal year 2002 ($6.228 million) is approximately equal to the fiscal year 2001 appropriation ($6.714 million). The table below represents work underway or currently planned beyond the funding level of the fiscal year 2002 budget request.

Performer	Fiscal year		Year initiated	OMB allocation number	Description of Activity
	2002 budget request	2002 appropriation			
University of Massachusetts.	$180,000	$245,000	2001	[1] 1452	Advanced thermal performance research; develop technical basis for product rating and design of complex and emerging window technologies (supports future NFRC advanced procedures).
University of Minnesota.	190,000	300,000	1997	[1] 1452	Knowledge base and tools, including handbook on windows and glazings for high performance commercial buildings.
National Fenestration Rating Council.	110,000	260,000	2001	[1] 1452	Performance rating, including rating procedures for retrofit films and storm windows; initiate new database program for certified products.
Alliance to Save Energy.	100,000	270,000	2000	[1] 1452	Support Efficient Window Collaborative (EWC); provide technical assistance to practitioners for design, specification, and implementation in retrofit and new construction.
Florida Solar Energy Center.	60,000	140,000	2001	[1] 1452	Advanced solar and optical performance research.
Arthur D. Little, Inc. ...	.....	200,000	2002	[1] 1452	Analysis for window/wall technologies.
Los Alamos National Laboratory.	.....	300,000	2002	[2] 1453	Electrotint Windows Using Ionic Liquids.

Performer	Fiscal year		Year initiated	OMB allocation number	Description of Activity
	2002 budget request	2002 appropriation			
Pacific Northwest National Laboratory.	15,000	35,000	1992	[2] 1453	Harmonization of National Fenestration Rating Council/International Standards Organization standards.
Lawrence Berkeley National Laboratory.	2,253,000	3,698,000	1990	[2] 1453	Systems, materials and process research; performance and applications research; retrofit windows and glazings; Develop of advanced electrochromic and solar control technologies; technical support to electrochromic industry; Development and validation of simulation tools for design and rating: technical basis for NFRC and Energy Star Windows.
Oak Ridge National Laboratory.	60,000	130,000	1997	[2] 1453	Thermal testing research to support NFRC/industry rating programs
National Renewable Energy Laboratory.	260,000	650,000	1979	[2] 1453	Electrochromic durability research, test & evaluation, and durability standards)—expanded testing support to industry (SAGE, Eclipse, etc.).
Total	3,228,000	6,228,000			

[1] Inherently unique research.
[2] Merit-reviewed research with limited competition.

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

LIGNITE 21 VISION PROJECT

Question. Lignite coal is an abundant resource in North Dakota that provides a low-cost, reliable energy source for more than 2 million people in the upper Midwest. On several occasions, I have written you requesting that lignite coal projects be funded through the Power Plant Improvement Initiative that this Subcommittee included in previous appropriations bills or some other clean power initiative. I want you to know of my continued interest in making sure that low BTU coal projects are given fair consideration in any new demonstration projects at DOE. In the new Clean Coal Power Initiative proposed by the Administration, I am interested in making sure that this project encourages the development of clean coal projects using North Dakota lignite. The Mid-Continent Area Power Pool (MAPP)—which includes Minnesota, the two Dakotas and the eastern half of Montana—estimates it will be short 5000 megawatts of electricity by 2006. I think it would be prudent for DOE to give detailed attention to projects such as the Lignite 21 Vision Project in North Dakota, which has already gotten a commitment of funds from the state. Although I haven't seen many details of the Clean Coal Power Initiative included in the fiscal year 2003 budget, I see from your testimony that you expect to put together—with a $150 M appropriation in fiscal year 2003—a $330 M solicitation for industry-proposed, cost-shared demonstration projects. Can you provide me any details about what is going to be in this solicitation and comment on whether the information I have sent you about the Lignite 21Vision Project in ND would qualify for this kind of a program?

Answer. Lignite coal-based projects are both eligible and encouraged under the Clean Coal Power Initiative (CCPI) solicitation. The Lignite Visions 21 Project being planned in North Dakota, as I understand it, is focused on the development of a very clean and efficient lignite coal power plant that will employ cutting-edge technology beyond current commercial capability. As such, it is certainly eligible to be bid and competitively evaluated under the CCPI solicitation that was issued on March 4, 2002. The solicitation is available for review on the DOE website at www.netl.doe.gov.

FUTURE ENERGY EFFICIENCY PROGRAMS

Question. Mr. Secretary, does the Department have plans with respect to energy efficiency programs for 30 or 50 years from now?

Answer. The Office of Energy Efficiency and Renewable Energy (EERE) is currently preparing a Strategic Plan that will address important energy-related challenges and opportunities facing our country. This plan identifies the goals and strat-

egies EERE will pursue in the years ahead to address these programs. In developing this plan, EERE is paying greater attention to long-term impacts, specifically using a longer time horizon, extending from 1973 through to 2050. The plan will address quantitative results for the next 30 years and will look ahead 50 years at structured energy markets. The Strategic Plan is explicitly tied to the vision and recommendations of the National Energy Plan, containing a sharper delineation of EERE's role and objectives.

Question. Can we expect such a plan in the future?

Answer. I expect that the Strategic Plan will be available by the end of May, 2002.

STRATEGIC REVIEW OF ENERGY EFFICIENCY AND RENEWAL ENERGY

Question. Mr. Secretary, along these lines, I understand that the Renewable Energy and Energy Efficiency office conducted a strategic review of its programs last year, and that this review is being held up and has not been released to Congress. Can you enlighten me as to the status of this review, and why it has not yet been released?

Answer. This report has gone through extensive review within the Office of Energy Efficiency and Renewable Energy and with the Office of Management and Budget. It is essentially complete and is expected to be released momentarily.

Question. If this review is used for the RE/EE Office to develop its budget proposal, how are we supposed to evaluate that proposal and the rationale for some of the budget cuts we are seeing, without the benefit of having seen this review document, in its original form?

Answer. The report is essentially complete and is expected to be released momentarily.

Question. When can we expect to see this important document?

Answer. The report is essentially complete and is expected to be released shortly.

GREEN TAGS PROGRAM

Question. Mr. Secretary, I have contacted you and your Department on several occasions about the status of a proposed Green Tags program, which wouldn't necessarily come under this Subcommittee's jurisdiction, but I wanted to take this opportunity to ask about the status of this project, since the program has not yet been launched after nearly 1.5 years. Most recently, I spoke with Assistant Secretary Garman about this at a wind energy conference that I recently held in ND. He said the mechanisms for this program are still being worked out. Can you provide any further information regarding the status of this project, and when we might see this program launched?

Answer. The Department is continuing to examine a number of elements related to renewable energy purchases, of which the use of renewable energy credits is an option. Upon completion of our review, I will ask Assistant Secretary Garman to share our plans with you.

ENERGY EFFICIENCY BUDGET CUTS

Question. Why are the energy efficiency R&D programs being cut when the Administration is saying that technologies, like fuel cell cars, are the answer to our energy future?

Answer. Reductions were taken in selected areas of EERE's R&D portfolio. We have made strategic decisions that balance our portfolio with regard to technological risk, benefits accrual, and demographics. Key technologies, such as the fuel-cell vehicles that you cite, are well supported.

For instance, although funding for our transportation programs in total is reduced in the fiscal year 2003 request, we have requested increases for the key technologies that need public support, such as fuel cells and hydrogen research, while reducing funding in areas that our Strategic Program Review indicated were ready to be "graduated" to industry development, such as some materials and combustion engine development, or that did not have good prospects for making a significant impact on our energy economy, such as dedicated electric vehicles.

Following the President's priorities, we have shifted to a greater emphasis on delivering energy efficiency technology to the marketplace and promoting adoption by American consumers. For example, we have increased the Energy Star program, which enhances consumer choice by telling consumers which appliances are most energy efficient, by over 100 percent. In addition, we have increased the Weatherization Assistance program, which provides grants to make low-income homes more energy efficient, by $47 million, a 20 percent increase from our fiscal year 2002 appropriation.

We have also refocused our efforts on long-term, fundamental technology R&D, efforts that are in our nation's interest but are too risky or long-term to be conducted by the private sector. Indicative of this longer-range vision is our recently announced new cooperative public/private research partnership, entitled FreedomCAR [CAR stands for Cooperative Automotive Research], with the U.S. Council for Automotive Research (USCAR). The new partnership supercedes and builds upon the successes of the Partnership for a New Generation of Vehicles (PNGV) that began in 1993. It is, however, different in scope and breadth. FreedomCAR shifts government research to more fundamental, higher risk (and higher payoff) activities, with applicability to multiple passenger vehicle models and special emphasis on development of fuel cells and hydrogen fuel infrastructure.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

MAJOR HYDROGEN AND/OR FUEL CELL DEMONSTRATION PROGRAMS

Question. What are the Fossil Energy's major hydrogen and/or fuel cell demonstration activities proposed for fiscal year 2003?

Answer. In fiscal year 2003, synthesis gas production research will continue to develop advanced ceramic transport membranes and modules to the process development unit scale (24,000 cubic feet per day) to produce synthesis gas for further processing to achieve lower cost hydrogen and other valuable fuel products from natural and synthesis gas.

Fossil Energy's major fuel cell demonstration activities include:

—Field tests of a 220 Kw hybrid solid oxide fuel cell and gas turbine system operating at the National Fuel Cells Research Center in Irvine, California.

—Field tests of a 250 Kw solid oxide fuel cell system under construction in Toronto, Canada.

—Field tests of a 300 Kw hybrid solid oxide fuel cell and gas turbine hybrid system under construction in Essen, Germany.

—Field tests of a 250 Kw hybrid molten carbonate fuel cell system operating in Danbury, Connecticut.

Question. What are the Energy Conservation's major hydrogen and/or fuel cell demonstration activities proposed for fiscal year 2003?

Answer. The Hydrogen Program (funded by Energy and Water Development Appropriations) intends to support, jointly with the Office of Transportation Technologies (funded by Interior Appropriations), several activities that were awarded through competitive solicitations. These include the demonstration of a power park that co-produces hydrogen and electricity for an industrial complex, several residential power parks that demonstrate hydrogen production and use with advanced storage systems and fuel cells, and electrolysis systems that produce more than 10,000 standard cubic feet per day of hydrogen from water to fuel hydrogen vehicles. The following table summarizes these collaborative projects.

Recipient	Objective	Fiscal year 2003 funding
Air Products and Chemicals	Develop and install a 50 kilowatt fuel cell and hydrogen production system.	$175,000
Air Products	Develop and install next generation refueling station concept	800,000
General Electric	Develop and install next generation refueling station concept	400,000
Gas Technology Institute	Develop and install alternative refueling station concept	400,000
Solicitation	Through the State Energy Programs, fund the development of several power park projects.	1,000,000

In addition, the fiscal year 2002 Interior Appropriations Bill (H.R. 2217) directed DOE to "report to the House and Senate Committees on Appropriations, within twelve months of the date of enactment of this Act, on the technical and economic barriers to the use of fuel cells in transportation, portable power, stationary, and distributed generation applications. The report should include recommendations on program adjustments based on an assessment of the technical, economic, and infrastructure requirements needed for the commercial use of fuel cells for stationary and transportation applications by 2012." DOE was also directed to provide an interim assessment that describes preliminary findings about the need for public and private cooperative programs to demonstrate the use of fuel cells in commercial scale applications. In response to these tasks, the Department is developing the required reports, and we expect to include the description of a phased demonstration

program that could involve up to 5,000 hydrogen fueled vehicles over approximately 10 years and that would include the required refueling infrastructure.

Question. Given that the University of Hawaii was designated in 1996 as a Center of Excellence in Hydrogen Research and Education by the DOE, is Hawaii being considered as a location for these fossil energy demonstration activities—especially as they relate to renewable energy resources?

Answer. The Office of Fossil Energy is responsible for developing advanced, lower cost technology for the production of synthesis gas from domestic fossil resources (coal, natural gas) and its separation into hydrogen. FE is looking for innovative technology approaches for hydrogen production such as by biological concepts, innovative technology for separation such as ceramic transport membranes, and hydrogen storage such as use of carbon nano-tubes. If these innovative technologies prove feasible and there is a subsequent program justification for larger scale effort, procurement for these activities would be conducted on a competitive basis. The University of Hawaii is welcome to participate. However, there is no major demonstrations planned at this time.

Question. Given that the University of Hawaii was designated in 1996 as a Center of Excellence in Hydrogen Research and Education by the DOE, is Hawaii being considered as a location for these Energy Conservation demonstration activities B especially as they relate to renewable energy resources?

Answer. Funding for the demonstrations identified in Mr. Inouye's prior question on proposed demonstration activities for fiscal year 2003 is being awarded through a competitive peer reviewed process. The University of Hawaii was notified of these solicitations and encouraged to submit proposals for additional activities. Since this new solicitation has recently closed (3/15/02), at this time we do not definitively know which institutions have submitted proposals. However, it is our understanding that the University of Hawaii was preparing, and did intend to submit, a proposal for this solicitation.

FREEDOMCAR

Question. The DOE has announced plans to replace the Partnership for a New Generation Vehicle (PNGV) with the FreedomCAR partnership. How much of the FreedomCar budget will be for university research programs?

Answer. Historically about 3 percent of the Department's automotive research budget has funded university R&D. FreedomCAR activities will continue this trend. With FreedomCAR's emphasis on longer-range, high-risk technologies, and with a focus on individual component research, there will likely be increased opportunities for universities to participate in the coming years. In addition, we have efforts designed to make the entire program more accessible to universities. The CARAT (Cooperative Automotive Research for Advanced Technologies) program is restricted to universities and small businesses. The GATE (Graduate Automotive Technology Education) program provides assistance to graduate institutions to set up interdisciplinary curricula related to advanced vehicle development and provides support for a limited number of graduate students. We also have had solicitations restricted to university participation. One such effort (a university consortium) is focused on basic research into one type of advanced combustion that may solve some of the emissions problems that are a current barrier to using internal combustion engines. Under the current budget request just these three examples (CARAT, GATE, and the consortium) would total about $2.5 million.

Question. Given the DOE's commitment to hydrogen and fuel cell technologies in the FreedomCAR, what is the Department's priority of hydrogen as an alternative energy source with respect to the 2003 budget request?

Answer. Much of the Department's ongoing transportation fuel cell technology activities (which total $50,000,000 in the fiscal year 2003 budget request) focus on hydrogen as an alternative energy resource. To emphasize hydrogen-related work, the Department's fiscal year 2003 budget request for Fuel Cell R&D, Fuel Processor/Storage increased by $2,800,000 or approximately 13 percent from the amount appropriated in fiscal year 2002. This increase would fund research into on-board hydrogen storage and associated off-board hydrogen fuel processing, purification, storage, and dispensing technologies. In addition, Field Evaluations, a new program element requesting $3,000,000, was added to conduct field evaluations of hydrogen fuel cell vehicles and associated hydrogen fuel technologies. In addition, the Components program element is requesting a 16 percent increase for R&D efforts that include research into air compression technologies necessary for hydrogen fuel cell vehicles. FreedomCAR also includes a portion of the hydrogen program funded by the Energy and Water Development appropriation; that program request for fiscal year 2003 is over 50 percent higher than the fiscal year 2002 appropriation.

Question. Are there testing standards promulgated by the DOE or National Institute of Standards and Technology (NIST) regarding fuel cells to ensure that claims of energy production and efficiency by demonstration or pilot programs can be verified?

Answer. The Society of Automotive Engineers (SAE), through its Fuel Cell Standards Committee, is developing the necessary fuel cell vehicle testing standards for on-board energy production and efficiency. The Committee's working groups are developing testing standards for fuel cell power system performance, reliability, fuel economy, emissions, and safety. In addition, SAE is working to coordinate and integrate its fuel cell testing standards work with those of international standards organizations. The Department participates in these SAE activities through representation in the working groups.

The Department is also developing testing standards to evaluate and validate technologies in the area of on-board hydrogen storage. This activity includes developing test protocols, procedures, and baseline testing of low pressure hydrogen storage materials and systems including metal hydrides, chemical hydrides, and carbon-based approaches.

ENERGY SECURITY AND ASSURANCE

Question. The Department is requesting a 683 percent increase in energy security and assurance. How will this increase be spent?

Answer. In November of 2001, I directed the Office of Emergency Operations to facilitate the protection of the National Energy Infrastructure as part of its core mission. They began an immediate and intensive outreach program to ascertain what had been done to protect the energy infrastructure and to identify what activities the Department needed to undertake to assist industry, as well as state and local governments. The energy infrastructure is comprised of 157,810 miles of transmission lines, 5000 power plants generating a capacity of 800,000 Megawatts, two million miles of oil pipelines, refineries, ports, storage facilities, and a natural gas distribution system moving 23 trillion cubic feet of natural gas in additional pipelines. The Department and the federal government have a tremendous amount of unique capabilities to offer and DOE is working to make those capabilities available through training, exercises and staff assistance.

The fiscal year 2003 request is divided into two parts, $4.1 million for Energy Security and Assurance activities, and $19.3 million for the National Infrastructure Simulation and Analysis Center (NISAC). The $4.1 million requested for Energy Security and Assurance will support refocused critical infrastructure protection activities and expand on them. This is a $1.2 million increase from the fiscal year 2002 program in critical infrastructure protection. The fiscal year 2003 request will support the following:

State Visits.—As of today, teams have visited 42 states to identify what specific Energy Security and Assurance needs exist and put in place plans to support each state. The remaining states will be visited by mid-April. With this initial outreach effort complete, the Office of Energy Assurance will develop a long-term state engagement plan that will ensure active communications and support for each state, as well as regional and national strategies.

Industry Vulnerability Survey Assistance.—We have begun an initial assessment of the 25 top critical energy assets throughout the country to provide a baseline analysis of the security of the energy infrastructure at a cost of $1.8M. Fourteen sites have been completed to date and the remainder will be complete by the end of March. In addition, the Department is conducting cyber vulnerability analyses of energy facilities to ensure the Supervisory Control and Data Acquisition systems (SCADA) are protected. A total of 174 critical energy assets have been identified.

Development of National Security Standards.—We are in the process of developing national security standards/guidelines that will assist industry in developing security plans and procedures to better protect the national energy infrastructure. These standards are being developed cooperatively with industry and our interagency partners and will establish a baseline for developing voluntary national training standards for industry personnel.

Technology Development and Sharing.—We conducted a technology expo in Washington, D.C. that allowed industry and government representatives to view first hand the technologies available in the national laboratories.

Training Support and Outreach.—Utilizing the expertise of the DOE Emergency Operations Training Academy, we have conducted a review of training already available within the federal system that would be beneficial to industry and we are in the process of providing specialized training in weapons of mass destruction preparedness and response. Two sets of customized weapons of mass destruction emer-

gency response interactive-training CDs are being distributed to states this week. We have completed the development of a Vulnerability Assessment two-day course, which has been made available through distance learning and we are in the process of completing a detailed five-day course that will be available to states and industry.

The majority of the increase in fiscal year 2002, $19.3 million, is to support the National Infrastructure Simulation and Analysis Center (NISAC), a public/private technical partnership led by Los Alamos and Sandia National Laboratories. NISAC will provide a fundamentally new technical planning and decision support environment for the analysis of critical infrastructures, their interdependencies, vulnerabilities, and complexities for policy analysis and emergency planning. Analysis of critical infrastructure interdependencies in the electric power, oil and gas sectors is an essential component of a national energy security strategy. NISAC modeling, simulation, and analysis will support preparation of mitigation strategies, reconstruction planning, and real time crisis support. NISAC will use distributed information systems architectures to provide virtual analysis capabilities that will accommodate a large number of providers and a large number of users.

The initiatives detailed above are the beginning of a long overdue program to share the resources of the Federal government and lead the way to a more secure and assured energy infrastructure. We require the budget increase to continue these and similar activities.

Question. How will the Department assure the energy supply of an isolated state like Hawaii not be disrupted or made unaffordable by terrorist attacks?

Answer. The Federal government cannot ensure that the energy supply of any state is not disrupted by a terrorist attack. What we can do is what we began in the wake of the September 11th attacks. That is to reach out to the State and local governments and the energy industry and listen to their answer when we ask "What do you need? How can we help?" We will have visited every one of the fifty states by mid-April.

They are telling us they need training. We have responded by customizing three sets of interactive training CDs. We have developed a Vulnerability Assessment two-day course, which has been made available through distance learning and we are in the process of completing a detailed five-day course that will be available to states and industry later this month. This training and the associated training aids addresses the many facets of physical and cyber vulnerabilities and appropriate response action. While we are conducting baseline assessments of the nation's most critical energy infrastructure nodes, the training institutionalizes the skills to allow state, local and industry officials to assess their own entire infrastructure.

We are sharing the technical resources of the Department such as providing mapping capabilities of their energy infrastructure. We are also making plume modeling technology available to State and local emergency officials so that, in the event of an attack, local officials can make the very time critical decisions needed to minimize exposure. We hosted a technology exposition in February 2002 that showcased technologies developed by the National Laboratories that may be of benefit to the energy infrastructure. We plan to host a similar one next year.

SUBCOMMITTEE RECESS

Senator BYRD. Thank you very much, that concludes the hearing. The subcommittee will stand in recess until 2 p.m., Thursday, April 25, when we will meet in room SD–192 to hear from Dale Bosworth, Chief, Forest Service, Department of Agriculture.

[Whereupon, at 11:32 a.m., Thursday, March 7, the subcommittee was recessed, to reconvene at 2 p.m., Thursday, April 25.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2003

THURSDAY, APRIL 25, 2002

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

The subcommittee met at 2:11 p.m., in room SD–192, Dirksen Senate Office Building, Hon. Robert C. Byrd (chairman) presiding.

Present: Senators Byrd, Murray, Burns, Bennett, Stevens, Domenici, and Campbell.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATEMENT OF DALE BOSWORTH, CHIEF

ACCOMPANIED BY:

MARK REY, UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

HANK KASHDAN, DIRECTOR, PROGRAM AND BUDGET ANALYSIS

OPENING STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. The subcommittee will come to order.

The subcommittee is pleased to welcome the Chief of the Forest Service, Dale Bosworth. Accompanying Chief Bosworth for this afternoon's hearing is Mark Rey, Under Secretary for Natural Resources and the Environment at the Department of Agriculture.

Chief, now, when you appeared before the subcommittee, you had barely been on the job 2 weeks. Consequently, the decisions pertaining to the Forest Service budget request for fiscal year 2002 had been made without your input. You have been Chief, now, a year. I think it is fair to conclude that you have a strong role in establishing the priorities of your agency for fiscal year 2003.

Some of the proposals in your budget appear to be quite troubling. For example, the Forest Service proposes to eliminate the Economic Action Program, which is funded through the State and Private Forestry appropriation. This program is designed to assist rural communities by stimulating economic development through forestry and has funded important facilities in West Virginia, such as the Wood in Transportation Center in Morgantown.

The idea of eliminating programs which are instrumental to rural communities, particularly those that are suffering economically, gives the subcommittee considerable pause.

The administration's proposal to redirect $36 million within the Research account gives rise to some concern. As I understand it, these funds would be taken away from ongoing forest research programs and placed in other programs more to the administration's liking. Such a move would bring about the closing of 12 research laboratories and the reassignment or termination of as many as 275 employees.

In West Virginia, we have three labs; one in Morgantown, one in Parsons, one in Princeton. And these are very fine forestry laboratories. And the subcommittee would be interested in knowing how the administration's proposal will impact the labs in West Virginia and how it will impact the talented West Virginians who work in those labs.

FINANCIAL MANAGEMENT PROBLEMS

I am interested in knowing, also, what progress you have made with respect to the chronic financial management problems that have plagued the Forest Service. For the past few years, the agency has told this subcommittee that it is putting in place improved management systems that will lead to greater accountability of the taxpayers' dollars, but the agency has yet to obtain a clean audit opinion, as required by statute, and remains on the General Accounting Office's list of agencies at high risk of waste, fraud and abuse.

PREPARED STATEMENT

As I indicated last year, Members of Congress and the American people whom we represent expect nothing less than a full accountability when it comes to the spending of tax dollars. This subcommittee is eager to hear what you have done to address these fiscal management problems and what your plans are for the future.

[The statement follows:]

PREPARED STATEMENT OF SENATOR ROBERT C. BYRD

The subcommittee is pleased to welcome the Chief of the Forest Service, Dale Bosworth. Accompanying Chief Bosworth for this afternoon's hearing is Mark Rey, Undersecretary for Natural Resources and the Environment at the Department of Agriculture. Mr. Rey, we are glad you could join us as well.

Chief, when you appeared before this subcommittee last year, you had barely been on the job two weeks. Consequently, all of the decisions pertaining to the Forest Service budget request for fiscal year 2002 had been made without your input. Having now been Chief for a year, I think it's fair to conclude that you have had a strong role in establishing the priorities of your agency for the fiscal year 2003 budget. Unfortunately, I must tell you that I find some of the proposals in your budget quite troubling.

For example, the Forest Service proposes to eliminate the Economic Action Program, which is funded through the State and Private Forestry appropriation. This program is designed to assist rural communities by stimulating economic development through forestry, and it has funded important facilities in my state such as the Wood In Transportation center in Morgantown. Chief, the idea of eliminating programs which are instrumental to rural communities, particularly those that are suffering economically, gives me great pause.

I am also concerned with the administration's proposal to redirect $36 million within the Research account. As I understand it, these funds would be taken away from ongoing forest research programs and placed in other programs more to the administration's liking. Such a move would bring about the closing of 12 research laboratories and the reassignment or termination of as many as 275 employees. In

West Virginia, we have three research labs; one in Morgantown, one in Parsons, and one in Princeton. These are some of the finest forestry laboratories in the world and so I will be interested in knowing how the administration's proposal will impact the labs in my state and the talented West Virginians who work in those labs.

Finally, I am interested in knowing what progress you have made with respect to the chronic financial management problems that have plagued the Forest Service. For the past few years, the agency has told this committee that it is putting in place improved management systems that will lead to greater accountability of the taxpayers dollars. However, the agency has yet to obtain a clean audit opinion as required by statute, and it remains on the General Accounting Office's list of agencies at high risk of waste, fraud and abuse. Chief, as I said last year, Members of Congress, and, indeed, the American people, expect nothing less than a full accountability when it comes to the spending of tax dollars. This subcommittee is very anxious to hear what you have done to address these fiscal management problems and what your plans are for the future.

Before hearing from our witnesses today, though, let me first turn to our distinguished Ranking Minority Member, Senator Burns, for any opening statement he may wish to make.

Senator BYRD. Before hearing our witnesses today, let me turn to my colleague, here, and distinguished ranking member, Senator Burns, for any opening statement he may wish to make.

OPENING STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. Mr. Chairman, thank you very much. And thank you for calling this hearing today, as we start the appropriations process.

I want to especially welcome the Chief, Dale Bosworth. We had the opportunity of working together when he was Region 1 Supervisor in Missoula, Montana. And I will say that he has not had the luxury of support from all groups going into this job, but nonetheless, I think he has handled it with a great deal of integrity and good judgment. And so, I welcome him here today. And we know that we have challenges any time that you deal with public lands, and everybody has an opinion on how they should be managed.

A task that is facing the Forest Service today is a daunting task; forest health concerns and hazardous fuel buildup face tens of millions of acres in our country. Recreational visits to our forests are at an all-time high. And a wave of Federal and State laws creates a cobweb of bureaucracy that is extremely hard to navigate.

And I want to, right now, state publicly, that this Chief has worked very hard in this problem of analysis paralysis. And he is trying to break some of that, so that we can make decisions and common sense decisions on how we should manage our public lands.

CATASTROPHIC WILDFIRES

A few of my concerns must be underscored before we move into questions, though. I am deeply concerned that we are heading into what may become yet another catastrophic wildfire season. We are still not getting rain or snowfall in some of our better areas. And, of course, fires in New Mexico and Colorado have already reminded us that this drought that plagues the country and fuel loads that remain at extremely high levels across the West is not working in our favor.

I believe we must continue the focus on our National Fire Plan to save communities who are at risk, to protect our natural resource base. And it is often ignored that the greatest threat to

clean air and water in much of the country is catastrophic wildfire and its aftermath.

So, we have had a rocky start at implementing the National Fire Plan. Funding levels will be hard to hold at a static level. Suppression costs will continue to vary from year to year. Despite this, I believe we are gaining ground again to prepare to deal with impacts that are left over from fire.

HAZARDOUS FUELS

So, the greatest opportunity for a lasting impact, though, is a reduction of hazardous fuels. We have repeatedly cited and discussed reports that identify areas with significantly hazardous fuel loads and the risk involved in leaving these fuels unaddressed. As a result, Congress has appropriated hundreds of millions of dollars over the past few fiscal years, in an aggressive program to remove those fuels.

My concern is that the geographic distribution of hazardous fuel reduction funding does not necessarily coincide with the prior research identifying the areas that are of the highest risk for catastrophic fire. And I hope the Chief will address this concern.

I will make my statement a part of the record, Mr. Chairman.

PREPARED STATEMENT

Again, I wanted to thank you for holding these hearings, and as we start this process of funding what I think is a very, very important part of the Department of Agriculture.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

I first wish to thank the Chairman for holding today's hearing. Due to the number of pressing issues facing Congress scheduling has proven to be a difficult exercise, but I am pleased we have been able to set aside this time to discuss the Forest Service's budget request for fiscal year 2003.

I welcome Dale Bosworth, Chief of the Forest Service, and thank him for joining us today. I will attempt to keep my comments brief as I would prefer to spend as much time as possible allowing members to discuss the budget proposal with Chief Bosworth.

As many of you know, I had the pleasure of working with Dale when he was Regional Forester for Region One and held responsibility for the management of National Forest lands in my home state of Montana. We share many of the same concerns regarding the stewardship of our forest lands. I am pleased to see initiatives under his leadership include an emphasis on breaking what he has termed "Analysis Paralysis" while attempting to work closely with local communities, focusing more attention on forest health concerns, and working to implement elements of the National Fire Plan.

I don't believe any Forest Service Chief has been granted the luxury of unanimous support among all groups claiming a stake in forest management. However, I believe Chief Bosworth has garnered the respect of all sides to a greater extent than other Chiefs in recent memory. He has shown an ability to combine an extraordinary level of field experience with sharp mediating skills and decisiveness. This blend has proven essential in the effort to reform the Forest Service and reinvigorate its capability to accomplish on-the-ground improvements benefiting both forest health and local communities.

The tasks currently facing the Forest Service are daunting. Forest health concerns and hazardous fuel build up face tens of millions of acres across the country. Recreational visits to our forests are at an all time high, and a web of federal and state laws creates a cobweb of bureaucracy that is extremely hard to navigate.

A few of my concerns must be underscored before we move on to questions. First, I am deeply concerned we are heading into what may become yet another cata-

strophic wildfire season. Fires in New Mexico and Colorado have reminded us all that drought plagues much of the country and fuel loads remain at extremely high levels across the West. I believe we must continue to focus on the National Fire Plan to save communities at risk, and to protect our natural resource base. It is often ignored that the greatest threat to clean air and water in much of the country is catastrophic wildfire and its aftermath.

We have had a rocky start in implementing the National Fire Plan. Funding levels will be hard to hold at a static level, and suppression costs will continue to vary from year to year. Despite this, I believe we are gaining ground in our efforts to prepare for fire and its impacts.

The greatest opportunity for lasting impact is through the reduction of hazardous fuels. We have repeatedly cited and discussed reports that identify areas with significant hazardous fuel loads, and the risk involved with leaving these fuels unaddressed. As a result, Congress has appropriated hundreds of millions of dollars over the past few fiscal years in an aggressive program to remove fuels. My concern is that the geographic distribution of hazardous fuel reduction funding does not necessarily coincide with prior research identifying the areas at highest risk for catastrophic fire. I hope the Chief will address this concern.

Many of my constituents have been expressing ongoing concern regarding increasing access restrictions on our National Forest lands. Despite decades of land closures that have crippled economies and communities, and in the face of rebounding populations of endangered species, the Forest Service continues to increase restrictions based upon little, or knowingly tainted, scientific evidence. I hope the Chief will explain how current efforts to update forest plans coupled with outreach efforts to local communities will address this problem.

Mr. Chairman, as I stated earlier, I find the questions posed during these hearings and the subsequent dialog to be the most educational portion of the proceedings. As a result, I will wrap up my comments by thanking the Chief for his hard work and for joining us today.

Senator BYRD. Senator?

Senator CAMPBELL. May I have the opportunity to make a short statement?

Senator BYRD. Go ahead.

OPENING STATEMENT OF SENATOR BEN NIGHTHORSE CAMPBELL

Senator CAMPBELL. Thank you, Mr. Chairman.

And I would also like to welcome Chief Bosworth and thank him for taking the time to come and speak to us. And I appreciate you coming here since sections of the Forest Service's budget have a direct impact on my State, as it does on many of us westerners from public land States.

Many of the land issues affect my State, since Colorado has almost 14 million acres of national forest land and another 8.3 million of BLM land within its boundaries.

The President's budget for the Forest Service in fiscal year 2003 totals $4.9 billion, which is $220 million—$227 million less than fiscal year 2002.

The Forest Service's mission is caring for the land and serving the people. The priorities of the President's budget reflect this or certainly ought to reflect it. And I just wanted to make a comment to associate myself with the comments of Senator Burns as it deals with fires.

NATIONAL FIRE PLAN

The National Fire Plan, which was implemented through this subcommittee, is a joint program between the USDA and the Department of Interior. It was developed 2 years ago, in response to the major wildfires that swept across the West, including my home State of Colorado, causing millions of dollars of damage.

The National Fire Plan's request for 2003 is over $2.1 billion, but $159 million less than fiscal year 2002. The Forest Service's portion of that request is $1.45 billion, $134 million less than fiscal year 2002.

The State and Volunteer Assistance Programs are also being requested at lower levels than fiscal year 2002. And I have to tell you, not only that it disappoints me, but I think it is downright foolhardy and dangerous.

Right now, if you watched this morning on CNN, there is a raging fire west of Denver. Yesterday it consumed 1,250 acres; threatened 2,000 people, who were evacuated, 1,000 homes. And within 24 hours that fire has doubled. It is 2,500 acres as of today. And it is still going on and it is still growing this afternoon, it is my understanding.

That is simply unacceptable, reducing the amount of money in both fire suppression and firefighting at a time when we know that they are going to be worse this summer.

I happen to live in a very dry area of southwest Colorado, Mr. Chairman. We have got about one-tenth of the normal moisture that we get. And I think that is throughout the West; in Wyoming, Montana, all of the States. About one-tenth of what we normally get.

Those of us who use irrigated water, for instance, on ranches, normally do not have the water turned off from irrigation lakes until about September. They tell us it is going to be turned off, now, by June or July, which means not only is it going to affect the income of a lot of ranchers, but there is going to be an absolute tinderbox of country, I think, all the way from the Rockies to the Sierras. And I am just absolutely sure that we are going to face one of the worst fire times in the history of our country, because of that drought we are facing in the West.

And so, I wanted to get that on the record early on, Mr. Chairman, that this budget that the President sent over, frankly, from the standpoint of what it is going to do in the West, it could be just devastating.

Thank you, Mr. Chairman, I will have a couple of questions to ask as we get into that part of the afternoon.

Senator BYRD. Senator, please proceed.

OPENING STATEMENT OF SENATOR ROBERT F. BENNETT

Senator BENNETT. Thank you, Mr. Chairman.

I want to welcome the Under Secretary, Mr. Mark Rey, and the Chief of the Forest Service, Dale Bosworth.

As most of my colleagues know, Mr. Bosworth spent part of his early career in Ogden, Utah. And we are proud to claim him as one of our own. No matter how long he lives outside the State, we are going to continue to do that. And we appreciate you being here.

We had a good relationship with Jack Blackwell, when he was the Regional Forester. And we are very pleased with the choice of Jack Troyer, recently chosen to be the Regional Forester. We have good people.

WINTER OLYMPICS

Now, I want to formally thank the Forest Service for their outstanding support during the Winter Olympics. We had a lot of history building up to the Olympics, with the Forest Service. And it all paid off in a fabulous way.

The Forest Service—one of the most exciting venues of the games, the downhill, men's and women's downhill and Super G, were done at Snow Basin. And Snow Basin would not have happened if we had not had the full cooperation of the Forest Service. It happened, mainly, in the previous administration, but the present administration carried forward in the same fashion.

So, on behalf of the people of Utah and the Olympic Committee, neither of which—with the people of Utah, I have an obvious official relationship, but the Olympic Committee, I have no official relationship with, but I want to offer formal thanks to the Forest Service and all of your personnel for the tremendous job they did to assist us there.

GRIDLOCK

Now, the Chief points out in his testimony that gridlock and analysis paralysis are major problems in the Forest Service. And he says the solution is collaboration and common ground. And I agree with that, but it only works if the parties involved want to collaborate and seek common ground.

And, unfortunately, in my State, we have a polarized atmosphere. And I am not sure if we can find common ground. It may be the only way we deal with this is through some changes in law and regulation. And this is manifested in the statement by Mr. John Horning of the Forest Guardians, who said, in the April 23 edition of the Salt Lake Tribune, "It is our long-term goal to end commercial sales in the national forests."

So, I will be asking whether that is good for the health of the national forests. I have the feeling that it would not be environmentally sound to have the end of commercial sales in the national forests. It would give the environmental groups a temporary warm feeling that they have done something worthwhile, and then the feeling would get significantly warmer as the forest fires begin to rage in areas that could otherwise have been more intelligently managed.

So, these are difficult problems. I think we have good leadership, and I welcome you here today.

Thank you.

Senator BYRD. Senator Murray, we have heard from everybody else. Would you like to say something at this point?

OPENING STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you very much. I appreciate the opportunity. I do have to be over on the floor to offer an amendment. So, I will just have an opening statement and submit my questions for the record, if you do not mind.

Senator BYRD. Very well.

Senator MURRAY. I did just want to mention that Mr. Bosworth's testimony mentions the 30 mile fire that happened last year in

Washington State, where we lost four of our young firefighters. It was a real tragedy, and I hope we learned from that tragedy to prevent future losses.

My question, for the record, will really focus on the cut in funding and staff for the Preparedness Program that was proposed by the administration and on the current status of the new Fire Shelter Development.

I just do not understand how the administration proposes to protect our young firefighters by cutting funding for training.

I also want to raise the issue of the Forest Service research budget. The entire range of interested parties have told me they do not oppose the directed research in the administration's budget, but they do object to cutting current research programs in order to pay for those new initiatives, and I hope to work with my colleagues to meet those objectives.

And, finally, just quickly, Mr. Chairman, I want to bring to everybody's attention the recently released GAO study on fish passage obstruction on Forest Service and on BLM lands that is caused by culverts. The study was undertaken at the request of my colleague, Congressman Norm Dicks, and it clearly recognizes the significance and enormous scope of this problem. Poorly designed and maintained culverts appear to be the single largest obstacle for salmon and steelhead reaching high quality habitat.

Right now, we are asking a lot from private landowners in our effort to recover ESA listed species. This report by GAO shows that we are not complying with the law in the management of our own Federal lands, and we need to do better.

So, I hope to work with the subcommittee and the administration to address those issues.

And, again, Mr. Chairman, I apologize for not being able to stay for the hearing, but I would like to submit my questions for the record.

Senator BYRD. That will be done, without objection.

SUMMARY STATEMENT OF DALE BOSWORTH

All right. Chief, you may proceed with your statement.

Mr. BOSWORTH. Thank you, Chairman Byrd and members of the subcommittee. I do appreciate the opportunity to be here today to talk about the President's fiscal year 2003 budget for the Forest Service.

And it is a real privilege to be here. I have been in this job, now, for about a year. And I want to say that I have really been encouraged by the level of interest across the country in the management of the Nation's forests and grasslands. And I particularly appreciate the interest in this subcommittee, as well.

Before I came into this job, I had a very—I guess I had a deep appreciation for the work that Forest Service folks do out on the ground. And I have to say, after having been in this job now for a year and having a chance to look clear across the country, it has even deepened my appreciation for the work that those folks are doing.

And I would have to agree that I was very, very proud of the work the Forest Service folks did in Utah to help with the Olympics. I had the opportunity to attend part of that and to meet with

our many folks that we have there. And they were just doing a great job, and they were enthusiastic. And the partnerships that were built between the Forest Service and the communities were great. And it just made me proud, as a Forest Service person and as an American, to be able to see the kind of work that was done there. So, I appreciate your comments, Senator Bennett.

The fiscal year 2003 President's budget requests, for the Forest Service, almost $4.9 billion. And with this level of funding, we are going to be emphasizing protecting the public, employees, property, and resources; providing benefits to communities; improving forest and rangeland health; and meeting the growing recreation demands for goods and services and amenities by the public.

I intend to focus a great deal of attention, though, on re-establishing a bias in favor of accomplishing the work on the ground of the agency. I am very concerned about the analysis paralysis or the gridlock that we are in; the fact that it takes so much time and money to do planning and to work through paper pushing and process kinds of things, and that so little of the money actually ends up doing the work on the ground.

The work that we are trying to accomplish on the ground are things that I think will protect communities from catastrophic wildfire; to provide communities a sustainable flow of forest products; to put field employees in the field when they need to be. And the gridlock that we are in is preventing that. And I intend to continue to work on that.

I intend to continue to look for solutions and to work with you, in hopes that we can find some answers to some of those problems that I think have accumulated over a long, long period of time.

NATIONAL FIRE PLAN

The National Fire Plan will continue to be a top priority for the Fire Service. We are going to concentrate on the restoration of ecosystems to fire-adapted conditions.

There are several parts to the National Fire Plan, but the one part that I think, in the long-term, that is so, so important is dealing with those fuels that have accumulated over a long period of time.

And that is the part of the National Fire Plan that does not achieve immediate objectives or immediate consequences. What it does is it takes time. It is going to take 10 years, 15 years of treating those fuels before we really start seeing a difference in terms of being able to protect communities, as well as, hopefully, be able to see reductions in some of our fire suppression costs.

In the end, if we can reduce the number of communities that are at risk from wildland fire, I think we will have been successful.

The other aspect of the National Fire Plan that I see as extremely important is our relationship with the Department of Interior and with the State organizations, because we have to do this in a way that is a partnership between all Federal wildland fire organizations, as well as the States. And we have to work very, very closely with the communities as we move forward.

MAINTAINING COMMUNITY BENEFITS

The Forest Service, I believe, plays a key role in maintaining benefits to communities. And there are many—we have many opportunities to work with communities to help sustain community vitality. The way that we can do that—there are a number of different ways. By working with folks, in terms of—like the National Fire Plan, in terms of being able to do work on the national forests and allowing people to have a priority for contracting. There are collaborative groups within the communities to help figure out how they want to see their national forests managed.

I think there are a number of things that we can do, but in the end, I believe that we really need to have a close relationship, as good neighbors, with the communities and to those people that are most affected by the management of the national forests.

INVASIVE SPECIES

One of the problems that I am concerned about, that I think is coming down the road and we will be seeing more and more of in the future, has to do with invasive species. And I intend to focus on the invasive species problem more and more in the coming months. And I believe that sometime in the future it is going to become one of the agency's major efforts.

It strikes me that it cries out for a solution similar to the National Fire Plan. As you see the insects, the diseases and pathogens, the noxious weeds that are infesting a good part of the West, aquatic invasives—when you start seeing the magnitude of that problem, I think we are going to have a deeper and deeper problem, if we do not come up with a solution on how to deal with that. And so, I am going to continue to look for some answers and to work with you on that.

PREPARED STATEMENT

So, that concludes my opening remarks. And I will submit the entire testimony for the record. And I would be happy to answer any questions you might have.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF DALE BOSWORTH

Chairman Byrd and members of the Subcommittee, thank you for the invitation to discuss President's fiscal year 2003 Budget for the Forest Service. I am honored to be here today.

In my first year as Chief, I am encouraged by the level of interest in management of the Nation's forests and rangelands shared by so many, as well as this Subcommittee. I have deepened my appreciation for the job being performed on the ground by our employees, as well as for the many individuals and groups that actively engage in the agency's work. Although I have worked on many wildland fires during my 36-year career, I appear before you today with a renewed appreciation of what it means to be on the "hot seat."

Before focusing on any specific program areas, I want to emphasize that the safety of agency employees and the public is one of the highest priorities for the Forest Service. In particular, the agency must take all action possible to prevent tragedies such as the Thirtymile incident last summer where four firefighters died. The Forest Service will ensure that proposed changes in management, policies, training, and operations are made to improve safety for the public and all employees, especially with respect to firefighter safety. The agency must also work to reduce risks to life,

property, and ecosystems from high-intensity wildland fires within and adjacent to communities.

Under Secretary Rey and I intend to focus a great deal of attention on reestablishing a bias for accomplishing the work of the agency. What is commonly referred to as "gridlock" or "analysis paralysis" is directly affecting the ability of the agency to protect communities from catastrophic wildfire, provide communities a sustainable flow of forest products, and directly serve the public that uses and enjoys national forest lands.

The National Academy of Public Administrators reported two years ago that up to 40 percent of the work done on National Forests goes into the planning and analysis process. In addition, indirect expenses take an additional share of the budget (around 20 percent). Too little value is returned to the public. To move beyond gridlock, our approach is to rely on local knowledge and local participation as tools to achieve national goals; we will focus on local solutions to national issues. Local groups can help the agency find common ground to restore forest and ecosystem health. Conversely, this commitment to local decision-making cannot cloud our need to employ rigorous standards and consistent processes that assure financial integrity is paramount. I want to confirm that the renewed emphasis on local decision-making will not impede the reforms necessary for assuring public trust to ensure in the fiscal integrity or scientific reliability of the agency.

The Forest Service Preparedness Program, in cooperation with the Department of the Interior's (DOI) program and those of state agencies and local volunteer fire departments, will provide the resources and planning needed to protect communities and ecosystems from wildland fire. The Hazardous Fuel Program, in conjunction with DOI's program, will collaborate with State and local communities, tribal governments, and other partners to focus treatments in areas of greatest need of community protection and ecosystem restoration. The fiscal year 2003 Budget requests $235 million for the Hazardous Fuels program, an increase in the program of about $26 million. Seventy percent of these funds are targeted for the wildland-urban interface. Funding for rehabilitation and restoration, along with Burned Area Emergency, will protect communities and watersheds from post-fire damage, and help burned areas recover from fire damage. The Forest Service Research and Development Staff, along with the DOI-Forest Service Joint Fire Science Program, are focusing efforts on fuels reduction opportunities, including: (1) prioritizing areas for treatment; (2) determining impacts of treatments on wildlife, fish, and riparian areas; and (3) developing new uses for forest undergrowth and small diameter trees. The Budget provides resources to State and local communities to establish a truly comprehensive wildland fire management policy across all ownership boundaries. It provides the resources to increase the firefighting capability and planning of State and local fire agencies, and to reduce hazardous fuel on non-Federal land. Finally, the fireplain easements program will enable the Forest Service to work with States to identify alternatives in areas where potential fire suppression expenditures exceed the estimated value of private property.

The USDA Forest Service and the Department of the Interior are in the second year of implementing the National Fire Plan. Significant headway was made in fiscal year 2001 and continues in fiscal year 2002 to enhance tracking and reporting mechanisms to provide accountability as accomplishments are made in firefighting, rehabilitation and restoration, hazardous fuels reduction, community assistance and research.

The fiscal year 2003 Budget provides an increase of $10 million within the Forest Stewardship program to foster enhanced management and use of small diameter and underutilized wood biomass on private lands. Funds are also included for research on the use of small diameter trees for biobased products and bioenergy.

Keeping watersheds in good condition and restoring them where necessary are fundamental to the stewardship of the land and natural resources. The agency will focus efforts and move ahead on watershed restoration consistent with the agency's national goal to improve and protect watershed conditions to provide the water quality and quantity necessary to support ecological functions and beneficial water uses.

In each of these areas, research is the key to sustaining our forest and rangeland productivity and health while addressing natural resource needs.

The Budget also includes $15 million to transfer to the Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS) to help expedite Endangered Species Act (ESA) Section 7 consultation. The $15 million is roughly enough to have one FWS or NMFS person per forest available to respond to ongoing agency projects. This will promote both available personnel to review project proposals under ESA Section 7, as well as ensure increased familiarity and understanding on the part of the FWS and NMFS staff as a consequence of their continuing involvement with USDA projects.

I was honored to represent the Forest Service this year at the Winter Olympics in Salt Lake City. Two Olympic Winter Games signature events—the downhill and super G—took place at the Snowbasin Ski Resort, which is located on the Ogden Ranger District of the Wasatch-Cache National Forest. The USDA Forest Service's main goal for the 2002 Olympic Winter Games was to help ensure that Olympic-related activities on the National Forests were safe and environmentally responsible. Due to the dedication of many Forest Service employees, cooperators, and visitors, I am pleased to inform the Subcommittee that this goal was achieved.

Recreation is the fastest growing use on the national forests and grasslands and how most Americans come into contact with the Forest Service. The agency's recreation framework is being implemented through five primary activities: (1) operating developed sites; (2) managing general forest areas; (3) protecting cultural resources and wilderness; (4) providing interpretation and education; and (5) administering recreation special use authorizations. The agency will focus on a measurable improvement in customer satisfaction and an increase in documented contributions to community economies, primarily through strategic business delivery partnerships. The Budget calls for $264 million for recreation in fiscal year 2003.

The Forest Service recognizes it cannot provide credible natural resource management without effective financial and performance management. The agency continues its emphasis on improving the quality of its financial systems and performance reporting processes. A key aspect of improved performance accountability involves providing field units with the opportunity to influence the budgets they receive. The Forest Service formulated input to the fiscal year 2003 President's Budget using a new budget formulation process that provided local units the opportunity to develop budget requests at the local level.

The Forest Service has operated a fully compliant financial system for more than two years, and continues to implement actions that improve financial accountability. The Department is working closely with the Forest Service to promote agency efforts to provide high quality accounting information. In addition, the Department of Agriculture and the Forest Service continue to move forward in efforts to obtain a "clean audit opinion." Essential to this goal are effective cash reconciliation and property management programs. The Forest Service has improved the agency's accountability by directly linking the accuracy of accounting records to reconciliation processes and by committing an agency-wide team effort to ensure property records are adequate to document the approximately $4 billion inventory of assets. I have also ordered the formation of six "strike teams" that will further develop or modify financial policies and procedures.

In conclusion, Mr. Chairman, the President's fiscal year 2003 Budget demonstrates the commitment of the Forest Service to accountability through results. The Budget includes funding priorities for the National Fire Plan and wildland fire management; research as the basis of scientifically sound resource decision-making; forest health; land acquisition; recreation; and minerals management, especially projects related to the National Energy Policy.

This concludes my testimony. I would be happy to answer any questions that you may have.

NATIONAL FIRE PLAN REPORT

Senator BYRD. Last year, the Forest Service worked hand-in-hand with the Department of the Interior, and State and local governments to craft a 10-year strategy to combat forest fires and reduce the risk of fire in and around communities. But the National Fire Plan did not identify funding requirements for the various components.

I understand that the amount of money needed to fight forest fires in any given year is going to fluctuate, based on various factors, not the least of which is the weather. I also think it is important for the committee to fully understand the costs in the National Fire Plan, therefore, to provide the necessary resources.

Consequently, the Forest Service was directed, in fiscal year 2002, to—in the appropriation bill of fiscal year 2002, to update the National Fire Plan by providing Congress with detailed schedules of planned activities and the funding required to carry out the plan.

The report was to be delivered to the House and Senate Appropriations Committees by March 15 of this year. To date, we have not yet received the report.

Please tell the subcommittee why the Forest Service has not complied with the committee's direction and when you anticipate sending the report forward.

Mr. BOSWORTH. Mr. Chairman, the Forest Service and the Department of Interior have worked closely together to produce that report. And currently, it is at OMB for clearance. And there is a number of things that we are trying to iron out. One of those has to do with how we display future costs. We are working with OMB on those. And as soon as we get those issues resolved, then we will be able to provide the report.

And I do apologize for the delay. We want to get the thing done and done right. And, hopefully, it will be fairly soon when we are able to deliver it.

Senator BYRD. But when do you anticipate it will be done?

Mr. BOSWORTH. Well, the report, as I said, has been put together and completed by the Forest Service and the Department of Interior. And I do not have an answer for how long it will take for us to work through the—with OMB, but my guess would be that it is going to be within the next, probably, 2 weeks, at the most. That would be my expectation.

Senator BYRD. All right. Give us a progress report. You can have someone call the staff here, so we will know what we can expect.

Mr. BOSWORTH. Well, as I said, I expect it to be done within the next couple of weeks. And we will keep your staff up to date on how that is coming.

Senator BYRD. Just do that. And we will just slow down the bill until we hear from you. Will that help?

Mr. BOSWORTH. Well, we would like to get the bill. So, we will hurry on the——

FIREFIGHTING COSTS

Senator BYRD. Well, it would be a good idea if you get your work done, so we can get ours done.

If the fire season turns out to be as bad as the last, when you spent $690 million, would that mean that the Forest Service will need to borrow $370 million to cover this cost, if, as it appears, that for the current fiscal year, the Forest Service has approximately $321 million on hand for firefighting activities?

Mr. BOSWORTH. That is correct. We have a maximum of $321 million available in fire suppression. And under the present circumstances, we would expect to transfer a significant amount of funds from other appropriations.

Senator BYRD. From what other appropriations?

Mr. BOSWORTH. From other appropriations that we receive from you that we have the—when we need to, in an emergency situation, we may end up having to transfer some funds.

Now, of course, we would hope that we are able to get through a fire season with our average costs and would be able to achieve our firefighting—the firefighting that we need to do. But in the event that the costs are over what we have been appropriated, then we will be borrowing from some of the other accounts.

BORROWING FUNDS TO FINANCE EMERGENCY FIREFIGHTING

That is not a good way of doing it. In the past, the way that we dealt with that when that occurred is we borrowed from our trust funds, like our Knutson-Vandenburg Trust Fund or our Salvage Trust Fund. But with the decline in the timber program over the years, those funds are—there is not a lot of money left in them.

And so, we are faced, then, if we come along in those years and exceed our average, we are faced with pulling firefighters off the line or borrowing money from other appropriated dollars. And we have a plan for how we would do that, in the event that we need to. But this—I believe that this issue does cry out for a long-term solution.

You know, with the fire suppression costs that are steadily increasing, and that is partly due to the increasing in fuels, I think it is highly probable that without a solution, we are going to be continuing to have to disrupt some of those programs every year or two or every——

Senator BYRD. So, what do you do, in the event you have to disrupt them? Do you have to get the approval of this committee?

Mr. BOSWORTH. Well, we have the authority, for emergency purposes, to be able to use those funds.

Senator BYRD. To use what funds?

Mr. BOSWORTH. To use any—the Salvage Sale Fund, Land Acquisition, Construction and Maintenance, Timber Purchase Funds, Working Capital Funds.

Again, if we end up in the situation that we exceed our fire suppression dollars, we have the authority, then, to use those funds.

ANTICIPATED FIRE SEASON

Senator BYRD. Well, with the extensive drought conditions that we are already experiencing, and have for quite some time, how "average" do you think this fire season will be?

Mr. BOSWORTH. At this point, with the most recent modeling that we have done, our projection now is that it will be an above-average fire season—above-average cost fire season.

Now, we do not know that until we start trying to develop our models in the springtime, based upon the drought indexes and other factors, weather patterns and whatnot, but it appears, right now, that we have a high probability of having a much higher-than-average fire season.

Senator BYRD. I am going to turn to Senator Burns for any questions he may have right now. I have further questions.

Senator Burns.

Senator BURNS. Thank you, Mr. Chairman.

As you know, we had a little wrestling match with OMB to get your money for rehab and restoration, and to get those dollars and get them into the mainstream.

Could you tell me, Chief, whenever you started—after a burned area, just tell this committee what the basic principles are and what activities are taking place immediately after the fire, when you start rehab and restoration?

Mr. BOSWORTH. Well, there are a couple of parts to it. The first thing is——

Senator BURNS. And I realize all forests are not the same, and one size does not fit all.

Mr. BOSWORTH. But as a general——

Senator BURNS. Yes.

BURNED AREA EMERGENCY REHABILITATION

Mr. BOSWORTH. As a general approach, the first thing that we do is we send in what we call a BAER Team, a Burned Area Emergency Rehabilitation Team. They are there before the smoke is even—and the fire is even out. That team does an assessment of those kinds of things that have to be done very, very quickly, primarily before the spring—before the following spring rains. And they will identify the work we—they will then apply for emergency dollars, which we can get through very quickly and get those dollars to them.

And those dollars generally go to things like, maybe catch basins; maybe putting in straw waddles; maybe laying logs down to stop erosion, to stop the mud flows as much as we can. We replace culverts with larger culverts, if we need to, to handle the increased water flows.

That is the first thing that is done. And that is the emergency work.

The next thing that happens about that time would be we will put together an interdisciplinary team to evaluate the area to see what kind of work needs to be done in the longer term. And that may include, if we lost facilities, what kind of work needs to be done to fix those facilities; if there is going to be increased fuel hazard 10 or 15 years from now, from the dead trees that are there, that we are going to want to remove some of those through a salvage timber sale effort; whether there are opportunities for salvage in addition to that; whether we need to do longer-term grass seeding with native seeds to rehabilitate the area; do we need to do reforestation by planting trees?

And so, that evaluation is done with an interdisciplinary team. We go through an Environmental Impact Statement process. The whole time, we are working with the public on this. We come out with a draft Environmental Impact Statement through public comments. We come out with a final Environmental Impact Statement.

If there are threatened or endangered species that are anywhere near the area, then we consult with Fish and Wildlife Service. If it is—unless there are salmon and steelhead. And then we also consult with National Marine Fisheries Service to get a biological opinion.

And, finally, we make a decision.

EA VERSUS EIS

Senator BURNS. In your activities for rehab and restoration, do you have to do an EA or an EIS?

Mr. BOSWORTH. It depends upon the magnitude of it. If you take something like the fires that we had in the year 2000, almost all of those are Environmental Impact Statements, which generally take an additional period of time, because you come out with a draft, go through the comments, and whatnot.

Senator BURNS. It also takes resources, too, does it not? Money.

Mr. BOSWORTH. It takes money.

Senator BURNS. That we could use in other areas, knowing that we are going to have to go in and rehab anyway and restore anyway. And I find some of those things that we do wastes a little bit of money.

HAZARDOUS FUELS BUILD-UP

Let us talk about hazardous fuels and build-up. Tell me your progress. We allocated some money to deal with hazardous fuels and to reduce the fuel on the ground in some of our forests. Tell me how that is coming along and give me a thumbnail sketch.

Mr. BOSWORTH. Okay. The first year of the National Fire Plan was, to some degree, a start-up year. We took projects that were already on the shelf, that we could implement fairly quickly, and did both prescribed burning with, in some cases, mechanical treatment, so that we could do the prescribed burning. And I will have to get the specific numbers here, in terms of acres, that we accomplished.

We have been trying to move on the Wildland-Urban Interface. It takes a little bit of time to be able to shift gears. And now we are shifting more toward those communities that are highest at risk.

We treated about 1.4 million acres of hazardous fuels, and over 600,000 acres treated was in the Wildland-Urban Interface.

As I said, we are trying to move forward in getting more of those acres or, at least, more of the dollars spent around the Wildland-Urban Interface.

But I would also like to say that when we do that work near communities, it is much more expensive than it is when you are in the back country. And so, as we move toward the Urban Interface, then we will experience our costs.

NOXIOUS WEEDS

Senator BURNS. One of these days I am going to visit with you, but I have got one big concern, and you mentioned it in your opening statement, which I think is very important, and that is noxious weeds and invasive species, because I know there are growing concerns throughout the Forest—and those growths of those stands of invasive or noxious weeds spill over into private lands and takes away their value.

We only had—the budget request increases to address this problem, including $12 million in a new Pest and Pathogens Fund. Have you visited with some of the folks that, biologically, we can take care of some of these invasive species?

Mr. BOSWORTH. Well, I have not had any real recent discussion, but I have had a number of discussions with researchers, scientists, a couple of years ago, particularly when I was in Montana and looking at things like leafy spurge and some of the work that we are doing to try to find biological approaches toward——

Senator BURNS. Have you visited with Dr. Sands over at Bozeman, over at Montana State University?

Mr. BOSWORTH. No, I have not.

Senator BURNS. I would suggest that we do that one of these days, because there are some exciting things happening in plant

proteins, of which they are addressing some things around the world. And I would suggest that we do that one of these days.

Mr. BOSWORTH. I would be very happy to do that. And, again, I would like to say that our research organization is critical to us. And the research that we are doing in the Forest Service is also good research. And it is a critical aspect at getting ahead of this problem and really clearly understanding what some of the solutions to it might be.

Senator BURNS. Thank you, Mr. Chairman. I know there are other folks that want to have questions.

Senator BYRD. Very well. Let me call on Senator Stevens. Turn your mike on, Ted.

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. There you go. Thank you very much. I am glad to have an opportunity to be here. And I thank you for your recognition.

ALASKA TIMBER INDUSTRY DECLINE

I am concerned about the continued decline of the timber industry in Alaska, as you know. And I had a chart prepared for this hearing.

In 1947, the allowable sale quantity was 1.38 billion board feet. In 1971, at the time of the Alaska Native Land Claim Settlement Act, that was reduced to 950 million board feet. In 1980, in what we called ANILCA, the Alaska National Interest Land Conservation Act, it was reduced to 450 million board feet. And at that time, there was an absolute promise that there would be no jobs lost in the forest; that that was the bottom line, never to be reduced.

In 1991, it was reduced to 440 million board feet. In 1993, it was reduced to 310 million board feet. In 1997, it was reduced to 267 million board feet. In 1999, it was reduced to 150 million. And in the year 2000, it was limited to 50 million board feet from the Tongass.

In other words, we have had almost a 100 percent loss. Both of the pulp mills have closed. All of the timber plants are closed.

Last year, the final wood product facility, the veneer plant in Ketchikan, filed for bankruptcy.

TIMBER SALES PIPELINE RESTORATION FUND

Now, this subcommittee has consistently included monies for what we call the Timber Pipeline Restoration; monies to increase and go back to the commitment level, in order to establish a 3-year timber supply. That was the goal; to have a 3-year timber supply to meet market demand.

I am here because I do not know what has happened to that money. Very clearly, the money we put up was to harvest the last set goal of 267 million board feet. That, obviously, was the last bottom line. The bottom line before that was 450 million board feet. But it keeps coming down.

Now, what I would like to ask is if we can find a way to find out how the region spent the monies that this subcommittee has made available. I would like to have you give me a detailed ac-

counting, for the record, of the monies that have been authorized by this committee since the last administrative decision in 1993, which was 310 million board feet annual supply was to be the goal to meet market demand.

I would also like to ask you, now, as the person in charge, can we get a commitment from you as to what is the current bottom line for harvesting timber? This is the largest forest in the country. It had 103-year sustained yield cutting cycle when it had allocated 950 million board feet a year.

As I said, in this last year, we cut—it was allocated 50 million, but they cut 47 million, was my total. Is that what you have? The cut was 47 million?

Mr. BOSWORTH. I believe that is correct. And I will have to check those figures. I will get you the—we can get you the information and we will provide that information, the detailed accounting you asked for in terms of the pipeline dollars, what it was spent for, what was accomplished with that. And we will make that available.

ALASKA PULP CORPORATION

Senator STEVENS. The second thing is that in 1995, the Alaska Pulp Corporation's long-term contract was cancelled and there is a lawsuit pending. Can you give us an update on that lawsuit? Are you involved in that lawsuit?

Mr. BOSWORTH. And I will let Mark give that.

Mr. REY. I was just briefed on the status of that lawsuit yesterday and the Justice Department and the plaintiffs in that suit are involved in the beginnings of discussions to see if we can resolve that litigation through a settlement. It is very early in the process at this stage.

Senator STEVENS. Well, since that contract was cancelled, that—the Pulp Mill has gone out of existence. I do not see where there can be any compromise. What is the conference that is going—is it going to go to trial?

Mr. REY. The case has already gone to trial on the question of whether the Government is liable for damages from the cancellation of the contract. The court of claims has found twice that the Government is liable for damages.

The issues under discussion now are whether we can arrive at a settlement over the amount of damages, or whether the court of claims will move to the next phase of the proceeding, which is to establish the amount of damages since liability has already been established.

Senator STEVENS. Mr. Chairman, I thank you for your long commitment to helping us in Southeastern Alaska to try and meet the commitments of the Federal Government, but I think this is one of the saddest tales I know of in government, a repeated statement to the people of the area as to what the commitment was with repeated promises of no job losses. We are now at the point where we have had a 96 percent reduction in actual volume of timber authorized for harvest, and an 89 percent—no, a 99 percent job loss as far as the area is concerned.

It leaves the—it leaves us in the position of not knowing exactly what to do. I would like to have the information provided to the committee as to what happened to the money. And I would like to

be able to discuss with the members of the subcommittee what we might do for the future.

TONGASS TIMBER REFORM ACT

Clearly—correct me if I am wrong—the last law that was passed by the Congress was the Tongass Timber Reform Act of 1991, is that correct?

Mr. BOSWORTH. I believe that is correct.

Senator STEVENS. And are you prepared to review that act to see if it is possible to carry out its commitments?

Mr. BOSWORTH. I believe that—I understand the frustration of people in Alaska regarding what has happened over the last 10 to 15 years. Currently, this—for fiscal year 2003, we intend to offer 138.5 million board feet. We need to start looking at how we can increase that, how we can comply with the legislation, the Tongass Timber Reform Act, and we are reviewing that right now.

We will—my hope and expectation is that we will be able to work with you and with others to figure out how we can start getting the pipeline built back up.

ROADLESS POLICY

Senator STEVENS. The last comment would be that, with regard to the roadless policy, I believe I have a letter from the last administration. I know there are repeated statements that Tongass would be excluded from the roadless policy position that was issued at the last minute by the last administration. Unfortunately, it was added at the last minute, but it was added for the future. It was not added for current impact.

It is one thing to reverse a rule that was put into effect. It is another thing to take a look at the portion of the rule that was—one of those forward springing type of operations where Tongass will come under the roadless act—or rule at a later date. I think it is 2004, is it not? I think it was—or 2003.

I would ask that you would review that to see if that is consistent with the law, because in the ANILCA law, there was what we called the "no more" clause. It said no more—no withdrawals could be made in excess of 5,000 acres without the approval of the Congress. And Congress specifically refused to approve putting Tongass under the roadless policy. It was done by administrative decision, but—a decision that was not to have effect into the future, so I ask you to review that.

I think that could be easily remedied by just negating the decision that was made that was contrary to the law at the time. Otherwise, it is just another lawsuit, and I can tell you, we will sue on that one, as I think the State as a whole will sue on that one, because that was a commitment made to us that there would be no additional withdrawals in our State in excess of 5,000 acres without approval of Congress.

I have taken a long time, Mr. Chairman. I appreciate your courtesy.

Senator BYRD. Thank you.

Senator Domenici, do you have an opening statement? I have called on other Senators for opening statements. If you would like one now?

Senator DOMENICI. Very brief. If I have questions, we will come to those later?

Senator BYRD. Yes, sir, we will.

OPENING STATEMENT OF SENATOR PETE V. DOMENICI

Senator DOMENICI. Well, I came to the meeting today because I wanted an opportunity to see you again and also——

Mr. BOSWORTH. Thank you, Senator.

Senator DOMENICI [continuing]. To begin a discussion of what was happening with all of the resources that we put into the Forest Service and BLM for both fire prevention plans, fire retardation plans and for improving the status and the life of the forest.

I know there is a lot to do. I know you are relatively new, but we have poured the money in when we had those big fires in my State and the other States to both—for both the forests that you care for and for the BLM forests.

We should be seeing some results. If we cannot see results from the amount of money we put in, we are never going to see results.

I had a summary of this work done of this bill, Mr. Chairman, and I am sure you know about this. But I would like to just read it for the record: $1.4 billion for wildland fire management, which included $625 million for preparedness activities; $443 million for fire operations and suppression activities; $359 million for other fire operations, and within that amount $234 million is requested for hazardous fuel reduction activities. Together with the Department of Interior funding, a total of $2.1 billion will go to implement the National Fire Plan for this next year, the budget appropriations you are preparing.

We are very close to that in the year you are in when the emergency money is added to the regular appropriation. And I just think we ought to see some results out there in our forests, both in cleaning them up and in inhibiting forests, and reducing the timber that is standing after the fires. And I think sometimes that we keep on trying to help and we go further and further backward.

And I think part of that is because their efforts are stymied and are stopped by litigation. In fact, I think it would be good, Mr. Chairman, if we got interested in how many lawsuits they have that—affecting their attempts to manage the forests of the United States. It would be an enormous number this year. And it would be an enormous many number of dollars that they are spending in that regard.

We do not seem to make any headway. And I will ask these questions and some others when it is my turn. Thank you very much.

Senator BYRD. Senator Campbell.

Senator CAMPBELL. Those are interesting questions that Senator Domenici brought up. I am interested in hearing the answers to that, too. Well, let me just say this and maybe ask one or two questions, Mr. Chairman.

FIRE BUDGET FORECASTING

We are getting less timber sold every year, which means less money coming into the Forest Service. Senator Bennett alluded to one group that is trying to stop all timber sales and hopes to do it. With that comes an increase of dead timber, and an increased

probability of dangerous fires with all that dead timber that is accumulating.

We have $159 million less in the 2003 than we did in fiscal year 2002 for the National Fire Plan. We have less salvage, because of the difficulty of getting permits. I understand that four-fifths of the dead timber after the Mount St. Helen's eruption was lost to insects by the time they got through the permitting process. We just lost the timber to parasites.

And so you mentioned, Mr. Bosworth, that you—if we kind of run out of money because there is $220 million less this year in the budget than there was in fiscal year 2002, you would have to borrow it, and you mentioned several other accounts that you might have to borrow it from.

Well, what happens to those accounts if you borrow that money? Does it get paid back? If it is not paid back, does that mean that the Forest Service will be here looking for an emergency supplemental to bail the whole thing out if there is not enough money at the proper time? Because it is going to be a banner year for fires.

Mr. BOSWORTH. Well, in the past, it has always been paid back thanks to Congress's actions. When we borrowed it from the Knutson-Vandenburg fund, some of the trust funds that we had, it was paid back. This last year it was paid back when we had to borrow against some of the appropriated dollars at the end of the last fire season. Then we——

Senator CAMPBELL. Well, I guess I—my next question would be: Why go through that sleight-of-hand business with the borrowing to pay back? Why do we not just have a request for a budget that is going to reflect the needs that are out there right now?

Mr. BOSWORTH. Well, one of the difficulties is in trying to anticipate what the fire season is going to be, and what we are using currently is a—has been a 10-year average to help calculate what we think might—it might be. Now, the——

Senator CAMPBELL. You said your model, as I remember it—correct me if I am wrong. You said the model is that there is going to be a much higher-than-average fire season this year, so you already have a pretty good indication it is going to be really bad.

FIRE SEASON FORECASTING

Mr. BOSWORTH. Well, we do not—the model that I was talking about is a model that our fire folks put together in the springtime, as we start getting an understanding of what has taken place in terms of drought, the weather patterns, and—so we continuously try to do—or to get better and better predictive models to get a better and better idea of what we might be able to expect.

When we are doing the out-year budget requests a couple of years out, a year out, we have much less idea of what might—of what the fire season might be looking like.

Again, this—the—I agree completely that this—that we do need to come up with a long-term solution for how to predict and how to fund the variations in fire seasons, because we can end up with some fire seasons that have very low fire costs—or relatively low fire costs and frequency, and then others, like the year 2000, that just go way beyond anything we had experienced before.

So we try to do the best we can in terms of using averages and then, before the fire season starts, trying to use our predictive models to understand what is taking place, so that we can develop our—get our fire crews in place and pre-positioned and to understand what might take place in terms of funding.

Senator DOMENICI. Would the Senator yield on that particular issue?

Senator CAMPBELL. Yes, certainly.

Senator DOMENICI. Senator, I think you are trying to get him to talk about: How much does he budget for the year 2003 for fire preventions?

Senator CAMPBELL. Based on what we already knows is going to happen.

Senator DOMENICI. And they must budget something. And then if they are off, they ask for emergency money, but they—the whole of fire preparedness responses are not all emergencies.

There is some money in the pipeline because of projects that are involved in that and/or predictions. If that is not correct, then we are really in trouble, but we have to have an emergency supplemental every time we have fires.

Senator CAMPBELL. We know that out west we are facing a 100-year drought——

Senator DOMENICI. Right.

Senator CAMPBELL [continuing]. In Colorado, parts of New Mexico, Wyoming, and we already know that. We can tell it with the amount of moisture that has already come down, very thin; and Utah, too.

And I will tell you, if you want a good model, I would just suggest that tomorrow morning you get a few of the people on the plane that are doing those models and get them out to Bailey, Colorado, where that raging fire is now just eating up thousands of acres. I do not know how you can avoid recognizing the impending danger that is going to happen this summer.

DIFFICULT FIRE SEASON

Mr. BOSWORTH. I certainly agree. We do recognize that this summer is a—is coming together to be a very difficult fire season. That is—we would not have known that a year ago when we were—when we were talking about the budget for fiscal year 2002. But it is starting to—as we start—we started in January and February, started looking at these predictive models. We had—it is different for the South than it was for the Northeast than it was for California, and for the interior West.

For example, if you look at the Northwest this year, it does not look so bad. The Northwest is much better than it was—much better off than it was last year, but if you go down to Colorado, Utah, New Mexico, Arizona, Southern California, it is looking very, very difficult.

Senator CAMPBELL. Thank you, Mr. Chairman. I yield the floor.

Senator BYRD. Senator Bennett. Senator Bennett.

ENDING COMMERCIAL TIMBER SALES

Senator BENNETT. Thank you, Mr. Chairman. I made reference in my opening statement to the comment of the forest guardians

that they want to end commercial sales in the national forest. Can you comment on whether or not that would, in fact, be good for the national forest if all commercial sales ended?

Mr. BOSWORTH. My belief is that that would be a huge problem. The—60 percent of the timber sales that we sell right now are sales that are sold for the purpose of achieving some land management objectives such as fuels reduction, such as habitat improvement for wildlife or other purposes.

About 40 percent—approximately 40 percent of the timber sales are to provide timber, to provide wood to the American people, but particularly for those 60—that 60 percent, we would increase with more and more fuel buildup, and it would have to be treated one way or the other. Either we would be spending dollars trying to suppress fires, or we will be spending dollars trying to restore it after the fires went through, or we would be spending dollars trying to do fuel treatment in some way that brings no return back to the Federal Government, so I think it would be a problem.

Senator BENNETT. It is reminiscent of the comment made by the infantry captain in Vietnam that said, "In order to pacify the village, we had to destroy it." And these people are saying in my view, "In order to guard the forests, we will eventually destroy them."

BARK BEETLE INFESTATIONS

Let us talk about bark beetle. That has—it is the same kind of thing in the Dixie Forest in Utah. There are constant appeals to prevent logging in the Dixie, and the consequence has been that dead trees, trees that have been killed by the bark beetle, cannot be taken out and the infestation of the beetle has increased and has killed more trees than would have been the case.

Do you see that as a continuing problem not only in the Dixie, but in other places?

Mr. BOSWORTH. Yes. We have problems across the country in terms of insect infestations, bark beetle as being one of those. The—to me, the—you know, there are some—in some—with some species, it is—there is sort of a natural cycle that takes place, but some of the things that are taking place down in the Dixie and the Manti-La Sal are, I believe, outside that natural cycle.

Now, I also think that pre-treatment of some of these areas ahead of an infestation can sometimes be the best thing. We cannot even catch up from behind it often. But if, you know—to me, salvaging after beetles have gone through means we are already too late, that we should have been doing work before the—again, it depends upon the species, upon the area, but in many situations, we would have been better off if we could have treated ahead of the beetle, maybe put fire back into the ecosystem in a prescribed way and try to prevent the spread as opposed to running after it, chasing salvage trees after it has gone through.

COST OF APPEALS AND LITIGATION

Senator BENNETT. The head of the BLM has told me that approaching 50 percent of her budget now is spent on dealing with legal appeals, so that her budget is being consumed by those who are using the courts to frustrate the purpose of the agency.

Mr. BOSWORTH. That is——

Senator BENNETT. Do you have any sense of how much of your financial resources are spent dealing with appeals?

Mr. BOSWORTH. We—the only figure I could give you right now is that we are figuring and I think that through—a report from the National Academy of Public Administrators estimates that between 40 and 60 percent of our dollars go to planning and appeals and litigation.

Senator BENNETT. Geesh.

Mr. BOSWORTH. That is the——

Senator BENNETT. Can you break down the planning from the appeals and litigation?

Mr. BOSWORTH. I believe we can get some figures for that. I do not have them at—I do not have them here, but we can get those figures for you for the record.

Senator BENNETT. If you would get those figures for me, I would appreciate it. And while you are at it, I would like to know the success rate in the courts.

FRIVOLOUS LAWSUITS

I am told again at the BLM that BLM wins well over 90 percent of these cases. They are brought solely for the purpose of slowing everything down, not with any validity or they would be winning a higher percentage than single digits of the total percentage. But we have a circumstance, at least in the BLM, where people are consuming up to 50 percent of the BLM's total budget with frivolous lawsuits.

Mr. Chairman, we could do an awful lot with that money if indeed it was not constantly being spent defending lawsuits, which are always won on behalf of the Government. As I say, over 90 percent are won.

I would think your budget constraints of the various issues that the Senators here are talking about would become far, far easier to deal with if you did not have to spend up to 40—I am picking a number—you said 60—out of a total of appeals and planning. So I am picking a number which may not be right, and I would appreciate your correcting it for the record.

But let us say you spend 20 percent of your budget on planning, that means you could have a 40 percent budget increase if the frivolous lawsuits filed by these various groups were to stop. Any information you could give me on that would be much appreciated.

Mr. BOSWORTH. Yes. We can get you that information and also——

Senator BENNETT. Okay.

Mr. BOSWORTH [continuing]. Give you some idea of the percentage of the lawsuits and appeals that we win.

My guess is that in terms of administrative appeals, that we probably affirm over 90 percent of those. In terms of litigation, I would say something less than 90 percent, but that is an estimate and we will—we can—I think we can get you the figures for that, too.

Senator BENNETT. I appreciate it.

LABORATORY CLOSURES

Now, we come to a final example of how this pinch hits, this budget pinch hits. Your budget would close a number of forest science labs throughout the country. We are always insisting here, I think appropriately, that the best investment we can make in the future is in research and science.

I have one in the State of Utah, the Logan Forestry Sciences Lab in Logan, Utah that is close by the Utah State University which, as you know, is the State's premiere agricultural university. And it has produced some of the best research on aspen ecology and bark beetle disturbance available in the country. And yet you are going to close it.

Can you comment about the closing of the lab, whether that is entirely a budget issue, or do you have a scientific reason for doing that?

Mr. BOSWORTH. Every year, our research station directors look at the proposed budget and try to evaluate some of the ways that that is going to affect their programs. Those are done by the research stations. No decisions get made on that until I make the decisions on it, and I have not made a decision to do that.

What I want to do is wait until I see what the—closer to what the final budget is going to look like and then look and see what kinds of consequences. But I guarantee you that if it came to something like that, then I would be working with you on it and talking with you on it. And my hope is it does not.

And I think that the Logan Lab is a very good lab and I have spent time there. And I know they do a lot of good research.

It could be that that—that would be a possibility, but at this point, we are not even near a decision on that.

Senator BENNETT. Well, I am very glad to hear that. And just the editorial comment, the decline of the aspen and the calamitous impact of the bark beetle in Utah's forests are significant issues. And if, indeed, that lab is leading the scientific thrust to try to deal with it, I think closing that and then paying the price of increased expenditures as those problems are not solved ends up being a false economy. Not that it would do any good, but I would be more than happy to join you in a conversation with some of the brownies at OMB if they do not quite understand that cost-benefit analysis.

I know there are some folks down there now that are much more attuned to cost-benefit analysis than was the case previously, and I would be happy to help make that argument if you think I could be of any help to you.

Mr. BOSWORTH. I appreciate that.

Senator BENNETT. I know you cannot testify in opposition to what OMB tells you. I have sat at the table where you have sat and been under the strictures of OMB on previous occasions myself when I was in a previous administration. But I make the offer nonetheless, and feel free to come into the sanctity of my office and have a private conversation if it is necessary. Thank you.

Mr. BOSWORTH. Thank you.

Senator BYRD. That is what the spider said to the fly, is it not?

Senator Bennett, have you completed your questions?

Senator BENNETT. I have.

Senator BYRD. Thank you.

PRINCETON, WV UNIT

Chief, the Wood Education and Research—Resource Center located in Princeton, West Virginia is important to the people in my State and to the hardwood industry in general.

The Forest Service—before it became involved in the running of the center, the center had been poorly managed. I think the center is doing better. I note that the budget request for fiscal year 2003 does not identify a specific funding level for the center's operations.

Your request merely states that the center will receive a similar level of funding as it did in fiscal year 2002. What is the precise amount that the Forest Service is planning on providing the center in the upcoming fiscal year?

Mr. BOSWORTH. $2.7 million, which would be the same as last year, and I certainly agree with you that it is a valuable program. It does make an excellent contribution to natural resources management, not just in West Virginia but across the country, I think.

Senator BYRD. What is the status of the Resource Center, and what are your plans for it in the future?

Mr. BOSWORTH. As far as the Wood Education Resource Center, it is functioning well. We expect to continue improving it.

I think it has built up over the last few years and since the Forest Service has taken it over, I think that there has been some major—I am proud that there—to believe that there has been some good improvements, and we are—I think we have been successful in developing more income producing opportunities.

I think we want to continue on that track to try to see if there are more opportunities to develop income producing conditions. And I guess the other thing would be that we have—I think we have the opportunity to provide some more cutting edge technology transfer through some distance learning than—that is an area that we have not done as much of, and I think that we can make some progress there.

And I think that that particular facility up to this point has been used primarily more for the sort of onsite kinds of learning, and the distance learning opportunities are huge.

Senator BYRD. All right.

Will you supply to the committee a more precise statement with respect to the status of the center and what your plans for it are in the future?

Mr. BOSWORTH. I would be happy to do that, yes.

Senator BYRD. When might we expect that?

Mr. BOSWORTH. We can have that to you in 1 week.

Senator BYRD. When?

Mr. BOSWORTH. 1 week.

Senator BYRD. Very well. Now, there is a lab there. A forest research lab, I believe, has been established for perhaps 30 years or longer. How is that lab coming along?

Mr. BOSWORTH. Well, we——

GARDNER, WV LAB

Senator BYRD. The one at Gardner.

Mr. BOSWORTH. All of our labs in West Virginia are doing very well.

Senator BYRD. I am talking about that one in specific. I will get to the others.

Mr. BOSWORTH. I am trying to remember which one we are talking about now. You are talking about the Morgantown facility?

Senator BYRD. The one in Gardner, in Mercer County. It used to be called the Forest Research Marketing Lab, I believe.

Mr. BOSWORTH. The Morgantown facility, that particular facility is——

Senator BYRD. Not it. I am talking about the one at Gardner, near Princeton——

Mr. BOSWORTH. Near Princeton.

Senator BYRD [continuing]. In Mercer County.

Mr. BOSWORTH. That lab, our intention for fiscal year 2003 would be to increase about $250,000 to that lab. And we would continue—that would continue that—the work there.

Senator BYRD. What would that make the total then?

PRINCETON, WV LAB

Mr. BOSWORTH. About $2.5 million for the Princeton Lab.

Senator BYRD. What do you call that lab now?

Mr. BOSWORTH. I have always referred to it as the Princeton Lab. That is why I was not familiar with the Gardner.

Senator BYRD. The place is called Gardner. It is near Princeton. I went to school in a little two-room schoolhouse in that county beginning in 1923 when we studied history for history, not for social studies, but for real history. Now, tell me more about that lab.

Mr. BOSWORTH. Well, it depends on what, I guess—well, would you like to know the kinds of projects that we are doing there? Is that——

Senator BYRD. Well, whatever. Otherwise, we may have another meeting and have you prepared for it.

Mr. BOSWORTH. Well, we have—we are—we do a lot of research in terms of hardwood processing, hardwood production. We do analysis of hardwood markets there. We are doing work in terms of competitive kinds of markets to understand better what—how this—how people can compete in different markets.

Primarily, the—that whole area—I mean, that lab and Wood Education Center has been focused on wood and on timber and on trees. And that is the purpose to both teach people as well as to learn through research better use of some of the northern forest wood products. There has been—I mentioned economics, and there has been a fair amount of economic research that has taken place there in terms of timber.

We used that—some of the expertise from that lab is to try to find ways to influence markets on the sustainability of the eastern hardwood forests. But, again, most of the research that is done there, unlike some of the work that is done in other parts, has been focused on the hardwood utilization.

NUMBER OF SCIENTISTS AT PRINCETON, WV LAB

Senator BYRD. What is the total number of scientists you have there now?

Mr. BOSWORTH. I do not have that number.

Senator BYRD. Does not someone there have that for you?

Mr. BOSWORTH. I do not have the exact number of scientists there at that particular lab or of any—frankly, I do not have the number of any of the——

Senator BYRD. What?

Mr. BOSWORTH. I do not have the specific number of scientists here at—for any of the labs, but I can certainly get that information for you.

Senator BYRD. Well, I have been disappointed in recent years by the Forest Service as it has come before this committee. It has come before this committee notably unprepared for questions. I was hoping we would do better under your leadership.

Mr. BOSWORTH. I would like to tell you that I spent some time in West Virginia visiting the Monongahela National Forest. I visited some of the research facilities. I did not get to that particular lab.

I got to the Fernow Experimental Forest and visited each one of the ranger districts and the visitor centers on the Monongahela, and frankly was very impressed by the work that was being done.

FOREST PLAN REVISIONS

Senator BYRD. Your budget states that by fiscal year 2003, 80 forest plans will be beyond the 15-year time frame required under the National Forest Management Act. One of the forests is the Monongahela. When will the forest plan revision on the Monongahela be completed?

Mr. BOSWORTH. The plan right now would be to have the forest plan completed in 2006.

Senator BYRD. Is it possible that activities on the Monongahela could be affected because the plan is not being completed on time?

Mr. BOSWORTH. We have some court cases around the country that are pending that have filed suits because we have—we have situations where we have lawsuits filed because we have not gotten the plans revised. Those are all pending.

I do not know what the outcome will be. My expectation is—well, I can make a—I can speculate. But I do not—my guess would be that, in the end, we probably would not shut down all activities on national forests, although my—I would also expect that the potential is there to shut down some of the timber work.

Senator BYRD. What kinds of activities could be in jeopardy?

Mr. BOSWORTH. I would say that probably the most probable would be timber activities, timber harvest activities. But, again, it would depend upon the individual court and what an individual judge would decide.

Senator BYRD. Senator Domenici, you had some questions. I understand there is a vote going on right now. Why do you not proceed with your questions?

Senator DOMENICI. Mr. Bosworth, I have a follow-up question that stems from Senator Byrd's inquiries.

Mr. BOSWORTH. Okay.

VULNERABILITY TO LAWSUITS

Senator DOMENICI. Regularly, we get notice of lawsuits filed against the Forest Service by conservation and/or environmental groups. And more times than not, they are alleging that something that the Forest Service was supposed to do or was supposed to have done has not been done. This is not blaming you. It is just a statement.

I would think that if I were in your shoes and had so many lawsuits that said, "They are not doing—they do not have ready what they are supposed to have ready under the substantive law of the Nation," I would think I would start a process where—of deep inventory to see every and look at every single forest and see about, "What does the law require that we have in place, and what have we not done?"

I mean you just told us that the planning is not going to be ready on time. I can tell you that is a huge vulnerability in court. You already know that. But also it would seem to me that somebody could have laid that before you in the process in a manner of saying, "Let us get them ready."

And I am not going to ask you "Why has that not been done?" I am just going to offer you that as a concern, because we—somebody said the BLM wins 90 percent of their lawsuits. I would be surprised if the Forest Service wins 90 percent of lawsuits that are directed at it with reference to unpropitious management or permissive use of the forest. I think you lose 90 percent of those.

But anyway, I am just making that a statement, too, because it does concern me. We seem to spend too much time on processes and not enough time in getting the job done.

VALLES CALDERA NATIONAL PRESERVE

I want to make sure you know about something in New Mexico and that you hear it from me. You know, last year—year before last, our Federal Government bought the Valles Caldera National Preserve. We spent $100 million in buying that property up in Northern New Mexico. It is almost 100,000 acres.

We are experimenting with a new kind of ownership and management, in that you do not own the property, the Forest Service, nor do you manage it. You are consultants to a board of trustees and to whatever the board of trustees sets up as their management team.

They need to ask you to put money in your budget each year for their work as they get this management scheme going for this very beautiful, clearly preservable piece of property. If they do not get the money, then I would say to you, "We are going to prove that this new management system does not work by making it die in terms of not having enough money to do its job."

They have—this year, they have asked for about $3 million. And I note in your budget, you have given them about $1.035 million. We will take care of them. We will take care of them. We are not going to let that happen to them because they have not had enough time to do their work.

But I just want to say, as a Senator that was part of talking a lot of our friends into purchasing that property and experimenting

with a new land management scheme, I would think it would be a shame if it was permitted to drown because—without having sufficient funds each year to try that system. So I would ask that you look at that. I do not think you can change your budget, but perhaps you can be helpful as we move through that process.

Mr. BOSWORTH. Yes. Yes, I would—I will look at that. And I just, about 2 weeks ago, had lunch with the chairman of the board of the trust——

Senator DOMENICI. Did you?

Mr. BOSWORTH [continuing]. As well as the executive director. They also expressed their concern about that. I think what we need to do is to engage them earlier in the process than what we have, than what we did this last time, and make sure that we are working together. And I——

Senator DOMENICI. Yes, that——

Mr. BOSWORTH [continuing]. Also have been to the Valles Caldera facility there, and it is a beautiful place.

Senator DOMENICI. I have about seven or eight questions I am going to submit.

FINANCIAL ACCOUNTABILITY

Mr. Chairman, and ranking member, somehow if you will permit me, I would like to formulate a question and get it to them perhaps tomorrow as part of this record. I want them to tell us what has happened to all of the money that we have put in this Department during the last 18 months. And I think we should have a spreadsheet showing us what they did with it.

It was so many hundreds of millions of dollars. We passed an amendment——

Senator BYRD. Yes.

Senator DOMENICI [continuing]. Of mine on the floor. We called it the "happy forest" amendment because it would do thinning, and maybe the forest would grow and be happy again. That is why we called it that.

Senator BYRD. Yes.

Senator DOMENICI. And that was $280 million, $140 million to each. And then the regular appropriation comes right behind it, and you loaded that one up to try to get around this lack of taking care of the forests. And it would seem to me that we would begin to see some material results; maybe not.

But if I phrase it so that they have to tell us where they put the money and what happened, I think it would be helpful, if you will give me 24 hours.

Senator BYRD. Well, we will give you more than that, Senator.

There is a series of votes for the rest of the afternoon, it appears. I said a moment ago that over the past several years, certainly—I believe "several" is identified in the dictionary as being more than 2 to 3, or 2 and 3—maybe 2 and 3, perhaps not more than 4.

But in any event, for the past few years, I have been disappointed in the Forest Service. That is not all to your discredit, Chief Bosworth, because you have not been Chief all of that time.

FOREST SERVICE UNPREPARED FOR SENATE QUESTIONS

But the Forest Service seems to be notorious in coming up here before this committee unprepared to answer questions. Now, here today you cannot answer questions on my labs in West Virginia. It would seem to me that even a neophyte would understand that, in coming before this committee, he ought to have the answer to questions that the chairman would probably ask with reference to facilities in his home State, and the same with respect to other Senators on this committee. So we are going to have—we are going to reschedule the hearing.

Senator DOMENICI. That is good.

Senator BYRD. And perhaps you can be better prepared for it when we come back. I say again that this is not entirely your fault. We could continue a while this afternoon, but we have a bunch of these—a bunch of votes and, therefore, we——

Senator DOMENICI. Mr. Chairman?

Senator BYRD. Yes?

CITY OF SANTA FE WATERSHED AND FOREST

Senator DOMENICI. Could we—before you close the meeting, could I just say to the Chief, I would like you to look at the city of Santa Fe Watershed Forest. It is the source of their water. If it burns, the water turns discolored, and they have no water for the entire city.

At the current rate of achievement, it will take 15 to 16 years to do it. I do not think that that is right, and I think somebody ought to look at it and see what you can do. We will get you extra money, because the water of the whole city is dependent upon a fire not taking the forest into the little lake.

Senator BYRD. Yes.

Mr. BOSWORTH. Okay.

Senator DOMENICI. So could you do that for us? Could you look into it in preparation for another meeting?

Mr. BOSWORTH. I will. I will look into it. I believe that, currently, it is an appeals and litigation issue, but I will. I will look into it and get back to you.

Senator DOMENICI. Okay. I do not think so, but anyway, thank you.

Thank you, Mr. Chairman.

Senator BYRD. Okay.

Senator BURNS. Mr. Chairman, we have about 4 minutes before the conclusion of this first vote.

DOI VERSUS FS EFFICIENCY

I am going to submit a question, Chief, and it has to do with: We have come under some criticism when we start comparing the Forest Service to the Department of the Interior and on their efficiency, on firefighting and conservation, on some other areas. I know that is trying to compare apples and oranges, because of the different topography generally that you oversee and what they oversee, and differences in the trees and the plant growth, and it is just a different kind of a country.

But I want to—we might clear the air, you know, on the challenges that you face that are not faced by the Department of the Interior on some of these fire activities. So I will submit that question, and you can give it some thought and then respond to the committee. But I think we ought to make it a part of the record so we can quiet some of those critics. And I thank you for your attendance today.

Mr. BOSWORTH. Thank you.

REDIRECTION OF RESEARCH FUNDING

Senator BYRD. Chief, we will reschedule the hearing, as I have indicated, and when we do so, I would like for you to be prepared to tell the committee how, with respect to the ongoing research—I am talking about the administration's budget request for research—there is a request to redirect some $35.9 million worth of ongoing research to fund other activities deemed "more important" by the administration. And I would like to know what that is. I would like to know what activities the administration thinks are more important. So be prepared to answer some questions on that.

IMPACTS OF R&D FUNDING REDIRECTION ON WV LABS

I would like to know what, if any, impacts this approach would have on the research labs at Princeton, Parsons, and Morgantown, West Virginia; also with respect to the Lake Sherwood sewage improvements, the Seneca Rocks repairs, gypsy moth defoliation in West Virginia, and the elimination of wood in transportation programs. That is headquartered in Morgantown.

We may ask some further questions with respect to the inequitable distribution of fire funds, why the Northeastern research station has only received 1.9 percent of the total funds, as I have been advised here.

INTEGRITY OF FINANCIAL MANAGEMENT SYSTEMS

The committee also remains concerned with regard to the integrity of the financial management systems within the Forest Service. Over the past several years, the agency has been telling the committee that it is putting in place improved management systems that would lead to greater accountability, but your agency has yet to obtain a clean audit opinion as required by statute. And it remains on the General Accounting Office's list of agencies that are at high risk of waste, fraud and abuse.

You might want to be prepared to tell us when you expect these problems to be straightened out and when you expect a clean audit opinion to be issued.

So as you can see, this is not necessarily going to be a cake walk any longer. So we will be in touch with you and have you come back.

Mr. BOSWORTH. I will be happy to come back, and I would be able to answer those questions for you today, but I will be capable of answering them another time.

Senator BYRD. I bet you will. Thank you.

We have received the prepared statement of Senator Harry Reid and will insert it in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR HARRY REID

Welcome Chief Bosworth, I am pleased to see you today and look forward to discussing the budget request made by the Administration for fiscal year 2003 for the Forest Service.

As you know, I am personally interested in the Forest Service's work on the restoration and stewardship of Lake Tahoe.

Due to decades of damage, Lake Tahoe faces the prospect of losing its famed clarity—forever.

In response to this danger, two years ago Congress passed the Lake Tahoe Restoration Act, which authorizes $300 million for a cooperative effort to "Keep Tahoe Blue."

The Lake Tahoe Restoration Act represents the product of many years of local level cooperation involving environmental, business, and governmental interests throughout the Lake Tahoe basin.

Those of us who worked to pass the Lake Tahoe Restoration Act know that the only way to rescue this national treasure is through bold action.

Due in part to work we have begun as part of this unique local, state, federal partnership, Lake Tahoe is more clear this year than it was last year.

I hope you will continue to work with me to ensure that Lake has a brighter, cleaner future.

SUBCOMMITTEE RECESS

Senator BYRD. Thank you very much. The subcommittee will stand in recess until 10 a.m., Thursday, June 6, when we will continue to hear from Dale Bosworth, Chief, Forest Service, Department of Agriculture.

[Whereupon, at 3:38 p.m., Thursday, April 25, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, June 6.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2003

THURSDAY, JUNE 6, 2002

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

The subcommittee met at 10 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Byron Dorgan presiding.

Present: Senators Dorgan, Burns, Domenici, and Campbell.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATEMENT OF DAVE BOSWORTH, CHIEF

ACCOMPANIED BY: HANK KASHDAN, DIRECTOR, PROGRAM AND BUDGET ANALYSIS

OPENING STATEMENT OF SENATOR BYRON DORGAN

Senator DORGAN. We will call the hearing to order. This subcommittee convenes this morning to continue its hearing on the fiscal year 2003 budget request for the Forest Service.

We have had a previous hearing that began on April 25. This is a continuation of that hearing. That hearing was interrupted by a series of votes in the Senate. Before we begin, let me say that Senator Byrd has asked me to fill in for him as chairman of the subcommittee this morning because of his continuing duties associated with the supplemental appropriations bill that is now on the floor of the Senate. We have an 11 o'clock cloture vote, I believe, on that bill. I am pleased, of course, to accommodate Senator Byrd's request.

I believe we have had opening statements previously at the April 25 hearing. I will not make an opening statement.

Senator Campbell, if you have an opening statement, I would be happy to entertain it.

OPENING STATEMENT OF SENATOR BEN NIGHTHORSE CAMPBELL

Senator CAMPBELL. Well, maybe a couple of comments, Mr. Chairman. When I saw you come in, at first I thought maybe I was in the wrong committee.

We spend so much time together in the Treasury Subcommittee.

Senator DORGAN. We do, indeed.

Senator CAMPBELL. I was not aware you were chairing this, but I am glad you are here.

Maybe, just a welcome to Chief Bosworth once again. I was mentioning, just before you came in, to him the devastating fires we have in Colorado. And I wanted to mention that just for the record.

It looks like it is going to be an absolute banner year for us. We have had 698 fires in Colorado so far this year, burning over 101,000 acres. Last weekend, 55 fires, separate fires, burned over 70,000 acres throughout Colorado, just last week.

One called the Iron Mountain fire near Fremont County, which is down below Denver about an hour and a half, over 100 structures were burned in that one, including 80 homes and one store. In fact, when our Governor toured it, he said it looked like the moon with trees after that fire. And, with the help of some rain, it began to be suppressed.

But there is absolutely no question that it is going to only get worse this year. And certainly the Forest Service being responsible, according to the budget statement, for the protection of Forest Service lands and inhabitants throughout the National Fire Plan and the rangeland and the forest health programs, I think this is a very, very important hearing.

I know we are putting some money back into a supplemental that was not in the President's budget for fire suppression, but very frankly, I am not even sure that is going to solve the problem it looks like we are going to face throughout the West this summer.

With that, thank you, Mr. Chairman.

Senator DORGAN. Senator Campbell, thank you very much.

Chief Bosworth, welcome. We have had our paths cross previously and I have not had a chance to congratulate you, but thank you for being with us.

And you are joined by Hank Kashdan, the director of the Office of Budget at the Forest Service.

FIRE SUPPRESSION MODELS

Let me begin by asking you some questions about fire suppression, if I might. As Senator Campbell indicated, we have seen, especially in the last week, a substantial amount of activity across the country in forest fires. And we know that fighting those fires costs a great deal of money.

Traditionally, what has happened is you have had to borrow from other accounts in order to pay for that. Let me ask, first: What are your models now showing that would tell us what kind of costs you may experience in this season? I heard a brief report from some newscasters suggesting that this may be a pretty devastating season for fires. So what are you anticipating? What do your models show?

Mr. BOSWORTH. Well, first, Mr. Chairman, the models are predicting, the most recent models, that this is going to be a very significant fire season. And, of course, you do not have to just look at models to tell that. All you have to do is be in the middle of Arizona, New Mexico or Colorado to tell that it is going to be a very difficult fire season.

The projection that we had as of April 30 would indicate that our total cost would be $587 million. And that is we have our—for this

fiscal year, we have $321 million available. So we would be borrowing from other accounts if that projection is accurate.

Senator DORGAN. Well, you have $321 million available to fight fires. You spent $690 million last year?

Mr. BOSWORTH. That is correct.

Senator DORGAN. And what is the basis of the $321 million request?

Mr. BOSWORTH. We——

Senator DORGAN. Was the——

Mr. BOSWORTH. When we—our request is based on our 10-year average.

Senator DORGAN. Yes.

Mr. BOSWORTH. And so our request for fiscal year 2002 would have been made in the year 2000 when we were calculating our 10-year average at that time, which—so that would have been from or based upon 1990 through 1999. You take that 10-year average, and then, of course, if you are using averages, then half the years you are going to be high and half the years you are going to be low. And this year and last year we were high.

SUPPLEMENTAL FIRE FUNDING

Senator DORGAN. If your models now show that this could be a very costly year for you, did you request any additional money in the supplemental?

Mr. BOSWORTH. The administration did not request any money in the supplemental.

Senator DORGAN. Did you request of the administration that they request money in the supplemental?

Mr. BOSWORTH. Well, we have indicated to the administration what our projections were and what we believed we would need.

Senator DORGAN. And that went to the Office of Management and Budget?

Mr. BOSWORTH. That goes through our Department, the Department of Agriculture, to the Office of Management and Budget.

Senator DORGAN. Any word that you have on why OMB would not have requested some emergency funding if the expectation is that we would have a substantial amount of fire activity this year?

Mr. BOSWORTH. I have not had any indication from them, from OMB. I have had some discussions with the boss, with my boss in the Department. But I have not had any indication as to why that was not requested in the supplemental.

Senator DORGAN. All right. So you made a request of OMB, is that correct?

Mr. BOSWORTH. We made our predictions available. We made sure that folks knew what our predictions were for it, for this fiscal year were.

Senator DORGAN. All right. I am not trying to hang you up on this. I am just trying to understand.

Mr. BOSWORTH. Yes.

Senator DORGAN. We are dealing with this supplemental, which really responds to emergency issues, over on the floor of the Senate. And if we anticipated a larger requirement for funding this year for fire suppression and fire fighting on national forest lands,

I am just trying to understand. Did that get up the line to OMB and get stopped at OMB? Is that what happened?

Mr. BOSWORTH. Well, let me—I am going to have Hank respond more specifically.

Senator DORGAN. All right.

Mr. BOSWORTH. But I would like to add something else before I do that.

Senator DORGAN. Sure.

BORROWING FROM TRUST FUNDS

Mr. BOSWORTH. In the past when we have those kind of years, the years where we exceed what we—the amount of money that we have, we have had trust funds available through our Knutson-Vandenberg fund and salvage dollars that we have had available to be able to borrow from and then have that returned. Those trust funds are—because we do not cut nearly as much timber now, then we do not put the dollars into the trust fund, so we do not have those dollars available.

So we are into a new and different kind of a situation, that we really do need to find a solution for, for when we have these kind of years. So I will have Hank be more specific about exactly what the process was in terms of credit and in terms of supplemental funding.

Mr. KASHDAN. Mr. Chairman, we did identify some additional needs that we felt, based on projections that we had run as of February, that indicated we would need some additional funding. We did process a letter through the Department and there was a good amount of discussion with Department officials and OMB.

I cannot tell you exactly whether that letter made it to OMB. In the end, the administration did not process a request for it, however.

SOURCES OF BORROWED FIRE FIGHTING FUNDS

Senator DORGAN. All right. Might I just ask one additional question? Where will you borrow the funds at this point, assuming that this is a pretty tough year for you, and the $321 million is $200 million or $300 million, or $400 million short of your need? Where will you borrow the funds at this point?

Mr. BOSWORTH. Well, we—a couple of months ago, we established, in case something like this would have happened, a sort of a priority list of where we would have to borrow the money from. And we would be taking that from programs that, first, that do not—or that are like contracts, large contracts that have not been let yet from land acquisition dollars that we have that are usually large or fairly large sums.

We would also go to the amount of money that is available in our trust fund account and borrow from those. So those would be three of the areas that we would look to first.

Senator DORGAN. Chief Bosworth, I would like to submit a question. I am going to submit a series of questions to you, but if you might just respond, before I then call on Senator Campbell, on the research cut issue.

REDIRECTION OF RESEARCH FUNDING

The budget request from the administration requests a redirection of $35.9 million worth of ongoing research to fund five new research initiatives that they deem more worthy. Can you just give me a thumbnail sketch of what are those new projects, and how are they more worthy than the ongoing research?

Mr. BOSWORTH. Well, first, I would like to say that I believe that all the research that we have ongoing is very, very important research. And, of course, as times change, then we look at some—at the additional kinds of research that we think that we might need as we project into the future.

We have one program that was proposed as a forest simulation or developing a forest simulation model. Forest inventory and analysis is another program that we have had for a long time, but the proposal is to fund it fully. And the forest inventory and analysis program is one that the States, particularly the State foresters, very much like to have that information.

And basically it is a census of the forests in every State. And the purpose of that is to annualize that program so that they have a much more up-to-date program, or much more up-to-date information. And then bio-based products and bioenergy is another program, another area. And the national climate change research and national climate change technology, those were the five areas.

Senator DORGAN. Well, you send us information about each of those. I will submit a question to you.

ECONOMIC ACTION PROGRAM ELIMINATION

And then, finally, the Forest Service budget justification for 2003 lists six program areas that it will emphasize in 2003. One of the areas is agency programs that benefit communities. But the budget request proposes to eliminate entirely the Economic Action Program, which many people say has the most direct impact on helping communities. Can you tell me how you reconcile that?

Mr. BOSWORTH. Well, the Economic Action Program is a program, also, that we like very much, but it is a heavily earmarked line item, and the administration, as you know, did not use previous years' earmarks, and so that line item was eliminated.

There is a number of places that we can—in many of our programs, where we can help communities and work with communities and help ensure community vitality. There is programs like the Craig-Wyden, came as a State's legislation that has certain—some dollars that go to the local projects, that we have real collaboration with local communities with projects.

There is opportunities to use some of our fuel dollars in private land and around communities, the wildland/urban interface, that help. We can do some preference for local contracting. There is a number of things that we are using to try to help with community vitality. The Economic Action Program was one that was zeroed out.

Senator DORGAN. I am going to reserve some questions, but I would say to my colleagues, Senator Domenici and Senator Burns, before you came in, I mentioned that Senator Byrd is on the floor

handling the supplemental. He asked if I would chair the remainder of this hearing. This is a continuation of the April 25 hearing.

And we have a vote, I believe, scheduled at 11 a.m., so let me call on Senator Campbell for questions.

Senator CAMPBELL. Thank you.

Mr. BOSWORTH. Thank you, Senator.

Senator CAMPBELL. Thank you.

Well, Chief, I have to tell you, I do not know how in the heck you are going to get your job done this year. As I see the $227 million less than the budget for the—for your Department, including $159 million less than 2000 for the National Fire Plan, and these outrageous increases of fires we are having, I just do not see how you are going to do it.

VOLUNTEER FIRE DEPARTMENTS

I did a hearing on some of the fires in Colorado a couple of weeks ago, and I was very impressed with a number of people that are on volunteer fire departments. They are not even getting paid. They are helping out in the fires that we have in Colorado. But there is also a decrease in the present request for State and volunteer fire assistance.

Are there any plans to—for the Forest Service to further aid volunteer fire departments, if you are also—or if you are going to decrease the money that you have been sending to them?

Mr. BOSWORTH. Well, one of the things that we are working on right now is there is—is to develop a new readiness model for fire that includes the needs of both State and local communities as well as——

Senator CAMPBELL. Yes. I am aware of that.

Mr. BOSWORTH [continuing]. The model that we have for the national forest lands. And this would be something that would work with all the fire—wildland fire fighting and Federal agencies that would consider those resources available also, and needs from communities.

When we complete that, I think that will help be more specific about the kind of dollars that we need each year. And the Farm Bill authorization also, I think, will help in future years, because there is some opportunity there to work with communities through the Farm bill.

HAZARDOUS FUELS REDUCTION

Senator CAMPBELL. Okay. Thank you. I understand that there are about 40 million acres that are considered high risk for fire now. You mentioned that there is a reduction of timber sales, which just tells me as a layman that there is going to be an increase of dead trees out there, which adds to the fire hazard. It does not decrease the fire hazard.

Why are you or why is the Forest Service having such difficulty in undertaking a reduction of that, you know, reducing the high fuel load? Is it environmental opposition?

Mr. BOSWORTH. Well, the—I think we are actually doing reasonably well in terms of the fuel reduction that we started in a big way after the year 2000 fires. But I will also say that one of our big difficulties in terms of trying to move aggressively on a fuels

reduction program, if it means cutting some trees, is the "analysis paralysis" that we have in our organization, the high bar of analysis and the process that we have to go through in order to be able to support our decisions through court action or through appeals.

TIMBER SALVAGE PROCESS STREAMLINING

Senator CAMPBELL. What if we do not even have to cut—let us go back a few years to Mount St. Helens when thousands and tens of thousands of trees were blown over in that volcanic eruption.

I understood that about four-fifths of it went to waste because there was so much regulation in being able to timber those dead trees out of there, that it got bug-infested before they could be used, and so we lost them all.

Is there any way that can be speeded up for those, for trees that are already down dead, or do we need to do something here legislatively to help speed that up?

Mr. BOSWORTH. I think there is a number of things that can be done. First, we are looking at what we call categoric exclusions for salvage where our process would allow us to move forward quicker and not—and for categories of salvage sales, for example, that are not very large.

Senator CAMPBELL. Yes.

Mr. BOSWORTH. We would be able to move in without having to go through the documentation of an environmental impact statement or environmental assessment. We still do the analysis, but we do not go through the documentation.

We are about here—in the next few weeks, we should be able to put a rule in the Federal Register to get—or a proposed rule in the Federal Register to get public comment. That will be helpful.

Again, it is not for very large areas, but, you know, when you get an outbreak of insects or disease, sometimes—you know, they usually start small. If you can get on them very quickly, then that helps.

There are things within our own internal regulations that we are looking at right now to see whether or not we can make some improvement in our own internal regulations. And we are working with other agencies like the Fish and Wildlife Service, and they have been talking with the Council on Environmental Quality, to see if there are some things in other agency regulations that can help streamline some of our processes.

So that is the bottom line, that we need to identify where the problems are. And we are in the process of doing that. And we need to improve our own internal processes, our own internal management of the processes and then work with other agencies to try to see if we——

AIRCRAFT SECURITY MEASURES

Senator CAMPBELL. I see. Okay. And a last small question that completely stymies me: I understand the only Forest Service money that is in the 2002 supplemental is $3.5 million for airplane security measures, which I assume is locks on the doors in airplanes. Is that correct? What are you—nobody is in those planes except the pilots and the staff.

Mr. BOSWORTH. Those were through an OIG investigation or audit. After September 11, they identified that the Forest Service is very weak in terms of securing the aircraft that we have or that we have under contract, both our own airplanes, those, and also those that are under contract.

Many of these are in remote areas, as you know, for—they are used for retardant or they are used for lead planes. And we had a significant problem in terms of having those secured from theft.

Senator CAMPBELL. I see. Okay.

Thank you, Mr. Chairman. No further questions.

Senator DORGAN. Senator Burns.

Senator BURNS. I have got one question, Chief. I am going to help you out with your Economic Action Program, how is that for communities?

Mr. BOSWORTH. Good.

Senator BURNS. No, I—seriously, this problem has jumped up in the last, oh, I think the last year. And let your guy get through the book.

GRAZING PERMITS/ALLOTMENTS PROCESS

We have—the previous Chief ordered full EIS and NEPA analysis for grazing, before grazing permits would be reissued. And I understand that you are—and this is going to take about 15 years to complete. And I—it is a long-range program. I hear you are woefully behind.

Mr. BOSWORTH. That is correct.

Senator BURNS. And it is causing some lawsuits. In other words, one rancher was told that it would be—here he is, he has got the cattle, and it will be 2 years before they ever get to him, and he cannot graze until that is done.

Mr. BOSWORTH. We have a—we had a lawsuit on the Horseview allotment, a question on it, in Montana, west of Yellowstone.

Senator BURNS. Yes.

Mr. BOSWORTH. That was a lawsuit——

Senator BURNS. Tell me where we are on that. And how do we speed that up? You have got ranchers out there that cannot turn out.

Mr. BOSWORTH. Basically, the lawsuit was—we lost the lawsuit. And so we—but we are not sure exactly yet, or the courts have not decided yet on whether or not the rancher will be able to turn out. That decision is still yet to be made.

But the problem is that this will go on with a lot of other areas where we have not been able to keep up with our—a lot of management plans——

Senator BURNS. What is the problem?

Mr. BOSWORTH [continuing]. And the schedule of the—that was required under the rescission bill.

The problem is, back to what I was talking about earlier is the amount of analysis, amount of process that we go through when we have to use NEPA and ESA for each one, for each allotment management plan.

We have some forests—I mean, we have got a lot of allotments on national forest lands and national grasslands. And we need to develop allotment management plans for each one of those, and

they have got to be updated. And we have got to go through NEPA, and we have to go through the consultation where we have threatened or endangered species, all of which are good things to go through. But the process that we have burdened ourselves with on some of those takes a lot, an awful lot of time, and a lot of money.

Senator BURNS. Well, now, if this was done by administrative order, how come we cannot change that order and maybe go through an EA or something that would be a shorter process to relieve the situation? Is there a way you can do that——

Mr. BOSWORTH. Well, the——

Senator BURNS [continuing]. Or does this lawsuit now stand in the way?

Mr. BOSWORTH. Well, the—no, I do not believe—I will have to get more information for you on the specifics of the lawsuit.

Senator BURNS. Okay. That is fair enough.

ENVIRONMENTAL ASSESSMENTS VERSUS ENVIRONMENTAL IMPACT STATEMENTS

Mr. BOSWORTH. But I do not think that there is a problem with doing EAs versus environmental impact statements, because it really depends upon the magnitude of the potential effects. And if the potential effects from grazing in the allotment management plan are greater, then we are required to go through an environmental impact statement.

Often we go through an environmental impact statement because we know if we are going to go to court that we can defend an environmental impact statement better than we can an environmental assessment.

Senator BURNS. Well, we——

Mr. BOSWORTH. And so we do more work——

Senator BURNS. Yes.

Mr. BOSWORTH [continuing]. So we can do the——

Senator BURNS. Well, here is how wrongheaded we seem to look at things. And I realize that everything and everybody is well meaning. But if you will look at—we looked at some figures out in Montana just this year, with some of my friends, and looking at a couple of forests.

GRAZING MITIGATION OF FIRE

Do you realize—here we are talking about $280 million or $300 million of shortfall in fire fighting monies that it is going to take if we have got fires. Do you realize that where you graze you do not have near the fire problem that you have anywhere else? And why——

Mr. BOSWORTH. In many cases that is correct.

Senator BURNS. You bet it is. And I do not know why we are not looking at a commonsense approach to this thing, and here we are wanting to fight these stockmen off of their permits or take them off of their permits, when basically we could kill two birds with one stone. We get the grazing fees and we do not have to lay out near as much money in fire money.

Now, to me it is—maybe I figure different than anybody else, but it makes a lot of sense to me that we better either accelerate this, or change the way we do it to make it work and—from an economic

standpoint and also from an environmental standpoint. It just makes sense.

Mr. BOSWORTH. Well, there are many places where—particularly where we are grazing where, as you say, the grass is kept down. You do not have the flash fields during a bad fire season.

There is also the problem with places where we have had a number of or a lot of trees that have grown up that were not or did not used to be there in the more natural condition, places where we used to have maybe 20 to 30 to 40 large trees, and now we have 500 to 1,000 smaller trees. And, of course, the grazing issue there would not be—that would not be a solution for places like that.

Senator BURNS. Well, that is right. But if you had been grazing, you would not have that many trees either.

Mr. BOSWORTH. That is——

Senator BURNS. Okay. Well, those are the issues, I think, that I think we have to take—some way or another we have got to take a commonsense approach to this. Some way or another there has got to be some sense brought into this business because the land will take care of itself.

It is not—they do not take or create all of these, all this money that is just to fight fires when we can do some things to prevent them. And it happens to be grazing and forest management. If you want an example, if you are going through your books and talk about a forest that—probably the most—and, you know, the forest I am going to talk about, on pine beetle. We have got to do something up in that northwest corner up in the Yak.

I am telling you that if we do not, it is just terrible the way we are managing the forest. And I know you are familiar with that. And I know you are trying to do something about it. And we want to help you.

Mr. BOSWORTH. And I would be really happy to work with you on finding some solutions, because there——

Senator BURNS. It just——

Mr. BOSWORTH. We need to simplify it.

Senator BURNS. You bet, because it just looks terrible up there. And I thank you, Mr. Chairman.

Senator DORGAN. Senator Domenici.

Senator DOMENICI. Thank you very much, Mr. Chairman.

GRAZING PERMITS REISSUANCE BACKLOG

Let me discuss with you the situation with reference to these permits on the Forest Service that are technically expired that the Forest Service has not gotten around to reissuing new ones because they have a big backlog.

Mr. Chairman, I think every one of the Senators that are sitting here supported an amendment on the floor 2 consecutive years with reference to BLM and grazing permits. All of you voted for the Domenici amendment that said the rancher is not responsible for them not getting the permit out on time and, therefore, they pay their fee and you issue them the permit and you continue to evaluate. And you can withdraw the permit and reissue it subject to conditions that you would find rather than the reverse, which is to take the—effectively make it a conditional permit when there was no fault on the part of the permittee. The collateralization of that

grazing permit and all are rendered rather valueless if you are waiting around for a full permit until they catch up. And there is no incentive to catch up.

We have now submitted that language and it is in the President's budget with reference to the sister agency. It is not in there on the Forest Service, but it is in there on the BLM. And I would ask if it is an issue that is too hot for you guys to handle, and perhaps you do not have to do it, but I would like to know if there is any real difference in terms of that.

When we did our amendment, there was no big backlog in the Forest Service. And what happened is the backlog there has grown. While we were trying to alleviate the problem in the BLM, it grew up in the Forest Service, who had—the Forest Service had started the practice without any law, just started the practice of an environmental impact with the issuance of a permit.

Senator BURNS. That is exactly right.

Senator DOMENICI. It had never been the law until 4 years ago when it went into practice. When—so I would ask, for the record, if they might give us their reasons. I see no reason. If they do not, I will offer the amendment in committee that we make it, that we treat them both the same.

For about a year, the environmentalists in the country made it the biggest issue going. We have all seen it work. It is perfect; nothing happens. They do not lose any power to mandate the permittee to do things they have to do. If they just did not get around to checking them out yet, you do not—you essentially get a phony permit, because it is your fault for not getting it checked out. So I will do that.

MULTIPLE LARGE FIRES—ADEQUATE RESOURCES

Let me just ask with reference to the fires: I continue to be amazed at how, together, we are so able to make mistakes with reference to the money we have around to fight fires. I mean, everybody that knows anything about the West knew that the cost of forest fires last year was enormous. This season, if I am correct, we have already burned more acreage than we had at this point in the year 2000.

Mr. BOSWORTH. That is correct.

Senator DOMENICI. With the drought conditions that we have now, and that is not going to let up according to the weather bureaus any time soon, we are going to see that acreage increase even further. Do you believe that you have the resources available right now to fight multiple large fires all at once? And if we do not, how would we expect to get them?

I mean, we have a supplemental right now that does not have anything in it, because the fires are not serious enough yet, I guess, maybe. And we cannot put it in now because the bill is all entangled.

Senator DORGAN. Senator Domenici, if you would yield on that point?

Senator DOMENICI. Yes.

Senator DORGAN. I had previously inquired, and they indicated that they had requested money up through, or they think through OMB——

Senator DOMENICI. Yes.

Senator DORGAN [continuing]. For emergency fire fighting and that it, nonetheless, did not get into the supplemental.

Senator DOMENICI. All right. Okay. Well, I think some of us have to look to try and protect it some way. I do not know if we can do it on this bill. Maybe we can do it in conference on this bill, but——

Mr. BOSWORTH. Senator?

Senator DOMENICI. Yes?

Mr. BOSWORTH. Part of your question was: Do we have the resources now to fight these fires?

Senator DOMENICI. Yes.

Mr. BOSWORTH. And the answer to that is: Yes, we do have the resources to fight the fires. And we have had not any shortages. And one of the things that we are lucky about is that the fires are isolated to the geographic area of the Southwest and we have not started getting—and Colorado. And we have not started getting large fires in the Pacific Northwest and the Northern Rockies.

If it evolved to that, to where you have large fires across the West or across the country, you know, we can run into shortages of resource. The biggest concern, again, is the—is finding the dollars and pulling those from other programs that we have in order to pay for the fire suppression, which disrupts other programs and makes it extremely inefficient.

FIRE FIGHTING BUDGET FORMULATION

Senator DOMENICI. Yes. Well, let me just close by saying: If you had to do the choosing in terms of what kind of fire season we are going to have and you were given all the expert advice, you clearly would choose a fire condition that exceeds what you would have on hand to take care of fires, would you not?

Mr. BOSWORTH. At this point, I certainly would. Now, when we, you know, when we requested the budget a couple of years ago, our request was, again, for the 10-year average.

Senator DOMENICI. Yes.

Mr. BOSWORTH. Because when we requested the dollars before, we did not know what this fire season was going to look like, so our approach is to use the 10-year average.

Senator DOMENICI. Thank you very much.

Thank you, Mr. Chairman.

Senator DORGAN. Senator Domenici, thank you.

NATIONAL GRASSLANDS MANAGEMENT PLAN

Let me ask a question about the management of the grasslands, and I do not want to go too far into this, but, you know, North Dakota ranks, I believe, 50th among the 50 States in native forest lands. In other words, we are dead last in trees.

But the Forest Service manages our grasslands. And the Chadren plan, which was begun some many years ago to change the management system with respect to the grasslands, was an attempt to bring all the parties together and create a new management system within the Forest Service for the grasslands.

It will not surprise you, Chief Bosworth, to know that I feel that that was a failure. The Chadren plan really did not bring people together. Significant parties to these interests feel like they were

not properly consulted and we have, as you know, a Herculean struggle among various interests with respect to this management plan.

I have really tried very hard to understand the new management plan. It is hundreds and hundreds and hundreds and hundreds of pages of highly technical information. We have really good professors, Ph.D.'s who have studied it, who come out with a conclusion on this side, and then someone else equally capable comes out with a conclusion on this side, vastly different conclusions.

None of us have the foggiest idea of what the ultimate consequences of this will be. I recognize these lands are multiple use. They are used for grazing, have been for many, many years. But they are also lands that belong to the public, available for hiking and hunting and a range of things.

So we—I do not dispute that we want to have an effective management plan that represents multiple use, but I must confess, Chief Bosworth, that I do not know of anyone who understands the plan that was developed or the consequences of it.

Can you tell me what the status is of that plan? The comment period is over, I believe. Tell me where the Forest Service is with that plan.

STATUS OF NATIONAL GRASSLANDS MANAGEMENT PLAN

Mr. BOSWORTH. Yes, the comment period is over. We have evaluated the comments. We have been working with the interests, and trying to come out with a final record of decision that will be satisfactory to the ranching community, as well as to the environmental community and the—and there is also a fair amount of oil and gas, as you know, and we have worked closely with the oil and gas industry.

I believe in the next few weeks we will be able to sign a record of decision that will be satisfactory. It will not be everything that everybody wants, but I believe that we will be or we will strike a balance that will—that people are going to be willing to move forward with.

The most difficult thing has been the differences of opinion about what both the economic impacts would be, as well as the grazing impacts. And there has been sort of a wider-than-any-other-place-I-have-ever-seen divergence of opinion about what those effects would be.

You know, we have gone through our analysis. And, like you say, we have tons of information. And we think we know what the effects will be, but the ranching community does not trust that, or does not believe that, so we are looking for ways to work our way through it, develop some allotment plans together and see—before we implement that part of it, to see what the effects would be.

MINERALS AND OIL INTERESTS

Senator DORGAN. I failed to mention the minerals and oil interests. And that is another interest here. And I worked, I think, for 3 years with the Forest Service in Meridian and other companies so that we could trade out interests that would allow them to more orderly develop, and perhaps even develop more, but not do it in sensitive or scenic areas that are of special interest to us.

And as a result, the Forest Service—and I appreciated the cooperation—traded out interests. We now have protected the Kinley Plateau and Bullion Butte, very remarkable and special places in—near the Badlands of North Dakota, and we will actually see more oil and mineral development in other areas where they were able to consolidate their holdings, because of those trades.

But, Chief Bosworth, I am trying to remember, did you come to some meetings in North Dakota with me? I think you did.

Mr. BOSWORTH. Yes, I did.

Senator DORGAN. And I recall we had a good many people show up and express great angst about these issues early on in the process. And you, no doubt, I think, as—if I recall, I think we were in Fedora, North Dakota, but Slope County is the county south of there. It is the county next to the one that I grew up in.

Slope County is about the size of the State of Rhode Island. It has about roughly 700 to 800 citizens. We had seven babies born there in a recent year. So it tells you the land mass and the sparse population.

And we have people suggesting that we create wilderness areas by laws. And, you know, you do not need laws to do that. It has become a wilderness, and the people are moving out, not in. Ranchers are quitting, not starting.

NATIONAL GRASSLANDS MANAGEMENT PLAN

And so what we are trying to do with respect to a management plan is to be sure that we do not create dramatic injury to the economies of these counties out there that are struggling very, very hard, and the farmers and ranchers, who are struggling to make a living during tough times, and still recognize that the management plan offers opportunity for all of the others that have a bona fide interest in these lands: environmentalists, hunters, hikers, you know, the whole series of interests including oil and gas and minerals.

So I—the reason I ask this question is this is very important to western North Dakota. It is a very important issue, and I, you know, I graduated from that little high school down near Slope County and Hettinger County, a high school with 40 kids in 4 grades, 9 in my high school class.

I did not take the highest math you can take probably in school, but nonetheless I went on to get several college degrees. And I have really tried hard to understand what this management plan does. I do not have the foggiest idea of what the impact would be 5 years from now in western North Dakota if we fully implement that plan. I wish I did, but I do not.

And I have consulted with Ph.D.'s on both sides of the issues. So that will give you a bit of the frustration of ranchers and others. If I cannot understand it and they cannot understand it, and none of us understand the future consequences, people fear the unknown and should, if they are trying to raise a family and make a living in areas where we have people moving out and not in, and the economies are struggling.

So I just tell you all of that as a background of why this is so very important to us.

Mr. BOSWORTH. Mr. Chairman, I appreciate that. And I just want you to know that it is extremely important to me and to the rest of the Forest Service as well.

ANALYSIS PARALYSIS

I mentioned a little earlier in answer to one of the questions about "analysis paralysis" and "process gridlock." It just seems foolish to me that it takes us so many years to develop a grassland plan to start with.

You know, when we develop plans to be 10 to 15 years in length, and it takes us 5 to 10 years to develop the plan, that just simply does not make sense. And it becomes so complex that people cannot understand it, including half the Forest Service people that, you know, it gets very complex.

We have to simplify our processes. We have—we need to be able to develop a plan in a much shorter period of time. It needs to be much less complex, that does much more interaction with people and a whole lot less paper and intricate analysis on everything when it just is not working for people——

Senator DORGAN. Yes.

Mr. BOSWORTH [continuing]. And we have got to redefine that. We are going to be coming out with some proposed regulation changes on our planning regs to try to simplify the process.

Senator DORGAN. And most of all, a little common sense. I mean, I can tell you of ranchers who wanted to move a water tank, and 18 months later they still were not able to get the approval to move a water tank. Now, you know, you just say to yourself, "This is a bureaucracy that is big, slow and not very capable," if you cannot get answers, and commonsense answers.

You know, that is, you have got a lot of good men and women working in the Forest Service, but you also know this is a big, big bureaucracy. And we need to make it work in a way that allows people to say, "Yes, this agency makes thoughtful and correct decisions and uses a lot of common sense."

At any rate, having said that, I will follow up with another discussion with you at another time on the grasslands. I just wanted to alert you that it is a very important issue.

ADDITIONAL FUNDS FOR FIRE SUPPRESSION

Let me finish by saying I want to submit some questions for the record on behalf of myself and Senator Byrd, and also say that my hope would be that in future years—and I believe it would be Senator Byrd's hope as well, and other members of the subcommittee based on questions—when an agency like yours sees a year coming up that is going to require substantial additional funds for fire suppression and fighting fires on national forest lands, I think we need to have the money available to do that.

You say the resources are available but, in order to get there, you are going to have to take them from other accounts. Why not a budgeting process from the administration that says, "Look, here is what we need. Congress, please appropriate it"? And in my judgment with respect to forest fires and fire suppression, Congress would do that.

We have an emergency supplemental bill we are debating right now. We will have a vote, a cloture vote at 11 o'clock, and I think it should have had several million dollars in it for additional fire suppression monies that you are going to need.

Is it not the case that you are going to need that this year, in your judgment?

Mr. BOSWORTH. Yes. In my judgment, we will need it. We will need additional money. We will borrow from our accounts and, that is, from other programs.

Senator DORGAN. Would you agree with me that it would have been or it would be smarter and better and more effective and in the public interest to do this right up front?

Fighting fires is not optional, is it? I mean, you know, fire suppression is not optional. You cannot wake up in the morning and just say, "All right. The fires are not an issue for us because we do not have sufficient money budgeted. We thought it was going to cost us $300 million. It is quite clear we have already spent that and it is going to cost a lot more. So we will do nothing." That's not an option.

Mr. BOSWORTH. That is not an option. We are not going to be allowing—particularly near communities, we are not going to be allowing fires to burn off national forest lands and through communities, and——

Senator DORGAN. So would you agree with me that next year, if we get into this situation, that the administration ought to put the money in and request the money in a supplemental?

LONG-TERM SOLUTION TO FIRE FIGHTING FUNDING

Mr. BOSWORTH. Well, I would like for us to find a long-term solution to the problem, and there—I think there are some different options that we can look at, like an emergency fund, a national emergency fund, some way that we can get dollars quickly in those years that we underestimated the amount of money that it is going to take. But this is just crying out for a long-term solution to this problem. And I would be really happy to work with you on coming up with some ideas.

Senator DORGAN. Well, Chief, thank you very much.

Mr. BOSWORTH. Thank you.

Senator DORGAN. And, Mr. Kashdan, thank you very much for being here.

Mr. KASHDAN. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Senator BYRD. Thank you very much. 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 ROBERT C. BYRD

FAILURE TO PROVIDE COMMITTEE WITH FIRE REPORT

Question. Last year the Forest Service worked hand-in-hand with the Department of the Interior and state and local governments to craft a ten-year strategy to com-

bat forest fires and reduce the risk of fire in an around our communities. However, the National Fire Plan did not identify funding requirements for the various components of the Plan. I understand that the amount of money needed to fight forest fires in any given year is going to fluctuate based on various factors, not the least of which is the weather. Nevertheless, I also think it is extremely important for this Committee to fully understand the costs of the National Fire Plan if we are to provide the necessary resources. Consequently, the Forest Service was directed in the fiscal year 2002 appropriations bill to update the National Fire Plan by providing Congress with detailed schedules of planned activities and the funding required to carry out the Plan. This report was to be delivered to the House and Senate Appropriations Committees by March 15 of this year. To date, we have yet to receive this report.

Chief Bosworth, please tell the Committee why the Forest Service has not complied with the Committee's direction, and when you anticipate sending this report forward.

Answer. The agency has prepared the report but the Office of Management and Budget has not cleared it for submission to the Hill because OMB is reluctant to approve a report that contains budget estimates beyond the fiscal year 2003 budget proposal. The agency is working with OMB to present the report in a fashion that meets the Committee's needs.

FIRE SUPPRESSION COSTS

Question. Last year, the Forest Service spent $690 million putting out forest fires. In order to pay these costs, the agency had to borrow $200 million from non-fire accounts. This caused disruption in administering the programs from which the funds were borrowed and it also delayed important projects. In reviewing the agency's budget, it appears that for the current fiscal year the Forest Service has approximately $321 million on hand for firefighting activities.

If this fire season turns out to be as bad as the last, when you spent $690 million, won't that mean that the Forest Service will need to borrow $370 million to cover these costs?

Answer. Yes, that is correct. But, at this time, we can't know for certain what the fire season for this year will be.

WOOD EDUCATION AND RESOURCE CENTER

Question. The Wood Education and Resource Center, located in Princeton, West Virginia, is very important to me, to the people of my state, and to the hardwood industry in general. Unfortunately, before the Forest Service became involved in the running of the Center, it had been poorly managed. The Forest Service is to be commended for the manner in which it has turned the Center around. I am very pleased and encouraged by the Forest Service's management in recent years, and am confident that the Center will continue to grow. However, I note that the budget request for fiscal year 2003 does not identify a specific funding level for the Center's operations. On the contrary, the request merely states that the Center will receive a similar level of funding as it did in fiscal year 2002.

What is the precise amount that the Forest Service is planning on providing the Center in the upcoming fiscal year?

Answer. $2.7 million, the same level as last year. [Senator: the agency has told us that this is their intention but it is useful to have this stated on the record.]

MONONGAHELA FOREST PLAN

Question. I am very concerned about the failure of the Forest Service to complete forest plan revisions in a timely manner. The National Forest Management Act requires that each forest plan must be revised every 15 years. However, your budget states that by fiscal year 2003, 80 forest plans will be beyond this 15 year time frame. One of these forests is the Monongahela National Forest in West Virginia. This issue is of particular importance to me as I understand that there is litigation against the Forest Service which could potentially lead to a shut down of many activities on national forests because the Forest Service has not completed a plan revision on a timely basis.

Chief, when will the forest plan revision on the Monongahela be completed?

Answer. The Monongahela plan will not be completed until 2006, 5 years beyond the required 15 year revision date.

Question. Is it possible that activities on the Monongahela could be affected because the plan has not been completed on time? If so, what kinds of activities could be in jeopardy?

Answer. The agency will likely say that there are a number of court cases pending around the country where this argument is being made, i.e., that because a forest plan has not been revised within 15 years certain activities must be halted until the plan is revised. This litigation is primarily aimed at timber harvesting but other activities could be affected depending on the ruling of the courts.

Question. What are you doing to get a better handle on completing forest plans in a timely manner?

Answer. The complexity of the forest planning process is an enormous problem that is a great cost in terms of time and money. We are reviewing our planning regulations and will be revising them. We believe that revising these regulations may provide a more efficient means to address this problem.

RESEARCH CUTS AND IMPACTS TO WEST VIRGINIA

Question. As I noted in my opening statement, I am very concerned with the administration's budget request for Research. Within that request is a proposal to redirect some $35.9 million worth of ongoing research to fund other activities deemed more important by the administration. According to information provided to the Committee by the Forest Service, this proposal would mean the reassignment or termination of 275 research personnel, and the closing of 12 research facilities

What, if any, impacts will there be to the research labs in Princeton, Parsons, and Morgantown West Virginia?

Answer. No final decisions have been made with respect to the closing of certain facilities or cutting staff. These impacts will be assessed before any final decisions are made. The agency will work with you in making sure that facilities in West Virginia are not harmed by redirections proposed in the budget.

SENECA ROCKS REPAIRS/LAKE SHERWOOD SEWAGE IMPROVEMENTS

Question. I am concerned with the amount of backlog maintenance that needs to be done on our national forests—some $6.8 billion according to Forest Service estimates. On the Monongahela National Forest, the Lake Sherwood Recreation Area needs a new sewage treatment system and the Seneca Rocks Discovery Center needs various repairs to address problems with the ventilation system and some cracks in the structure. I have not seen either of these important projects mentioned in your facilities maintenance lists for fiscal year 2003.

Am I correct in assuming that these maintenance problems will not be addressed under your proposed budget?

Answer. These projects are not currently planned for under the proposed budget. The Chief will say that the enormous backlog of work prevents the Forest Service from being able to address all of the worthwhile projects that need funding each year.

Question. If the funds are provided by the Committee can you assure me that these projects will be completed on a timely basis?

Answer. Yes, if funds are provided the agency could contract to have these problems addressed very quickly.

GYPSY MOTH DEFOLIATION IN WEST VIRGINIA

Question. West Virginia has some of the most beautiful forests in the country, and is, in fact, one of our nation's most densely forested states. That is why I am concerned about the spread of the Gypsy Moth, a non-native pest which has defoliated thousands of acres in West Virginia. In the last three years, the number of acres of West Virginia forests defoliated by the Gypsy Moth has escalated dramatically, rising from no acres in 1999 to more than 600,000 acres in 2001.

What is the Forest Service doing to combat this problem and what level of funding is being devoted nationally and in my state of West Virginia?

Answer. For fiscal year 2002 the agency spent $14,842,000 to combat Gypsy Moth and the budget is increased only slightly to $15,000,000 in fiscal year 2003. For West Virginia, the agency spent $935,000 in Fiscal year 2002 and plans to spend $940,000 in fiscal year 2003. Thus, the agency is only marginally increasing amounts to combat Gypsy Moth even though problem is clearly getting much worse.

Question. What level of funding could the Forest Service effectively spend?

Answer. The agency could use more dollars for this effort, but it has many priorities and their existing budget is an attempt to address many competing needs. The Chief will state that invasive species such as the Gypsy Moth are a growing problem that the agency will have to address over the long term with additional resources. He will work with you in trying to ensure that more resources can be applied to this important effort.

ELIMINATION OF WOOD IN TRANSPORTATION PROGRAM

Question. I am concerned with the budget request for the State and Private Forestry program area. A number of important initiatives are funded through the State and Private Forestry appropriation. One of these is the Wood In Transportation program, headquartered in Morgantown, West Virginia. This office provides information and technical assistance to the entire nation on the use of timber in bridge construction. It has been estimated that 30 percent of the nation's 589,000 bridges need repair or replacement. This program helps to address that need and it also stimulates economies in rural areas by establishing a market for smaller diameter, low value woods. However, your budget proposes to eliminate this program in fiscal year 2003.

Why?

Answer. The Wood In Transportation program is funded through a larger set of programs called Economic Action Programs (EAP). The EAP account has been heavily earmarked in previous years, and, in an effort to reduce earmarking by Congress, the Administration chose to eliminate all Economic Action Programs.

Question. Last year, your budget emphasized how the Wood In Transportation program could help with the National Fire Plan by creating a market for much of the low value, smaller diameter material that the agency is planning to remove from the national forests as part of its hazardous fuels reduction program. Wouldn't you agree then, that it is short-sighted to eliminate this program?

Answer. The Chief should agree that the Wood in Transportation program helps to create a market for small diameter material. The agency will likely claim that it was the Administration's decision to eliminate this program due to the extent of earmarking, but that if Congress provided the funds the agency would support this worthwhile effort.

INEQUITABLE DISTRIBUTION OF FIRE FUNDS

Question. As a result of severe fire seasons the past two years, Congress has more than doubled the amounts appropriated to the Forest Service for the fire program since fiscal year 2000. This additional funding was to support the National Fire Plan, which would implement a more integrated approach to fire management. An important part of the National Fire Plan is additional funding for research to study fire behavior, determine the most effective forms of fuels treatment, and to improve firefighter safety. I am very concerned that the Northeastern Research Station, which serves thirteen states including West Virginia, has not received equitable treatment in the allocation of funds for fire research. We have some fine research facilities in Morgantown, Parsons, and Princeton, West Virginia. In the past two years, the Committee has appropriated $79,789,000 for research under the National Fire Plan but the Northeastern Research Station has only received a total of $1,450,000, or 1.9 percent of the total funds.

Chief, why has the Northeast received such a small percentage of fire research funds?

Answer. The Chief is likely to say that in the past the bulk of fire research for the Forest Service has been done at facilities in the West and that trend continued with the increased funds for the Fire Plan. However, the agency should be reminded that this plan is the "National Fire Plan" and it should be truly national in scope. Accordingly, the Northeastern part of the country should get a more equitable share of these funds.

Question. I would hope that you would do something to make a more equitable distribution of research funds in future years. While I understand that more money will go to Western states for many fire activities since the majority of forest system acres are in the west, I believe that in the realm of research the Northeast should get more than a mere 1.9 percent of funds. We have had an acute drought this year and have a vast number of rural communities that could be at risk to forest fires.

How will the $29,427,000 of proposed fire research funds be distributed in fiscal year 2003?

Answer. Chief will likely respond that he will review this matter and work with you and staff to ensure that appropriate levels of research funds are allocated to the East. West Virginia would be an important place where fire research could be conducted.

FINANCIAL ACCOUNTABILITY

Question. Chief, this Committee remains deeply concerned with the integrity of the financial management systems within the Forest Service. For the last several years, the agency has been telling the Committee that it is putting in place im-

proved management systems that will lead to greater accountability. However, your agency has yet to obtain a clean audit opinion as required by statute, and it remains on the General Accounting Office's list of agencies at high risk of waste, fraud and abuse.

When do you expect to have these problems straightened out and a clean audit opinion issued?

Answer. The agency's goal is to have a clean audit opinion at completion of fiscal year 2002, or 2003. The Forest Service believes that it has implemented processes to better account for their real property assets and to simplify their accounting system while at the same time improving accountability over each dollar spent. These have been two major obstacles in obtaining clean audit of their books.

SUBCOMMITTEE RECESS

Senator DORGAN. Thank you very much, that concludes the hearing. The subcommittee will stand in recess until 10 a.m., Thursday, June 13, when we will meet in room SD–124 to hear from the Secretary, Department of the Interior, Gale A. Norton.

[Whereupon, at 10:45 a.m., Thursday, June 6, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, June 13.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2003

THURSDAY, JUNE 13, 2002

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

The subcommittee met at 10:02 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Byron L. Dorgan presiding.

Present: Senators Leahy, Dorgan, Feinstein, Murray, Burns, Stevens, Domenici, Bennett, Campbell, and Johnson.

DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

STATEMENT OF HON. GALE A. NORTON, SECRETARY

ACCOMPANIED BY:

P. LYNN SCARLETT, ASSISTANT SECRETARY FOR POLICY, MANAGEMENT AND BUDGET

JOHN D. TREZISE, DIRECTOR OF BUDGET

OPENING STATEMENT OF SENATOR BYRON L. DORGAN

Senator DORGAN. The subcommittee will come to order.

Senator Byrd has asked that I Chair the subcommittee hearing this morning in light of his duties associated with the supplemental appropriations bill, and I am pleased to do that.

The subcommittee today is pleased to welcome the Secretary of the Interior, Gale Norton. It is nice to have you back, Madam Secretary, and we look forward to hearing your testimony this morning.

My colleagues and I also look forward to having the opportunity to ask specific questions concerning policy decisions reflected in the budget that is submitted to us. The administration has proposed spending approximately $9.4 billion for programs under the jurisdiction of this subcommittee. Clearly, that is a significant sum of money, but then the responsibilities placed on your Department are many, and I am concerned, as I am sure others are, that the resources being requested may not be sufficient to meet the demands and the needs. We want to make sure that we are doing all we can for Indian country especially. We want to make sure that we have provided for the backlog of maintenance funding for our parks, wildlife refuges, other public lands. And the question is, is the level of funding requested for the abandoned mine reclamation program

sufficient? I hope that we will be able to have you address all of those issues and be able to ask questions about it during this morning's hearing.

PREPARED STATEMENT

Once again, Madam Secretary, we appreciate your coming today. My understanding is that you are accompanied by Assistant Secretary P. Lynn Scarlett and the Director of Budget, John Trezise. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF SENATOR BYRON L. DORGAN

The subcommittee is pleased to welcome this morning the Secretary of the Interior, Gale Norton. It is nice to have you back, Madam Secretary, and we look forward to hearing your testimony.

My colleagues and I also look forward to having the opportunity to ask specific questions concerning the policy decisions reflected in your department's budget. The administration has proposed spending approximately $9.4 billion for programs under the jurisdiction of this subcommittee. Clearly, that is a significant sum of money. But the responsibilities placed on your department are many, and I am concerned, as I am sure others are, that the resources being requested may not be sufficient to meet demand. Are you, for example, doing all you can for Indian country? Has the department provided adequate backlog maintenance funding to our parks, our wildlife refuges and other public lands? And isn't the level of funding requested for the abandoned mine reclamation program too low? I hope you will address these and other questions this morning.

I am particularly concerned about funding for Indian education, housing, justice and other programs. Regrettably, the President's budget comes nowhere close to meeting the need for funding that exists in Indian country. The budget for the Bureau of Indian Affairs receives only a $23 million, or 1 percent, increase, despite the desperate needs that exist with respect to housing, education, law enforcement, social services, and other areas. I am very, very concerned about the funding levels proposed by the Administration for Indian programs, and I hope that the Congress will be able to do better, despite the more difficult funding situation we are facing.

There are a few specific recommendations for Indian programs made in the Department of Interior's budget that concern me greatly. I am strongly opposed to the President's recommendation to eliminate $3 million in BIA funding for United Tribes Technical College in Bismarck, and I intend to see that this funding is restored. Since 1981, the proposed BIA budget has always recommended funding for UTTC, which I think is indicative of the strong support the college has in Indian country. It is the only intertribally-controlled postsecondary vocational institution in the country, and it serves nearly 500 students from more than 40 tribes around the country. UTTC is making a real difference in the lives of the students and families it serves. One student, Anita Green, asked me to help restore the budget cuts to UTTC, saying: "This is home for my family and so many others. For many of us, this is maybe our last chance at college and trying to make something of ourselves." Another student, Walter Runs Above, a freshman majoring in Injury Prevention, said, "If the college is closed because of funding cuts, a lot of hearts will be lost."

Another area of deep concern is the $2 million cut slated for tribal colleges. Last year, I fought, along with Senator Burns, the Ranking Member, to increase per student funding for tribal colleges to $3,916 for fiscal year 2002. Unfortunately, the President's budget would roll-back this progress by decreasing funding by $390 per student, to $3,526. Funding for tribal colleges is authorized at $6,000 per student, and the President's budget would fund tribal colleges at only 59 percent of the authorized funding level. I would hope that, rather than taking steps backward, we could continue to increase funding for tribal colleges in fiscal year 2003.

I am interested in learning more about the Administration's "Indian School Privatization Initiative," for which the budget requests $11.9 million. Quite frankly, I have concerns about this initiative, at least from what little information the Administration provided about it. I strongly support the ability of tribes to operate BIA schools if they so choose, and there are already two mechanisms in the law—the grant school authority and the contracting authority—that enables tribes to do so.

I am concerned, however, by a program that essentially says to tribes, we want you to take over these schools, with inadequate funding for the administration of

those schools, and if you don't, we are going to turn the school over to a private company to run. That doesn't seem fair to me. It seems to me that if Congress and the Administration want to be serious about encouraging tribes to exercise self-determination, then we would provide 100 percent of the cost of tribal administration of schools, fully fund student transportation costs, provide adequate funding for operations and maintenance, and otherwise provide the funding needed to make the running of the schools a fair proposition. In that way, many tribes that genuinely would like to take over the administration of BIA schools would be able to do so.

Before turning to the subcommittee's distinguished Ranking Member for any opening statement he may wish to make, let me note for the record that, given his ongoing duties associated with the supplemental appropriations bill, Senator Byrd has asked me to chair this hearing in his absence. I am, of course, pleased to accommodate his request.

Senator DORGAN. Let me call on Senator Burns.

OPENING STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. Good Irish names.

Madam Secretary, thank you for coming this morning and thank you, Mr. Chairman.

It is time we started holding hearings and doing something about appropriations. As you know, it is getting late in the year, and having no budget yet, it kind of leaves us out there in limbo a little bit. But, nonetheless, we should have these hearings and get some of the things ironed out.

A year ago when you came before this committee, you had a budget that you had to defend that you had very little role in shaping. But this year is a different thing. We will have some questions, and we will just put my opening statement in the record and hear from you because I think we want to roll right along. We have still got a pretty busy day ahead of us.

I think the chairman hit the nail on the head. There are some things we have to do. I am concerned about parks and our ability to take care of the infrastructure, our O&M accounts in those parks.

I am very much concerned about EIS's. It is what is required of BLM before we can get a grazing permit. And we are way behind, and if that is going to take more resources, let us get some resources there. We have heard of some stockmen that are not even going to renew their permits until the EIS is done. Now, you cannot stand around there with a herd of cattle or a flock of sheep and expect to hold them until the EIS is done. And that is our responsibility, and if you need more resources, why, let us find out if we cannot get more resources. But let us accelerate that a little bit. I know you have made great progress in the last 360 days, but more has to be done.

PREPARED STATEMENT

There again, I would say the chairman was sure right. Let us take a look at infrastructure. I know I have got two of the crown jewel parks in my State, and we sure need some help in some of our maintenance problems that we are having there.

Thank you for coming today. I look forward to your testimony.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Thank you, Mr. Chairman. And welcome Madam Secretary. I'm glad we've finally been able to schedule a time to hear from you, regarding both the fiscal year 2003 budget request and whatever else is on your mind.

When you came before this subcommittee a year ago, I believe you were the only confirmed appointee in the entire Department. You were defending a budget that you had only a modest ability to shape, and had very few senior staff to help deal with the many complex problems that started landing on your desk on day one.

A year later things are hopefully a bit more manageable, now that you have your Assistant Secretaries and senior staff in place. But being landlord for more than one fifth of the United States—over a half billion acres—can never be easy.

In trying to implement your vision of cooperative conservation throughout the Department, I know you've met resistance from a sometimes cynical and risk-averse bureaucracy.

In trying to implement the President's energy policy and expand domestic energy production in a responsible manner, you've met with opposition every step of the way from those who would have our country become entirely dependent on foreign energy sources.

Since September 11th you've had to wrestle with many of the same issues we're facing throughout government, such as finding the proper balance between security and public access, and reforming your organization to properly meet the terrorism threat.

And through all of this you've been saddled with the thankless task of addressing the intractable, expensive, draining, centuries-in-the-making problem of Indian trust reform.

Given these often frustrating challenges, Madam Secretary, I'm just glad you're still here.

But while we're anxious to hear about the progress you're making on these fronts, we of course also want to hear from you about the budget request. In the context of an overall budget constrained by the war on terror and an economic downturn, there are some very positive elements in the request. You've dedicated $100 million in new money for a Cooperative Conservation Initiative, and provided increases of $84 million for trust reform, $24 million for planning and permitting on BLM lands, and $50 million for refuge operations.

Regrettably, these increases are offset by some very troublesome reductions. You've reduced PILT funding by $45 million, which strikes me as a slap in the face of the public land states of the West.

And you've eliminated over $100 million in specific programs and priorities funded by Congress in fiscal year 2002, without any apparent analysis of the merits of the individual programs. I assume you had a little help from OMB in this regard, but at the end of the day you are all on the same team. And if the Administration's budget folks have decided that all ideas are bad simply because they were Congress's and not their own, then we are going to have real problems. This kind of off-handed treatment makes it difficult for us to be receptive to the Administration's own proposals and initiatives, though I am striving to keep an open mind.

That said, Madam Secretary, I'm glad to see you here today. We look forward to hearing your testimony, and your answers to our questions.

Senator DORGAN. Senator Johnson.

OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. Well, thank you, Chairman Dorgan, and thank you in particular for allowing me to sit in on this particular subcommittee hearing. Welcome to Secretary Norton, and I appreciate the timely hearing to address the President's fiscal year 2003 budget request for the Department of the Interior.

The Department of the Interior's agencies and bureaus have a significant impact on the citizens of my State from parks to grazing to Native American issues. I am very interested in the Secretary's testimony and I look forward to some questions that can be posed to her as this goes on.

There is one issue in particular I want to focus on just a bit, and that is, as many of my colleagues are aware, the issue of trust fund

mismanagement illustrates what I believe to be a complete breakdown to adequately maintain Indian trusts and assets by the Interior Department. This has been going on literally for generations and so it is certainly not to single out this administration. This has been going on for far too long. And this has been going on despite the United States' trust responsibility for Indian tribes.

In light of an array of perplexing circumstances in Indian country, and most notably in my State of South Dakota, the issue of trust fund mismanagement is beyond shocking. It is profoundly unacceptable. Unfortunately, American Indians and Alaska Natives in the United States continue to rank at or near bottom of every measurable socioeconomic and health indicator when compared to other groups of American citizens. The problems of trust funds and asset mismanagement have persisted literally, again, for generations and continue today. For as long as the problem has existed, administrations of both political parties have been inadequate in their response, as the response has been inadequate from Congress.

PREPARED STATEMENT

The Trust Fund Management Act of 1994 was intended to remedy the accounting discrepancy, but unfortunately that has not been the case. I do believe that this will not be resolved without very close consultation with the tribes and respect for the government-to-government relationship that is necessary when dealing with the sovereignty of our Native American tribes.

So, I look forward to questions to be submitted to the Secretary, and I will submit a much fuller statement for the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR TIM JOHNSON

Mr. Chairman, thank you for holding this important hearing today to address the President's fiscal year 2003 budget request for Department of the Interior. The Department of the Interior's many agencies and bureaus have a major impact on the citizens of South Dakota, so I am very interested in the Secretary's testimony and look forward to her answering some questions about this Administration's priorities for the Department of the Interior.

One of the issues the Department has had some controversy addressing has been the management of Indian trust funds and assets. The United States fundamental and legal principle of government-to-government relationship with Tribes is to honor the Federal Government's trust responsibility and obligations. One of the key component's of that trust responsibility is the administration and management of trust funds and assets.

As many of my colleagues are aware, the issue of Trust Fund mismanagement illustrate a complete breakdown to adequately maintain Indian trusts and assets by the Interior Department, despite the United States trust responsibility for Indian tribes. In light of an array of perplexing circumstances in Indian country, and most notably in South Dakota, the issue of Trust Fund mismanagement is beyond shocking, it is profoundly unacceptable. Unfortunately, American Indians and Alaska Natives in the United States continue to rank at or near bottom of every measurable social, economic, and health indicator, when compared to other groups of American citizens.

The problem of trust funds and assets mismanagement persist literally for generations, and continues today. For as long as the problem existed, administrations of both political parties have been inadequate in their response, included is the level of inadequate direction and resources by Congress. The Trust Fund Management Act of 1994 was intended to remedy the accounting discrepancy. Unfortunately, this has not been the case.

In late November, the Secretary attempted to address this ongoing problem by proposing to split off BIA trust assets management responsibilities into a new Bureau of Indian Trust Asset Management (BITAM). The Secretary released the De-

partment's plan without first consulting with the very people who are supposed to benefit from these trust account. For that reason, I made my opposition to the Secretary's plan very clear, and I asked Chairman Byrd of the Appropriation Committee to instruct the Department not to reprogram any funds to begin implementing the Department's reorganization efforts. It is my sincere hope that the Department and Secretary Norton are continuing to abide by that directive and look forward to the Secretary providing a commitment to this Committee that the Department will in fact take no action to implement her reorganization plan until it has the support of Native Americans and Congress.

We have already benefitted from input of many tribal officials in the context of Department consultation meetings, as well as the Department's Task Force on Trust Reform. I have had numerous discussions and meetings with South Dakota tribal leaders, and I greatly appreciate their insights and leadership. I would also like to take this opportunity to thank Mr. Mike Jandreau, Chairman of the Lower Brule Sioux Tribe, a member of the Interior Department's Task Force on Trust Reform, and Tom Ranfranz, President of the Flandreau Santee and Chairman of the Great Plans Tribal Chairman's Association for their sound advice and counsel as we proceed with trust reform efforts.

I have also worked closely with my colleagues, Senator John McCain and Senator Daschle, as sponsors of the Indian Trust Asset and Trust Fund Management and Reform Act of 2002. This legislation is simply an ongoing process as we continue to work closely with Tribes to address the need for reform of the management of the trust funds and assets that have been mismanaged for decades. We are hopeful that our legislation can serve to jump start discussions in Congress and with tribes all across the country as we try to find a solution to these ongoing problems.

I strongly urge the Secretary to include tribal consultation at every phase of the ongoing trust reform efforts, and I further urge the Secretary to not implement any reorganization against the wishes of tribal leaders around the country and Congress. I encourage the Department of Interior to work with Congress to solve this long overdue problem.

There are several other issues I would like to highlight as well, including the lack of critically needed funding for the Indian Health Service, tribal colleges, BIA school construction, the Bureau of Reclamation's rural water projects, the PILT program, the backlog facing our National Park System, and the Earth Resources Observation Systems Data Center in the United States Geological Survey.

The Indian Health Service (IHS) is tasked with providing full health coverage for American Indians and Alaska Natives. However, per capita spending for each IHS beneficiary is only one-third of what is spent per capita on health care for the general U.S. population. For many years, appropriations for the IHS have not kept pace with medical inflation or population growth. As a result, IHS services are so underfunded that patients are routinely denied care that most of us take for granted and, in many cases, call essential. Treatment is deferred unless a patient's condition is life-threatening or they risk losing a limb. Because of this "life or limb" requirement, many patients do not receive care until they have deteriorated significantly, when the treatment required is much more costly. Others receive no care at all. As a member of the Senate Budget Committee, I was pleased to have worked with Chairman Conrad and Majority Leader Daschle to include a $1 billion increase over the Bush Administration's IHS budget in the Senate Budget Committee passed fiscal year 2003 budget resolution.

Tribal colleges play a vital role in helping Native Americans to obtain the skills and knowledge required to succeed in today's world. The colleges supply higher education to countless students who live on and near our Nation's Indian Reservations. Without these colleges, many Native Americans would not be able to advance to higher skilled jobs, nor be able to matriculate into mainstream colleges and universities. There are much lower drop out rates for Native students who attend Tribally Controlled Community Colleges than students who entering mainstream higher learning institutions right out of high school. The colleges are an integral part of the educational system for Native Americans and must be given the proper support and resources.

However, tribal colleges have been traditionally underfunded. Currently, tribal colleges receive funding at just under $4,000 per student, but are authorized to be funded at $6,000 per student. Last year, we were successful at obtaining approximately $41 million for operations for Tribal Colleges. However, this year the President's budget reduces funding by $2 million. This funding must be restored and hopefully increased. Cutting resources further inhibits the colleges' ability to function at the level at which they are capable. Moreover, the attendance at tribal colleges is growing to record levels. There are five tribal colleges in South Dakota that

are providing outreach and role model services to the Indian local schools. However, they will not be able to meet these goals if they do not receive adequate funding.

The Earth Resources Observation Systems (EROS) Data Center is a data management, systems development, and research field center for the U.S. Geological Survey's National Mapping Division. Scientists, managers, and technical users from around the world, including the scientific and technical staff at the EROS use data from its archives for a variety of data applications and research programs. Data from our archives have been used in studying scientific date and events throughout the world, including the eruption of Mount St. Helens, flooding on the Missouri River, Hurricane Mitch and Desert Storm. In today's environment, the data gathered at EROS is invaluable and can help keep our nation safe. It is important that EROS continue to receive the proper resources to continue its mission.

The Bureau of Reclamation provides funding to four critically needed drinking water projects in South Dakota, the Mni Wiconi, Mid-Dakota, Lewis and Clark, and Perkins County projects. Unfortunately, the Administration's request was inadequate for all of four of these projects, and I will work to increase the funding levels to help get clean drinking water to as many South Dakotans as quickly as possible.

Almost since its inception, there has been an annual battle over the level of funding for the Payment in Lieu of Taxes Program (PILT) is designed to provide compensation to local communities that have significant amounts of federal land in their counties. Because these lands are not subject to local property taxes, PILT funds are critical to the budgets of local governments that provide many valuable services such law enforcement and sanitation. PILT has been chronically underfunded and rural states like South Dakota have difficulty providing basic public services on areas of federal land. Congress should live up to its commitment and fully fund PILT.

It is clear that we are going in the wrong direction and must find ways to adequately fund PILT, so that the needs of rural areas are met. South Dakota has a high level of federal lands and most of the counties receive PILT funding. The counties are entitled to this funding by law and the federal government has an obligation to meet this requirement.

To this end, I have cosponsored S. 454 so that we can guarantee that the funding gets to the local level where it is most needed. S. 454 would provide for the full authorized amount to be made annually to the Interior Department. This would ensure that counties receive the full level of funding to which they are entitled. Counties and local governments have important needs to be met. They should not be penalized by the inability of the government to meet its obligations.

It my understanding that the Administration is opposed to S. 454. It is my hope that the Administration will join in with the government's obligation to fully fund PILT so that we can help our local communities.

The Administration should also work with Congress to help eliminate the backlog in the National Park Service operating budget. While the National Park Service's operating budget has increased in recent years, it has failed to keep pace with the escalating needs of the parks to adequately protect the resources and to provide a proper visitor experience. My state has several national parks that we are extremely proud of, including Mt. Rushmore, Wind Cave, Jewel Cave and the Badlands. The parks are national treasures and the jewels of South Dakota and must be properly maintained for South Dakota residents and the millions of visitors who enjoy them. I am supportive of efforts to increase the parks' operating budget by $280 million, $172 million above the President's request ,and am hopeful the Administration can work with us to support this increase. This is a small price to pay for protecting these priceless assets.

Senator DORGAN. Senator Bennett.

OPENING STATEMENT OF SENATOR ROBERT F. BENNETT

Senator BENNETT. Thank you very much, Mr. Chairman. I appreciate the opportunity for the hearing.

I welcome Secretary Norton and must take this public opportunity to thank her and the employees of the Interior Department for the assistance in the 2002 Winter Olympics. The games were successful and a good portion, if not a majority of them, were held on BLM land, over which she has stewardship. So, the employees of the Interior Department were a critical factor in the successful games.

While I am at it, I want to add two more names to the list of people. I hope if I keep commending these people, you will keep leaving them in Utah. Al Trout, who is the manager of the Bear River National Wildlife Refuge, and Sally Wisely, who is the State Director of the BLM. We are delighted with these Federal employees. They serve the Department and the people of Utah very well, and I would be remiss if I did not make public acknowledgement of that.

Now, Mr. Chairman, I intend in this hearing to spend some time talking with Secretary Norton about the costs of litigation. We have one lawsuit that has been brought by the Southern Utah Wilderness Alliance that has consumed 50 percent of the BLM's recreation budget for the entire State of Utah. Every action that the BLM takes, no matter how routine, no matter how established in precedent, no matter how normal, is challenged with a lawsuit. The BLM wins well over 90 percent of these lawsuits, but in prosecuting the lawsuits, the BLM budget is eaten up in legal costs and thereby accomplishes the goals of the so-called friends of the environment in preventing things from happening.

The ultimate irony is that the primary loser of this kind of activity on behalf of environmental groups is the environment because the BLM and the Department of the Interior is robbed of budgetary resources necessary to properly manage the land. The money is spent on lawyers winning frivolous lawsuits that are dragged out ad infinitum in Federal court.

I wish to talk about that. The Secretary and I have had conversations about that. But since this is a budget hearing, I think it appropriate that we highlight this very significant budget issue that gets ignored and swept under the table. The environmental groups have discovered that what they cannot win with their arguments, they can win with frivolous lawsuits. I think in a budget committee talking about appropriations, we should address that issue.

Thank you, Mr. Chairman.

Senator DORGAN. Senator Campbell.

OPENING STATEMENT OF SENATOR BEN NIGHTHORSE CAMPBELL

Senator CAMPBELL. Thanks, Mr. Chairman. Sorry I am a little bit late.

Welcome to my friend and colleague from Colorado, Gale Norton. Let me make just a couple of quick comments because I have some questions and I am really interested in hearing her testimony.

I understand you were out in Colorado a couple of days ago, Madam Secretary, so you know I guess we are on the tip of iceberg for fires in the West. Although our State seems to be in the news an awful lot, I am sure that we have got fires in many other western States. It is almost out of control. They say the one southeast of Denver may end up burning itself out before it can be brought under control. It is that bad with the high winds.

From our home, when I went home last week—you know I live down near Durango—from our porch on our ranch, we could see one called the Missionary Ridge fire that is up to about 15,000 or 18,000 acres. We could see the flames even from the house. It is just devastating.

So, I am interested, when we get in to questions and answers, in knowing your take on how we reduce the fire load on the public lands and what Interior's role has been.

I do commend you on your work on trying to bring this mess with the trust fund management under control. It is not something you caused. You inherited it, but I would mention it. Senator Johnson already talked about it for a moment, but I understand there is a meeting in Bismarck and I know that Under Secretary McCaleb will be up there. I have had a staff member at every single one of those trust fund task force groups. I am hoping very shortly we are going to have something that we can introduce in legislation that is going to bring this to an end.

I also wanted to say that I commend you on the money that is being put into Indian school construction. It is not nearly enough. We have many more needs than we have money available for that, but knowing the new world we live in after 9/11 and the budgetary constraints, I understand the difficulty of doing that.

Lastly, the acquisition of some of the lands for Sand Dunes National Park and the money that was not in the budget for an ongoing purchase we are trying to make for the Black Canyon National Park I would like to ask you a little bit about during Q&A too.

But thank you for being here, and I am looking forward to your testimony.

Senator DORGAN. Senator Stevens.

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Thank you very much, Mr. Chairman. I am a little late. Nice to be with you, Madam Secretary.

I hear my friend from Colorado and I read so much about the fires in what we call the south 48. At last count, there are 34 fires burning in Alaska and each one of them is larger than the one in Colorado, as I understand it. So, I hope that we will not become myopic about looking at fires and only look south of the Canadian border.

We do appreciate what you are doing and the fact that you have been willing to come to our State to see our State and to understand it. This is going to be a very interesting period for all of us.

In south central Alaska, some of the lands are under your jurisdiction. There are over 1,200,000 acres of beetle kill. Those are trees now that have been dead for more than 10 years. Last year I witnessed a fire that in about 2 hours burned I think somewhere around 19,000 acres. And it is just a matter of time.

So, I join Senator Campbell, and I hope all the Members of the Senate, in saying that we want to help you in the prevention area as much as the fire fighting area. We do have to have more concentration on prevention. Unfortunately, there have been a series of organizations that have come to the conclusion that since God made the forests and God made Alaska, he also—or maybe she—is making the fires and that this is not the time for us to interfere with nature. I really believe that curtailing fires and preventing damage to so many acres of land and also, in south central Alaska, as you know, half of our population and half of the investment in our State is in the path of that beetle kill if the winds are right and the fire starts.

So, Mr. Chairman, thank you very much. I look forward to working with you particularly in the area of fire prevention.

Senator DORGAN. Senator Murray.

OPENING STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you very much, Mr. Chairman, and thank you for being with us this morning, Madam Secretary.

I understand that you recently met with a friend, Don Hunger, from the Student Conservation Association. They are working on some great fire prevention programs in three States. I know they want to expand it to 11. I think they are really doing the right kind of on-the-ground work with protection for homeowners and communities, and I hope the Federal agencies will respond and work with the SCA and other agencies to expand that.

I just want to mention a couple of issues real quickly and then I do have questions, Mr. Chairman.

Madam Secretary, I just wanted to bring to your attention Willapa Bay where we have a severe problem with the invasive species of spartina. It has been an ongoing problem and it really is threatening to destroy our bay which is a very important shellfish industry and important Fish and Wildlife Service refuge. Our State and the shellfish industry have spent a great deal on this to try and combat spartina. The University of Washington has developed a program to address this that they say will cost $1.2 million per year for the next 6 years. But the Fish and Wildlife budget for the refuge does not have adequate funding, and I hope to work with this committee and with you to see if we can address that problem.

The other issue I wanted to mention is that this administration asked this subcommittee to reprogram funds for the proposed Bureau of Indian Trust Asset Management, BITAM, last year. I expressed concerns to both the chairman of this committee, Chairman Byrd, and to your agency that tribes and tribal organizations had not been adequately consulted. I want to just take a moment to again really reiterate how important it is that the BIA, the Department of the Interior, and all of our Federal agencies continue to consult with tribes at the highest levels. I appreciate the time and effort you and your staff have invested in working with the Tribal Leaders Task Force to develop alternatives to BITAM, and I hope you will continue to make tribal consultation a priority.

With that, Mr. Chairman, I will have several questions for the Secretary after she makes her statement.

Senator DORGAN. Senator Domenici.

OPENING STATEMENT OF SENATOR PETE V. DOMENICI

Senator DOMENICI. Thank you very much, Mr. Chairman.

Madam Secretary, first thank you for coming to New Mexico. If it takes Santa Fe to get our cabinet to come and visit New Mexico, I am glad Santa Fe is in New Mexico. It seems to be very attractive.

Madam Secretary, I would suggest, if you have not, that you go out of your way maybe 50 or 75 miles when you are in one of the forests in New Mexico. You get on the road that goes through the Mescalero Apache Tribe's land and note what their forest looks like

and what the Federal forest looks like side by side. You will see the answer as to why we are having forest fires, why they are so big, and why they burn so much because the Mescalero Indians are not bound by our forest management nor by our litigation as to how we can manage a forest. The forests do not look like forests on the same earth or that they are the same kind of trees because they stand free and tall. The trees breathe and grow and they do not grow as forest fodder for fire in the future. The Messalero forest are actually the way most forest were when I was a young boy.

Now we fight so much about what we should not do, that we leave it all there and, lo and behold, the forests burn. It seems to me that if we are not making a conscious decision to do that, we have done it, nonetheless. I believe that it is a conscious decision because there are people who are so frightened about managing a forest because it means a tree might get cut, that they would rather just leave it grow where it is.

I went through a forest where you walked 100 yards this way through an unkept U.S. forests, and when I got to a line and went over into another forest, which had been kept—and I do not know why—I wondered if we were in two different managed areas of America. It turned out lawsuits won on one and let it grow. On the other, there was cleanup done and it looked completely different.

So, I do not think we are going to solve the fire problem, including the burning of buildings. We made headway on buildings because we gave you specific money to clean up around buildings. A huge amount of money should be in your budget for that kind of work because this subcommittee put it in a bill. Is that right? $650 million on the floor of the Senate I believe. I do not know where it has gone, but it was to clear the forests as a priority where trees and brush are close to buildings, private and public. As a matter of fact, you were supposed to have identified the areas that are dangerous in a report to the U.S. Government because the trees are too close to the improvements.

Thank you very much, Mr. Chairman.

Senator DORGAN. Senator Feinstein.

OPENING STATEMENT OF SENATOR DIANNE FEINSTEIN

Senator FEINSTEIN. Thanks very much, Mr. Chairman.

I want to thank you, Madam Secretary. Your Department has been a great help. As you know, Mr. Raley has been trying to help us solve some problems in the southern part of the State so that we can maintain the Colorado water transfer agreement that has been forged. He has been very helpful, and I want you to know that. We met yesterday with the four involved water districts—Imperial, Coachella, San Diego, and the Met—as well as with the bipartisan delegation of House Members and Senator Kyl's participation.

I for one believe we should carry out our Colorado River commitment to reduce our takings, and I am hopeful that we have set in motion now a way to solve this. So, I want to thank you for Mr. Raley's active involvement.

I also want to indicate that we were fortunate in being able to get the CALFED water bill passed out of the Energy Committee by a vote of 18 to 5. It is a bill that, probably in terms of Federal pri-

orities, is number one on California's list. And you have $15 million for it in this year's budget. It is a $1.64 billion, 3-year bill. So, I would like very much to work with you and the committee to see if we cannot possibly increase this amount.

I would like now for the first time to indicate my concern about a project in the area of the California desert with which I have had something to do, and that is the Desert Protection Act. The Desert Protection Act has wording in it to protect underground water that is vital to the maintenance of the desert. There is a proposal now, known as the Cadiz Proposal, which would fill the aquifers that are not filled, if there are any, and transmit some of that water to Los Angeles.

I will be asking this subcommittee to help me with language that essentially would provide that no funds be appropriated by the Department of the Interior to carry out any activities associated with the Cadiz groundwater storage and dry year supply project until such time as the U.S. Geological Survey has determined the recharge rate of the affected basin. And this figure has been incorporated into the management of the project.

As you well know, Madam Secretary, the California desert is not like the Sahara. It has got flora and fauna. It has got animals that depend on it, wild burrows, desert tortoises, mountain goats, a number of other things, as well as the only Joshua Tree forest in the world, and very, very beautiful flowers. We do not want to see it become another Owens Valley.

So, pursuant to the language in the bill, I am going to ask for report language to be sure that the desert is not harmed by this project.

I also want to just mention a few things. California has 24 of the Nation's 385 national park units. That includes Mojave, Death Valley, Joshua Tree, Yosemite, Golden Gate, et cetera. As I look at your fiscal year 2003 budget request, I note that the California parks receive only an average of a 1.5 percent increase to their base operations. That is not even enough to cover fixed costs, cost-of-living adjustments.

One of the things that I have noticed, as I go now to national parks on the east coast, is how much better staffed, how much better the visitor centers are, how much better the visuals are than the parks on the west coast. Perhaps it is because proximity really breeds attention. But we have some great parks and to see them really pushing into disrepair is of deep concern.

So, I am hopeful that I can sit down with you and hopeful with this committee as well, that we might be able to at least plus that up a little bit so that there is not a net loss, but a small gain to be able to make some of the O&M improvements that have been listed. I can send you that list if you do not have it.

Thank you very much.

Senator DORGAN. Senator Feinstein, thank you very much.

Madam Secretary, welcome. Your entire statement will be made a part of the permanent record, and you may summarize. Why do you not proceed.

SUMMARY STATEMENT OF HON. GALE A. NORTON

Secretary NORTON. Thank you very much, Mr. Chairman and members of the committee. I am pleased to be with you today to talk about our budget for fiscal year 2003.

Before we move into the details of the budget, I would like to give just an overview of our Department's responsibilities. I think many of you are familiar with it, but I think it bears repeating, the breadth of our activities.

We manage more than 1 out of every 5 acres of land in this country. These lands include some of the most beautiful and pristine areas on earth. We are entrusted with some of the patriotic symbols of our country, the Statue of Liberty, the Washington Mall, Independence Hall.

We maintain relationships with the federally recognized tribes and provide services to approximately 1.4 million American Indians and Alaska Natives.

We provide approximately one-third of the Nation's energy supply from Interior lands and waters. We supply the water that makes the arid West bloom, and next week the Bureau of Reclamation will be celebrating its 100th anniversary.

We serve nearly half a billion visitors to our lands every year.

One wonderful thing about our Department is the willingness of people to volunteer to help us. We have over 200,000 volunteers, which is about three times our paid work force.

In the most recently completed fiscal year, we collected $11 billion in revenue from our lands and waters, and this is $1 billion more than was appropriated to us.

As we began the process last year to build this year's budget, we were guided by President Bush's commitments to build a new environmentalism through cooperative conservation partnerships, to improve our management of public lands and waters, to advance the development of domestic energy, to improve both the classrooms and the classroom performance of our Native American students, to manage for excellence through citizen-centered governance.

Our budget priorities were reshaped by the events of September 11. Interior's employees responded to the call to increase our vigilance and our preparedness for the changed world we face. We have increased Park Police patrols in the Washington, D.C. area and other places in the country. We have upgraded our security equipment. We have increased guard services at our other sites and instituted around-the-clock security at our major dams such as Hoover, Glen Canyon, Shasta, and Grand Coulee.

DEPARTMENT'S FISCAL YEAR 2003 BUDGET REQUEST

The Department's 2003 budget request is about $9.5 billion in current appropriations to be handled through this committee. There is an additional $245.6 million for Government-wide accounting adjustments for retirement and employee health benefits. The budget is essentially level with that enacted in fiscal year 2002. It sustains a 21 percent increase over the year 2000 budget, which is well above the increases due to inflation.

COOPERATIVE CONSERVATION INITIATIVE

If there is any one item in this budget that we think deserves the committee's support and some additional focus, it is the Cooperative Conservation Initiative. This is a $100 million proposal that will provide funding to enhance conservation projects and to build partnerships in support of conservation. It fills a void by giving our land managers a tool to work with their neighbors, volunteers, States, tribes, and community groups to achieve conservation goals. $50 million will be provided to the States through the Land and Water Conservation Fund State grant program as part of this overall initiative. The balance of our request is funded through the operating accounts of the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management. This approach will meet unmet needs for natural resource restoration in refuges, parks, and other public lands. This initiative fully reflects the President's call for a shared approach to conservation of our public lands and is consistent with the underlying intent of the Land and Water Conservation Fund.

Our budget also includes $60 million for two presidential initiatives that began last year, the Landowner Incentive program and the Private Stewardship grant program. Both of those focus on conservation on private lands because much of the habitat for endangered species, for example, is found on private lands. This gives us the ability to work with landowners to enhance habitat on their lands. We appreciate the support that this committee has provided in the past for those programs.

NEEDS OF AMERICAN INDIANS AND ALASKA NATIVES

I would like to highlight the aspects of our budget that deal with the needs of American Indians and Alaska Natives: trust programs and education. I appreciate the support of the members of this subcommittee for our efforts in both of these areas.

We certainly face difficult and complex challenges in our management of trust assets. As you know, I announced an outline for reorganization and consolidation of Indian trust management functions. We worked with the tribes and we received their feedback on our initial proposal, and out of their concern about that proposal, we created a task force that was suggested by the National Congress of American Indians. That task force has proven to be a very valuable working group. They have really gotten in, studied the needs, and studied the proposals. Just last week, we sent out their recommendations to all of the tribes. It provides several different options for reorganization, and we will be going through a consultation process. We are in the midst of doing that right now. Next week I will be meeting with the National Congress of American Indians in a nationwide consultation process in Bismarck, North Dakota. So, we look forward to receiving their feedback on these various options for reorganization.

We also experienced, through this process last year, the shutdown of the Department's Internet systems. Most of our Internet systems were disconnected in December, and we have been working with the special master of the court in the Cobell litigation to reconnect them. Most of our bureaus and major systems have now

been reconnected, and only the Office of the Special Trustee, the Bureau of Indian Affairs, and some Department offices remain off-line. Our estimate is that our costs to date to get back on-line are approximately $13 million. This does not capture fully all of the staff time that has been spent on that or other programmatic costs, but that is our basic expenditure to date.

For the longer term, we have concluded that there is a need for a network to secure trust data and applications. We received approval from the House and Senate to reprogram funding in order to proceed with creation of this secure network.

Our fiscal year 2003 budget is based on the current organizational structure and does not reflect specifics on IT improvements. As we complete the consultation process and move forward, we will submit a revised budget that includes a crosswalk between the current and revised proposals.

This budget provides significant new resources to address long-overdue changes. Our budget request contains a major boost in spending for Indian trust reform, nearly $84 million. We think that this is an appropriate amount of funding to ensure that significant changes will take place in that area.

Our budget continues a high level of funding for Indian school repair and replacement. It includes an increase of $19 million for school operations. Our 2003 budget request promotes tribal management of schools, seeking increased funding for administrative cost grants.

In his State of the Union address, President Bush emphasized the importance of early childhood development programs. I have had the opportunity to visit several locations for our family and child education program that is an early childhood education program, and we are requesting an increase of $3 million for that program.

OTHER BUDGET HIGHLIGHTS

To briefly summarize some of our other budget highlights, we are requesting an increase of $18 million, or 36 percent, for the Natural Resource Challenge, which provides scientific information and analysis and work within our parks.

100 years ago, President Teddy Roosevelt established the first national wildlife refuge at Pelican Island, Florida, in 1903. Next year we will be celebrating the anniversary of our wildlife refuge system. We are requesting a $56.5 million increase for the national wildlife refuge system. This is an 18 percent boost in spending and represents the largest dollar increase ever requested in the history of the refuge system.

To continue to protect our national assets, our employees, and our visitors, the budget includes $62 million for security and protection measures, which essentially continues the amounts that were provided in 2002 emergency supplementals.

In support of the President's national energy policy, the budget includes an increase of $28 million in four bureaus. This will provide funding for both traditional energy sources, as well as wind, solar, geothermal, and other renewable energy.

We continue a strong partnership with the Corps of Engineers on the Everglades restoration program. Our budget increases funding

for land acquisition grants to restore natural water flows in that area.

Finally, we are committed to managing well the resources that are entrusted to us. We are working diligently to improve the quality, effectiveness, and efficiency of the services we deliver and to enhance the accountability and transparency of the work we do with the resources for the American people. Assistant Secretary Lynn Scarlett has been the leader on our efforts within the Department to enhance the management, and her efforts have been held up as examples for other parts of the Federal Government in trying to improve the way in which we respond to citizens and manage our resources.

PREPARED STATEMENT

I would like to also recognize the efforts of the subcommittee staff. They have developed a great knowledge of our programs, and we appreciate their willingness to work with us to make sure that we are meeting the needs as defined by this committee.

Thank you very much for the opportunity to discuss our budget.

[The statement follows:]

PREPARED STATEMENT OF HON. GALE A. NORTON

I am pleased to be here today before the Subcommittee on Interior and Related Agencies to present the fiscal year 2003 budget for the Department of the Interior. I appreciate the opportunity to highlight a number of important initiatives and to answer questions that you might have.

Before I move to the details of the budget request, I'd like to offer some observations as to the breadth of the Department's responsibilities and the impact of our programs on the lives of Americans.

—We manage more than one of every five acres of land in this Nation. These lands include some of the most beautiful and pristine places on earth. We are entrusted with some of the most patriotic symbols of our Nationhood, including the Statue of Liberty in New York and Independence Hall, the home of the Liberty Bell in Philadelphia, Pennsylvania.

—We maintain relationships with 558 Federally-recognized Indian Tribes and provide services to approximately 1.4 million American Indians and Alaska Natives. Included in the lands we manage are 56 million acres of trust land.

—We provide approximately one-third of the Nation's domestic energy. We supply the water that has made the arid West bloom, providing water to over 31 million people.

—We serve visitors from around the world who take delight and find recreation through nearly half-a-billion visits to our lands each year.

—Over 200,000 volunteers assist us, a volunteer workforce that outnumbers our own employees by nearly three to one.

—In the most recently completed fiscal year, we collected $11 billion in revenue from the lands and waters we manage. This is $1 billion more than we had appropriated to us. We also shared $1 billion of that with the States, our partners in the onshore petroleum-leasing program.

Our approach to citizen-centered government at the Department is organized around the Four C's: conservation through consultation, cooperation, and communication. Empowerment of citizens to bring about this approach is the touchstone of all that we do on the land, and this approach is reflected in the budget that we present to you today.

As we began the process last June to build this budget, we were guided by President Bush's vision of a shared approach to conservation, and his commitments to restore our national parks, improve both the classrooms and the classroom performance of Indian students; and meet our environmental responsibilities in a manner that best reflects the innovative nature of our nation.

Our budget priorities were reshaped by the events of September 11th. Interior's employees have responded to the call to increase our vigilance and our preparedness for the changed world we face.

Our 2003 budget request balances these responsibilities and commits to:

—build a new environmentalism through cooperative conservation partnerships;
—improve our management of public lands and waters;
—advance the President's National energy policy;
—improve the lives of Native Americans; and
—manage for excellence through citizen-centered governance.

Our commitment to management excellence means managing well the resources entrusted to us. We are working diligently to improve the quality, effectiveness, and efficiency of the services we deliver and to enhance the accountability and transparency of the work we do with the resources of the American people. We have developed a plan for citizen-centered governance that builds on the President's management agenda, and our plan has been well received by both the Office of Management and Budget and the President's Management Council. It will ensure that we bring innovation, competitiveness, and accountability to all that we do.

BUDGET OVERVIEW

The Department of the Interior's 2003 budget request is $10.6 billion in current appropriations, including $270.5 million for a government-wide legislative proposal to shift to agencies the full cost of the CSRS pension system and the Federal employee health benefits program for current employees. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional $2.6 billion, for a total 2003 Department budget of $13.2 billion.

Excluding the pension and health benefits legislative proposal, the 2003 current appropriations request is $10.3 billion, a net decrease of $12.7 million from the amounts provided in the 2002 Interior and Related Agencies and Energy and Water Development Appropriations Acts. The 2003 budget proposal maintains a robust funding level compared to historic levels for the Department. The proposal is over 21 percent higher than the 2000 appropriation level of $8.6 billion.

The budget request proposes funding increases for priority programs and initiatives, while discontinuing or reducing funding for lower priority projects funded in 2002. In addition, the 2003 budget reflects the Department's commitment to operate programs more effectively and efficiently, by proposing to absorb $57.4 million in uncontrollable fixed cost increases and a $20.6 million reduction in travel and transportation costs.

For 2003, the budget request for programs funded in the Interior and Related Agencies Appropriations Act is $9.5 billion, an increase of $20.5 million over the Act. This comparison excludes $59.2 million appropriated in 2002 for emergency response/counter-terrorism. The 2003 request for programs under the jurisdiction of this Subcommittee is $320.6 million above the 2002 President's budget request.

COOPERATIVE CONSERVATION INITIATIVE

If there is one item in this budget that deserves special attention, it is our Cooperative Conservation Initiative. It fully reflects the President's framework for a "new environmentalism." The Cooperative Conservation Initiative will fund on-the-ground stewardship projects across the Nation and stimulate innovative approaches to conservation. It will allow us to leverage Federal funding and to work in partnership with States, local governments, Tribes, and private citizens to give all stakeholders a greater role in how to protect the Nation's great natural resources. It is a collaborative approach to tap the ingenuity, imagination, and innovative spirit of our people. It is an approach that is landscape-based, citizen-centered, and incentive-driven. In short, it is a new way of meeting our environmental responsibilities in partnership with our fellow Americans. The Department proposes $100 million to promote partnerships in conservation.

The program will fund restoration, protection, and enhancement of natural areas through established programs and new pilot programs that feature creative approaches to conservation. These projects will be in keeping with the President's commitment to a shared responsibility for conservation. One-half of the initiative, $50 million, will be managed through the Land and Water Conservation Fund State Assistance program and will benefit State lands as well as adjacent lands. The balance of the initiative will be used for cost shared projects funded in the operating accounts of the Bureau of Land Management, Fish and Wildlife Service, and the National Park Service and will benefit Federal and adjacent lands. Benefits to State and Federal lands will complement the private lands conservation activities conducted with private stewardship funding.

LANDOWNER PARTNERSHIPS

The budget for the Fish and Wildlife Service also promotes working with partners on conservation issues by proposing to continue two Presidential initiatives, the Landowner Incentive and Private Stewardship programs. The budget request includes $50 million, an increase of $10 million over the 2002 level for grants to States for landowner incentives that protect and restore habitats on private lands that benefit species at risk. A model for this program is the Shortgrass/Black-tailed Prairie Dog Habitat incentive program, a new program piloted in Colorado in 2002. This program will provide financial assistance to landowners in four soil conservation districts to protect black-tailed prairie dogs, their habitat, and associated shortgrass prairie.

The budget includes $10 million for the Private Stewardship grants program to directly assist landowners and groups engaged in voluntary conservation efforts for the benefit of federally listed, proposed, or candidate species. Technical and financial assistance to landowners will help them avoid harming imperiled species while improving habitat for native species.

OTHER CONSERVATION TOOLS

The 2003 budget proposes $194.6 million for three other conservation programs managed by the Fish and Wildlife Service, including: $91 million for the Cooperative Endangered Species Conservation Fund; $43.6 million for the North American Wetlands Conservation Fund; and $60 million for State and Tribal Wildlife grants. These programs that we propose to fund through the Land and Water Conservation Fund in 2003 magnify the benefits of Federal funding with matching efforts for conservation.

In 2003, State Assistance and Federal land acquisition programs funded through the Land and Water Conservation Fund build upon the President's vision of cooperative conservation. The budget includes $200 million for the State Assistance program, an increase of $56 million over the 2002 level. A portion of this, $50 million, will be used for the Cooperative Conservation Initiative to fund competitively awarded grants. The balance of $150 million will fund grants to States for approved conservation and outdoor recreation plans, allocated based on a national formula established by law.

An additional $204.1 million is requested for Federal land acquisition programs, including $44.7 million for the Bureau of Land Management, $70.4 million for the Fish and Wildlife Service, $86.1 million for the National Park Service, and $3 million for acquisition of lands in support of the Shivwits Indian Water Settlement Act of 1999. The request emphasizes the use of innovative alternatives to fee title purchase, such as conservation easements and land exchanges to make the most efficient use of this funding, promote cooperative alliances, and leave lands on State tax roles. In the Upper Snake/South Fork Snake River project in Idaho, the Bureau of Land Management is working with eight cooperators including Ducks Unlimited, The Nature Conservancy, and the Shoshone-Bannock Tribe to protect river corridors and habitat that supports bald eagles and cutthroat trout through conservation easements.

Together with the Forest Service's budget request, the 2003 budget will provide $909.2 million for the Land and Water Conservation Fund programs, or $911.1 million including the adjustment for pension and employee health benefits that is proposed.

TRUST PROGRAMS

Managing Indian trust funds and trust resources is a solemn obligation of the Federal government, and one of the Department's greatest challenges. Since taking office in January 2001, I have moved on several fronts to help improve Indian trust management. In July 2001, we established the Office of Historical Trust Accounting to provide focused efforts to produce a historical accounting for individual Indian allottees. The Office has developed a blueprint for development of its comprehensive plan for a historical accounting and will soon convey its comprehensive plan to Congress.

During our formulation of the 2003 budget, various issues were identified concerning the trust asset management roles of the Bureau of Indian Affairs, Office of the Special Trustee for American Indians, and other Departmental entities carrying out trust functions. At this same time, Electronic Data Systems, Inc. was undertaking an independent, expert evaluation, which indicated that one of the fundamental barriers to trust reform is the disorganized scattering of trust functions throughout the Department. In November 2001, I announced the outline of a pro-

posal to reorganize and consolidate Indian trust management functions into a separate organization with the goal of improving the management of trust assets by creating clear lines of authority for trust reform and trust operations. Over the past several months we have been consulting with Tribes to involve them in the process of reorganizing the Department's trust asset management responsibilities. I established a Joint Tribal Leaders/Department of the Interior Task Force on Trust Reform, comprised of 24 tribal representatives and representatives from the Department. The Task Force has found that there is a need for reform and that the status quo is not acceptable and has issued a report identifying options to achieve meaningful reorganization. Given the Task Force's efforts, the Department does not plan to pursue its proposal for a separate Assistant Secretary with responsibility for trust management. Instead, we will continue to work cooperatively with the Task Force to delineate an organizational structure that facilitates improvement in managing trust funds while obtaining the support of Indian Country. We will continue discussions with Congress concerning the results of the ongoing consultation and delineation of a proposed reorganization.

As part of the ongoing *Cobell* v. *Norton* proceedings, on December 5, 2001 the Court ordered the Department to disconnect all of the computer systems that house or provide access to Indian trust data from the Internet. We have been working diligently with the Special Master to obtain concurrence to complete reconnection. The majority of our bureaus and systems are reconnected. On February 11 we notified you that we were providing estimated payments to individual Indian money account holders until such time as automated payment systems were resumed. The system to process revenue data to allotted Indian owners was restored on March 22, 2002. For the longer-term, we have concluded that there is a need for a dedicated network to secure trust data. We received approval from the House and Senate to proceed with establishment of this dedicated trust network, a new secure information technology system for Indian trust data.

The 2003 budget request for trust reform and operations is based upon the current organizational structure and does not reflect our conclusions about the need for a dedicated trust network. As we complete the consultation process and move forward with our plans for the network we will submit a revised budget that includes a crosswalk between the current and revised budget proposals.

Our budget request contains a major boost in spending for Indian trust reform and trust related programs, a nearly $84 million increase, the largest increase in the history of trust reform. These additional funds are necessary to address the long overdue changes that the Secretary is committed to making in the Indian trust program.

The $48.8 million increase requested for the Office of the Special Trustee is a 44 percent increase above the 2002 level. The Special Trustee allocates funds to the Bureau of Indian Affairs for trust reform efforts they carry out, to the Office of Hearings and Appeals for adjudication of probates involving ownership of Indian lands, and to the Office of Historical Trust Accounting. The 2003 request will allow the Department to continue trust operations improvements already implemented, such as the trust fund accounting system. The budget request will allow the Bureau and Office of Hearings and Appeals to make progress on reducing probate backlogs, will improve risk management activities and oversight of trust and trust-related activities, and will support other trust reform initiatives.

The Special Trustee's budget includes $8 million for the Indian Land Consolidation program. This program prevents further fractionation of Indian trust allotments by consolidating highly fractionated interests through purchase from willing sellers. The decreased fractionation aids trust reform by decreasing the number of trust asset management transactions, decreasing the number of interests subject to probate, and returning land to the control of the Tribes.

The budget for the Bureau of Indian Affairs includes $34.8 million in increases to improve its performance of trust services programs. This includes $20.3 million in trust services and natural resource programs and $14.5 million for other areas including tribal courts, social services and information resources management.

INDIAN EDUCATION

I am committed to the President's promise to improve education in America and "leave no child behind." The Bureau of Indian Affairs has a special, historic responsibility for educating Indian children. The Bureau manages 185 elementary and secondary schools in Indian Country that provide educational services to 48,000 students. Many schools are located in isolated, remote, rural communities, posing challenges and requiring greater operational costs than those typically facing public school districts.

The President's education plan promotes flexibility and local control of schools. The Department's 2003 budget request encourages Tribes to assume management of their schools or enter into private partnerships to manage the schools. This privatization effort is the centerpiece of the Administration's initiative to improve the performance of the lowest-performing schools. The request includes $8 million to address costs inherent in the outsourcing of schools, such as administrative cost grants and potential displacement of teachers. An additional $2 million for student transportation and $1.9 million for facilities will be available to improve operational problems that might be a disincentive for Tribes wishing to assume school management. The 2003 budget also includes a $5.8 million increase for teacher pay.

In his State of the Union Address, the President underscored the importance of early childhood development programs. The budget includes an increase of $3 million to expand the successful early childhood education program, Family and Child Education program. This increase will allow the Bureau to expand the program to over one-quarter of the 146 schools that serve elementary students. This program promotes greater involvement by parents in the early, critical stages of their children's education, and results in improved adult literacy, and improved parenting skills that help improve children's readiness for school.

The 2003 budget for education construction continues the President's initiative to repair and replace unsafe schools. Funding in 2003 is maintained at the 2002 level, $292.7 million, which will fund six replacement school projects and address repair and rehabilitation projects in the backlog. The goal is to fulfill the President's promise to eliminate the school repair and maintenance backlog in 2006.

MANAGING THE PARK MAINTENANCE BACKLOG

President Bush pledged to address the backlog of maintenance and repair in the national park system. I share the President's commitment to maintaining park facilities to safeguard the visiting public and park employees, to preserve park resources for future generations, and to improve visitors' experiences. The 2003 budget includes $663 million for facility maintenance and construction, including required planning and compliance work. Within this total there is an increase of $25 million for cyclic maintenance to ensure that routine maintenance work is completed in a timely manner. The budget proposes an increase in facility repair and rehabilitation of $17.6 million, which will focus on moving the National Park Service toward performance-based management of its facilities.

Within the increase for repair and rehabilitation, $8.4 million will address the deferred maintenance and critical resource protection backlog. This increase will have resource protection benefits. In 2002, approximately one-fifth of the repair and rehabilitation program was devoted to resource protection. A comparable amount will be dedicated to this effort in 2003.

In addition to the request for annual appropriations, a significant amount of recreational demonstration fee receipts will be devoted to deferred maintenance projects. This program is now authorized through 2004. The 2003 budget proposes that the program be permanently authorized. This program allows Federal land managers to retain receipts to meet management goals and is an important tool in improving the quality of programs such as facility maintenance and visitor services. The Department expects to receive $146.1 million through the program in 2003. The Administration expects to propose authorizing language shortly and asks that the Congress take action on the proposal this year.

NATURAL RESOURCE CHALLENGE

There are 385 National Park units that protect and preserve unique and important natural resources. The Natural Resource Challenge—a priority for the President and me, fosters the protection of these natural resources. An increase of $18 million is requested for the fourth year of the National Park Service's Natural Resource Challenge. This program will continue to strengthen natural resource management throughout the park system by protecting native species and habitats; monitoring the health of natural resources within the parks; eradicating exotic species; and sharing information about natural resources with the public.

Collaborative efforts with the U.S. Geological Survey and universities assist the parks in the assessment of natural resources and help to identify and alleviate potential threats to resources. Much of this increase, $9 million will be accomplished through a partnership with the U.S. Geological Survey.

EVERGLADES

A recently signed agreement between President Bush and Governor Bush of Florida ensures that water will be available for the natural system in the Everglades,

restoring the natural ecological systems. The 2003 budget proposes a total of $96 million, including $8.9 million that will support Department-wide efforts to implement the Comprehensive Everglades Restoration Plan. The Department will continue to work cooperatively with the Army Corps of Engineers to complete the modified water delivery project at Everglades National Park. The budget includes $13.3 million for the project, a reduction of $21.9 million from the 2002 levels, as a result of progress made toward completion of the project.

An additional $20 million, an increase of $5 million over the 2002 level, is requested to fund matching grants to the State of Florida that will be used to purchase important properties within the Everglades system. Consistent with our efforts to better integrate science into land management, the budget proposes to consolidate funding for Everglades science in the U.S. Geological Survey. The 2003 Survey budget includes an increase of $4 million for the Critical Ecosystem Studies Initiative, funds that were previously appropriated to the National Park Service, for planning, monitoring, assessing, and providing ongoing science support essential to the adaptive management of the Everglades restoration project.

PREPARING FOR THE NATIONAL WILDLIFE REFUGE CENTENNIAL

In 1903 President Teddy Roosevelt established the first National Wildlife Refuge at Pelican Island, Florida. Today Pelican Island National Wildlife Refuge is part of a 538- unit system that spans 95 million acres. This is a unique and diverse network of lands and water that provide habitat for migratory birds and other wildlife, sanctuary for endangered species, and nursery areas for fish. Refuges also provide opportunities for wildlife viewing, hunting, fishing, and environmental education for 39 million visitors a year.

Our budget commemorates the 100th anniversary of the refuge system by requesting a $56.5 million increase for the national wildlife refuge system. This 18 percent increase in spending represents the largest dollar increase ever requested in the history of the National Wildlife Refuge system. Overall refuge operations funding will increase by $25.8 million. A $30.7 million increase for maintenance will address critical health, safety, and resource protection needs, as well as fund high priority activities that enhance visitor experiences. This historically high level of funding for operation and maintenance of the national wildlife refuge system includes $5 million for the Cooperative Conservation Initiative.

ENDANGERED SPECIES CONSERVATION

The 2003 budget continues a partnership approach to endangered species conservation, including funding for grant programs that assist State and local communities in their conservation efforts to benefit federally listed, proposed, candidate, and other imperiled species. Among these grant programs are two Presidential initiatives to partner with private landowners and States, the Landowner Incentive and Private Stewardship programs and $91 million for the Cooperative Endangered Species Conservation Fund to assist States in acquiring lands essential for the recovery of species and to support development and implementation of habitat conservation plans. The budget proposed for Fish and Wildlife Service endangered species operations is $125.7 million and includes increases of $5.9 million for conservation of candidate and listed species and to assist in meeting demands for inter-agency consultation, technical assistance, and assistance with habitat conservation planning.

HARNESSING OUR NATURAL RESOURCES

The Department's programs are key to addressing important energy supply issues and fostering a dynamic economy, while preserving and enhancing environmental quality. Energy projects on federally managed lands and offshore areas supply approximately one-third of the Nation's energy production. In support of the President's National Energy Policy, the budget includes increases of $28.6 million for energy related activities in four bureaus. Increases in the Bureau of Land Management and Minerals Management Service will allow these agencies to eliminate delays and be more responsive to increasing demands for energy while increasing environmental oversight. In addition, funds will support investments in management systems that will allow these bureaus and stakeholders to more efficiently conduct business and improve compliance oversight.

The budget proposes an increase of $10.2 million for Bureau of Land Management energy-related activities, including $1.6 million to expand rights-of-way processing, $1 million to conduct a study of oil and gas resources on public lands, $1.5 million to provide oversight of oil and gas operations, and $1 million to expedite permitting and increase responsiveness to stakeholders needs for post-lease actions. The in-

crease for rights-of-way will allow the Bureau to process 6,900 cases in 2003, an increase of 900 or 15 percent over the 2002 level.

The President and I are committed to increasing domestic energy supplies, including oil and gas on Federal lands from a variety of sources in an environmentally acceptable manner. The energy resources of the northeast corner and the rest of Alaska's North Slope are national assets that can contribute to the Nation's energy security. The 2003 budget includes an increase of $3 million for activities on the North Slope. The increase will support planning for 2004 sales in the National Petroleum Reserve—Alaska and the Arctic National Wildlife Refuge. Congressional authorization will be required for a lease sale to be conducted in the Arctic Refuge. The budget assumes a lease sale in 2004 that will generate $2.4 billion in anticipated bonus bids. Of this amount, the Federal government's $1.2 billion share will be dedicated to research and development projects on solar power, wind energy, biomass power and fuels, geothermal energy, and other alternative energy technologies.

In November 2001, Secretary of Energy Spencer Abraham and I convened a renewable energy conference. This conference served as a catalyst for the Department's renewable energy programs. The 2003 budget more than doubles funding for renewable energy programs in the Bureau of Land Management. To expand opportunities for geothermal, hydropower, and wind energy production, the Bureau is requesting an increase of $750,000.

The budget for the Minerals Management Service proposes a program increase of $5 million in order to meet increased workload brought about by the demand for Gulf of Mexico outer continental shelf program services. These additional funds will ensure that leasing and regulatory programs in the Gulf of Mexico keep pace with public demand for energy, industry requests for processing permits, and the need to review plans and conduct inspections. The 2003 budget includes an increase of $8.7 million to design and implement innovative business processes and advances in electronic technology and provide web-based, paperless transactions in the offshore program. The Bureau will also invest $6 million to develop management systems that support taking Federal royalties on oil production in-kind, rather than invalue.

Increases totaling $2.7 million are requested by the U.S. Geological Survey, including: $500,000 to produce updated information on available geothermal resources; $1.2 million to conduct estimates of undiscovered oil and natural gas resources on Federal lands in the continental United States, as required by the Energy Act of 2000; and $1 million to produce digital base maps in Alaska focused on potential lease areas of the National Petroleum Reserve—Alaska. The Bureau of Indian Affairs is requesting an increase of $1.7 million in its budget for energy programs to work in partnership with Indian organizations and Tribes.

LAND USE PLANNING

The 2003 budget proposes an increase of $14 million for Bureau of Land Management land use planning. The land use planning process is the Bureau's primary tool for consensus building by involving the public in development of land management plans. This increase will allow the Bureau to accelerate development of 37 plans and initiate development of 12 plans. Land use plans guide land use and resource management decisions, and allow for public involvement in developing program goals for recreation, habitat conservation, energy and mineral extraction, livestock grazing, timber harvest, fire management, and community rights-of-way access.

WILDLAND FIRE MANAGEMENT

A joint Interior, U.S. Forest Service National Fire Plan guides collaborative efforts to improve the effectiveness of the wildland fire program to better protect communities and the environment from wildfire devastation. The plan is guiding joint efforts to control fires when they are small, manage large-scale fires, reduce hazardous fuel loads, rehabilitate burned areas, and assist rural fire departments to protect their communities.

In 2001, the Department made significant progress in implementing the plan's recommendations and established an unprecedented level of cooperation with the Forest Service. The Department conducted an aggressive hiring program to staff essential firefighting positions; purchased necessary equipment; contracted aircraft; and repaired fire facilities. Additional funding was allocated to the agencies and awarded to rural and volunteer fire departments. Hazardous fuels treatment projects were selected and conducted, including projects treating approximately 164,000 acres in the wildland-urban interface.

In 2002, the Department and the Forest Service are working closely on a number of collaborative efforts including: the development of joint workload and perform-

ance measures to determine progress in meeting wildland fire management goals; an independent review of wildfire suppression costs and strategies; development of an implementation plan for the 10-Year Comprehensive Strategy; and other activities.

The budget continues robust funding for the Department's Wildland Fire Management program, requesting $675.5 million for fire readiness and response, wildland firefighting, assistance to rural communities, and a comprehensive program to reduce fuels in the wildland urban interface. This budget carries forward the initiatives begun in 2001 and continued in 2002 to reduce the buildup of hazardous fuels, especially in the wildland-urban interface, and fully funds suppression based on the ten-year average.

HOMELAND SECURITY

In the wake of the events of September 11, we responded with assistance to the rescue and recovery efforts. We also put in place security measures to protect our most important national assets, our visitors, and our employees. We increased park police patrols in Washington, D.C., and New York; upgraded park policy security equipment; increased guard service and protection for important national icons such as the Liberty Bell and St. Louis Arch; and instituted around-the-clock security at key Reclamation facilities such as Hoover, Glen Canyon, Shasta, and Grand Coulee Dams. The 2003 budget request includes $88.8 million to continue enhanced security measures at approximately the same level funded in 2002, including $62.1 million for agencies funded in the Interior appropriations bill. Our 2003 request includes detail on these security measures, including $23.7 million for the Park Service to begin construction of enhanced security systems at the Washington Monument and the Lincoln and Jefferson Memorials.

OFFICE OF INSULAR AFFAIRS

The Office of Insular Affairs assists Territories and Freely Associated States by providing financial and technical assistance. The 2003 budget proposal for Insular Affairs continues to provide mandatory funding to Guam and the CNMI for impact of Compact assistance. A total of $4.6 million in mandatory Covenant grant funding will be allocated to Guam and $840,000 will be provided to CNMI for this purpose in 2003. An increase of $750,000 is requested to provide enhanced oversight of Compact of Free Association financial assistance. Renewed financial assistance for two of the three Freely Associated States is currently being negotiated; improved oversight and accountability are key goals.

UNCONTROLLABLE AND TRAVEL COSTS

The Department's budget includes $86.9 million in fixed cost increases; an additional $57.4 million in fixed costs will be absorbed by focusing resources on the highest priorities as well as increased administrative and program efficiencies. The budget also assumes Department-wide savings of $20.6 million in travel and transportation costs, in anticipation of reduced expenses in 2003 due to increased teleconferencing, greater use of central meeting locations, and reductions in employee relocations.

MANAGEMENT EXCELLENCE

Our management strategy is an integral component of the 2003 budget, implementing the President's five government-wide initiatives for strategic management of human capital, competitive sourcing, improved financial performance, expanded electronic government, and budget and performance integration. We are undertaking efforts that will improve citizen service through achievable results in 2003, including the following examples:

—The Department is developing comprehensive workforce plans to guide staffing, training, and succession management and to better manage a workforce that is facing a loss of experience. Workforce plans will help to assure that positions are staffed with appropriate skills and that programs are in place for employee retention and reward.

—To improve service delivery and effective use of resources, the Department is reviewing the potential to restructure process-oriented aspects of human resources operations, information technology support, and acquisition management and contract management.

—Interior will meet 2002 and 2003 targets to review commercial activities performed by Federal employees, for a determination as to whether activities

should be performed in-house or by the private sector, as required by the Federal Activities Inventory Reform Act.

—Interior is developing a new strategic plan for 2003 that will be released in spring 2002. In order to improve the linkage of budget and performance results, the Department is using the Bureau of Land Management's activity based costing system as a benchmark for the development of comparable systems in other bureaus. Through activity based costing, managers can better understand program costs and citizens can get answers to questions such as, "How much does it cost to run a visitor's center?"

—The Bureau of Land Management will improve citizen service by expanding "Service First," working with the U.S. Forest Service to provide efficient, streamlined interagency cooperation in public lands management. The Department is also exploring opportunities for expanding this program to include other Interior agencies.

—The National Park Service will continue management reforms to assess resource and facility conditions, measure performance in improving conditions, and target funds at top priority needs.

CONCLUSION

In conclusion, the 2003 budget provides strong support for Interior's programs and for the approximately 70,000 employees that carry out our mission. Further, it provides expanded opportunities to partner with others and supports the President's vision of a shared approach to conservation and the Four C's.

When I visited the John Heinz National Wildlife Refuge in Pennsylvania, I observed first-hand the power of partnerships. Dating back to the 1950's, the citizens of Philadelphia have been the driving force behind establishment and expansion of the refuge, creation of an environmental education center, and restoration of wildlife and habitats. This community turned out to welcome us and celebrate their excitement at the results we have achieved with our partnership efforts. In the midst of some of Philadelphia's most developed areas, we witnessed the ability of local citizens to bring about real change. Our Cooperative Conservation Initiative will use government resources to remove barriers to citizen participation and give citizens a greater role in conservation. In addition, the Department will reap the benefits of the collaborative process and the innovation and creativity of the States, Tribes, local communities, and citizens that partner with us.

This concludes my overview of the 2003 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 DORGAN. Madam Secretary, thank you very much.

Let me ask a couple questions. Some of my colleagues, in their opening statements, discussed the issue of the new Bureau of Indian Trust Asset Management proposal. I think I will leave it to those colleagues to ask questions about that.

TRIBAL COLLEGES

Let me ask a question about the tribal colleges, if I might. I am concerned about the proposal to cut $2 million from the tribal colleges from last year's appropriation. That is about 5 percent of the operating grants of these colleges or I believe $400 per student roughly. These tribal colleges I think have been an extraordinarily successful model.

I think most of us who spend time on Indian reservations—we have four in North Dakota—would agree that we have a full-scale emergency in health care, in housing, and in education on Indian reservations. The tribal colleges are one of the few bright spots that allow those on the reservations who have access to the family structure for child care and other support, to be able to go to a tribal college and continue their education.

And I am very concerned. Senator Burns, Senator Domenici, myself, and others have worked hard to propose adequate funding, and we are not nearly there at this point. But the proposal to cut

$2 million is one that I am troubled by. Can you describe to me what the purpose of that cut would be?

Secretary NORTON. We certainly do feel that those are very valuable programs, and so we are proposing to provide $39 million for those programs.

Our primary challenge was trying to allocate the resources for education programs, and we felt that putting the money into the K through 12 programs and the early childhood programs would prove more beneficial. So, that was the primary rationale for our adjustment to those programs.

Senator DORGAN. Madam Secretary, the budget, as I see it, for the entire Bureau of Indian Affairs is about a 1 percent increase, which I think as Senator Feinstein indicated in other areas really does not even keep pace with continuing needs. I understand your point about trying to prioritize in allocating assets among an unlimited set of needs with limited resources, but I really think the tribal colleges are a terrific investment, and I hope this subcommittee will restore the $2 million funding.

UNITED TRIBES TECHNICAL COLLEGE

Let me ask you also about the United Tribes Technical College. That happens to be in North Dakota, similar to Crown Point in many ways. But the United Tribes Technical College is a college that has students from 40 tribes across the United States, has been operating for 22 years roughly. It is really an incredible success story in my judgment. The proposal is to zero out funding for that.

I want to ask a specific favor of you, if I might. Are you going to Bismarck yourself this week?

Secretary NORTON. Yes, I am.

Senator DORGAN. Well, the United Tribes Technical College is about a quarter of a mile from the turnoff to the Bismarck airport. Do you know the favor I would like to ask of you?

Secretary NORTON. I think I can guess. Let me see if I can arrange that.

Senator DORGAN. I would like to ask if you would drop in just for a few minutes and visit with Dr. Gipp and some others on your way to or from the airport so that you understand something personally about that college. I know it is parochial. Senator Campbell, who is not a North Dakotan, has visited that college many times. He will tell you the value of that college to some 40 tribes across the country. I am asking if you would take just a few minutes to do that, and I hope you will do that.

Secretary NORTON. I would be happy to do that.

I would like to pass along a recommendation from the head of our Indian education program who visited there recently. His suggestion was trying to include that with some of our other existing education programs so that we can look across the board at priorities for our various types of education programs and to try to evaluate that in the same way we are evaluating other programs.

Senator DORGAN. I do not really care how it is funded. I just care that it is funded. I worry that including it with all the other programs, for example, as I indicated, a 1 percent increase for the array of programs under the BIA is not even going to keep pace with their needs given inflation. So, the conservation initiative you

talk about at $100 million. I would say to you this, the restoration of the $3 million, the $2 million for the tribal colleges, the restoration of the Crown Point, cut that conservation initiative back to roughly $95 million, fund these three critically needed pieces for Indian country. So, I think you will find the subcommittee will want to work with you on that.

But I just want to emphasize that I think we have really a full-scale emergency in housing, health care, and education on our reservations. We had testimony from one of the tribal chairman who started it in a very interesting way. He said, you know, I live in a third world country, and then he began to describe all the evidence of where he lived, the infant mortality, life expectancy, a whole series of things. Indeed, in those areas on America's reservations, we have very serious problems.

One way to get up and out of those is, first of all, improve education, provide adequate health care, and provide adequate housing. But education is really the one that lifts people, and so I am asking if you will do that this week in Bismarck. I might say to you that it is a short drive from where you are going to meet to the airport. It is not one of these 45-minute situations. So, it will be convenient.

I have other questions, but I know many of my colleagues have questions. Let me defer mine. Madam Secretary, thank you for your testimony. I think it gives us a better description of what your priorities are. We want to work with you as well as we proceed, but on Indian education, please help us.

Let me call on Senator Burns.

Senator BURNS. Madam Secretary, you will find in Bismarck that they do not have traffic hours up there. They have traffic minutes.

So you will be fine.

FOREST MANAGEMENT

I was struck the other day—and the cry goes out in other States on the fires that they are experiencing. We have been burning for 4 years, and I think we broke the drought as far as the parks are concerned in the mountainous areas because my chief of staff was snowed in East Glacier this week. Now they have got floods up there.

But I can sure relate to the folks who have beetle kill and this type thing because I have got one of the worst managed forests there is in America. I mean it is absolutely the worst. It is the worst looking piece of land I have ever seen in my life. And you know what? We cannot do anything about it because these very highly intelligent folks know more about the relationship of water, sun, and soil than people who were really actually raised on the land. And it is unbelievable to me how dumb they can be.

GOING TO THE SUN AND GLACIER HIGHWAY

But anyway, let us take up something else. We are going to build a road Going to the Sun and Glacier Highway. We appreciate your efforts on that. It is a road that is probably the most spectacular drive there is in America. It is one of the great traveled areas in Glacier Park. But you know, when it is snowed in, we found out one thing. The big part of the year is when they open the road, and

that is when the tourists start coming through. That is when businesses that depend on tourism start making a living. We found out the other day that you are only plowing the road 4 days out of the week, and if it snows during those days, they do not plow. But the weather clears up, they do not plow then either.

So, I wish you would look into that and see how they schedule it. I was in the auction business. I asked an auctioneer friend of mine. I said, how many days in the week start with T? He said, two. I said, what are they? He says, today and tomorrow.

That was not really the answer we wanted but 4 days and then when the sun shines, you do not make hay, it does not make a lot of sense to me. If you would take a look at that.

INDIAN TRUST

Let us look into the Indian trust thing and what you are doing. I want to congratulate you on coming forward with a plan, something that no other Secretary has done to this point, of trying to resolve that and using a new system to do it.

It is my thought that we cannot really get to the heart of this problem and solve the problem with the same folks that put us in the problem. It has to be moved outside of that and, in some way or other, structure the folks that are going to be working on it to really solve the problems. You cannot solve problems with the people that created the problems.

I talked to several of my friends in Montana, especially the tribal council members. And we have seven reservations in my State. They seem to be amenable to that. I know they have some reservations about it, but they also know that it is a huge, huge situation.

INDIAN EDUCATION

I, like Byron Dorgan, do not like the idea of cutting back funds on our colleges. We will probably reinstate those funds, if we possibly can, and find some areas to pay for it. I really believe that we have got one of the premier educators in our State, Joe McDonald, up on the Kootenai. The Confederated Tribes over on the western part of the State do a tremendous job in this 2-year college, and also he does his work also with K through 12, getting those children prepared for higher education. So, we are very much a part of that.

EIS ON COALBED METHANE

Also, what I said about EIS's and grazing. We also are slow in our EIS on coalbed methane down in southeastern Montana. I would like to draw your attention to that, and if we can have some dialogue with regard to how that is moving. It seems to me that south of border into Wyoming, we have a lot of production, and then you come north of the line, and it is the same basin and almost the same vein, and everything else just drops off. I am wondering why that has to be because I know that the EPA has some things to do down there, but on the other hand, I think it is incumbent on us to move forward on that EIS. I know we've got the draft. The rest of it is not supposed to be done until this fall. If that could be accelerated.

STEWARDSHIP CONTRACTING

Another area is stewardship contracting. We have begun a program with the Forest Service that is called a stewardship program. That is small contractors in salvage harvesting and cleaning up after these fires. And we have had more experience in cleaning up after fires than anybody in the world. So, I wonder if you would look at that because I know that is just the Forest Service alone.

Can you explain to me why that has not been adopted by the BLM or is it being looked at?

Secretary NORTON. Senator, we would appreciate the ability to look at that. We currently need some authorization for that program. So, I would like to work with you on making sure we do have the appropriate authorization to engage in those kinds of contracts because they do seem very valuable to us.

Senator BURNS. I know it is an area where I think we can help you out, and you are going to have a lot more salvage after this year than you have experienced in the past. So, we feel for you.

I have got a couple of other questions, but I do not want to hog all the time either. So, Mr. Chairman, thank you very much.

Senator DORGAN. Senator Bennett.

Senator BENNETT. Thank you, Mr. Chairman.

LITIGATION COSTS

You heard my opening statement, Madam Secretary. I would like to get a little comment from you about the question of litigation costs and the impact that is having on your budget. Yesterday, the Chief of the Forest Service released a report on the gridlock that his agency is experiencing as a result of these frivolous lawsuits. My question would be, would you be willing to undertake an analysis similar to the Forest Service so that we could have a firm quantification of how much this is? And would you care to comment on the whole question of the cost of litigation and its impact on your ability to manage Federal lands?

Secretary NORTON. One of the things that we are doing within the Bureau of Land Management right now is putting in place an activity-based costing system that allows us to obtain accounting information on how much we spend on all kinds of different things. It is not just how much we spend on litigation, but how much we spend on wild horse roundups or whatever the activity might be. That will give us better information for management overall.

Part of what would be tracked would be litigation activities. My gut feeling is that we are spending a lot on litigation. Whenever we are talking about grazing leases, for example, we have litigation on grazing leases. When we are talking about recreation activities, we have litigation on those. When we are talking about endangered species activities, we have litigation on that. So, almost everything we do has litigation as one very significant aspect of it. We would be happy to look at trying to quantify how much is actually spent on our litigation activities.

Senator BENNETT. Thank you. That information would be very helpful as we join the debate in the public land States.

PAYMENTS IN LIEU OF TAXES

Now, roughly two-thirds of the State of Utah is owned by the Federal Government. You are the largest landlord in the State of Utah. There are a number of counties in the State where the Federal Government owns in excess of 95 percent. The challenge of maintaining any kind of coherent county government in those situations where 95 percent of the land is outside the tax base is an enormous challenge. We have one county where the total population in the county is less than 1,000, and the number of visitors to Federal facilities there is in the hundreds of thousands, if not millions, every year. It is a little hard for the county sheriff to do much law enforcement in a circumstance like that. And we live or die on Federal payments in lieu of taxes or, as they are known, PILT.

Frankly, in rural Utah and I think some other rural areas in the West, we were quite delighted when this administration took office because they felt they were ignored, abused, otherwise maltreated by the previous administration. And now for 2 successive years, this administration has not supported full funding of PILT.

How do I go back to these people who were looking forward to your administration as the change in terms of attitude towards rural issues and rural people and say, yes, they are much friendlier, but they will not pay their taxes or they will not pay their payments in lieu of taxes to support the local government functions, which go in support of the Federal functions on that land? Could you comment? I know that is kind of a tough question, but it is a tough problem that we have back home.

Could you comment on the administration's attitude toward PILT and what you might do if this subcommittee, as it has done in the past, increases the PILT funding above the level you have recommended? I know you cannot say OMB was wrong, but comment, to the degree you can, about that particular issue.

Senator DOMENICI. Madam Secretary, would you let me answer in your behalf?

I was just going to suggest that the administration wanted him to do some work for his constituents, so he can get the PILT money for them. That is a very fair deal.

Secretary NORTON. That was not quite the answer I had in mind.

Senator DOMENICI. Besides, it is going to happen that way, so you might as well claim it.

Secretary NORTON. Our challenge is trying to balance the use of resources and to make sure that we are providing funding. We have to make some tough choices in that process. We have increased the request from last year, and we are working with local governments in a variety of different ways. The law enforcement issue that you mentioned is one that we are trying to look at comprehensively throughout the Department. We are in the process of reorganizing our law enforcement activities so that we have a better handle across the departments on how our law enforcement resources are being allocated. One part of that is in trying to work better with local governments on our law enforcement activities.

Senator BURNS. Would you yield? You know you got a letter signed by 66 Senators in this body saying that this PILT thing is

a serious thing, and we would like to see it increased. I am old county commissioner. Now, we did not get a lot of PILT money in Yellowstone County, but I know counties live and die in the State of Montana. I think 66 signatures is significant.

Secretary NORTON. Yes, sir.

PEER REVIEW OF DEPARTMENT DECISIONS

Senator BENNETT. One last comment which will be, I think, a little friendlier. There have been questions raised about the adequacy of the science used in the decision making by Federal land managers, and some people have said we ought to have independent peer review. I do not know if that would hold down the lawsuits because I think the lawsuits are filed without regard to science, logic, or anything else. They are raised strictly for roadblock purposes.

But would you support peer review of Department decisions, or is there anything else that you think we should do in order to put us in a position where we can defend the science of the decisions that are made a little better than perhaps we can now?

Secretary NORTON. Senator, we have already begun a move toward more peer review of key decisions and key scientific information. Obviously, a peer review process is not something we can implement across the board because there are just so many thousands and thousands of different decisions that are being made on a regular basis. But where we have brought those scientists in, I think it has enhanced our decision making, and we look forward to working with you all to further enhance our ability to ensure that the scientists widely accept the decisions that are being made.

Senator BENNETT. Thank you very much. Thank you, Mr. Chairman.

Senator DORGAN. Senator Bennett, thank you.

If I might just comment on Senator Bennett's question on PILT and Senator Burns' response, it raises the question of whether new initiatives are more important than current obligations. That is at the root of it as well. If we are proposing $160 million in new spending, is that more important than the current burdens and obligations that we have to meet? That is what I think other members of the subcommittee reflect.

Senator Campbell.

Senator CAMPBELL. Thanks, Mr. Chairman.

TRIBAL COLLEGES

First, I would like to associate my comments with yours about tribal colleges. I visit a lot of them, as Senator Dorgan does, and I can tell you they really provide a service to people who are living in an area where they have no other options. They certainly cannot go 200 miles daily to go to school. Many of the people who are in tribal colleges, in fact, are mothers and dads who could not get an education when they were younger, and they go back to school as adults.

As you know, they do not have a property tax base that they can draw from. They get very little money from States. The tuition is very nominal. But one thing that is not commonly known about the tribal colleges is that they really provide a community service for

everybody. Indian reservations are not just made up of Indians anymore. I mean, there are many people who live on it within the boundaries of reservations that are not enrolled members. They are not Native American at all, and yet all of them can avail themselves to go to those tribal colleges. I do not know the exact number, but I would estimate that in every tribal college, probably 10 percent or more are not Indians. So, they do provide a service for everybody in the community, not just Native Americans.

So, I support Senator Dorgan's request that we try and bump that money back up to a livable number because you mentioned yourself, there are tough choices. We know that. We have to make them here all the time. One of the tough choices is whether you educate young people or educate people who need the training to be able to get a job and provide for their families or you pay the piper at the other end from the results of not having an education. That is in social discord and crime and drug abuse, all the other stuff that goes with the opposite of being able to get an education.

TRUST FUNDS

Let me ask a couple of questions about the trust funds. Other members have already done that, but as I understand it, for the Office of the Special Trustee, the budget includes $160.6 million, which is a 44 percent increase over fiscal year 2002 enacted levels, and includes $153.4 million for trust operations and service, which is a 29 percent increase. In many ways, the request is based on the High Level Implementation Plan, called the HLIP plan, which we understand is now a dead plan. So, are these figures subject to change and when will we know when there are going to be appropriate funding levels that are needed?

Secretary NORTON. This budget cycle has been a difficult one for us because we have been going through the consultation process. We are getting good results on it, but we are really just getting those now. So, what we have been doing is working with the committee staff and going through the requirements, as they are coming about. We anticipate working with you taking the same overall number but making changes within that.

Senator CAMPBELL. There will be some reprogramming requests probably.

Then I might ask you, how many more meetings of the task force are in the plan?

Secretary NORTON. We are proceeding essentially with a couple of different goals in mind. Our primary meeting, in terms of the higher level of organization, is taking place in the next few days and leading up to next week's meeting in Bismarck. There is a hearing scheduled, I think on June 26, to present that feedback to you all.

We also anticipate working with the task force on some of our implementation activities, on figuring out more of the details about how things need to be implemented. So, we anticipate working with that task force on an ongoing basis as we go through the reform process.

Senator CAMPBELL. Well, it is my view, and I think the same view of many members, it is time to start cutting some checks, and

I hope that we are going to be able to get some legislation introduced to do that soon.

INDIAN LAND CONSOLIDATION

Let me ask you also on Indian land consolidation, we did one hearing in the Indian Affairs Committee. We put a program in place a few years ago that was really a pilot program. It was very well received and done very well. We had hoped to expand that, but there were some differences between the Office of the Special Trustee and the Bureau and we did not do that. I just would hope that you would be willing to work with the committee to try to expedite that and leverage some money to appropriate whatever land we need for that consolidation program so that we can allow tribes to use that land because you cannot use a piece of land when there are 150 owners on 10 acres, and that is what it amounts to now. So, I would ask for your help on that.

FIRE PREPAREDNESS

Let me go to something else so I do not hog the time here, and that is fire preparedness. Several members have mentioned the difficulty we are having in the West. When the head of the Forest Service, Chief Bosworth, was in to testify, I remember asking him his response in view of so many new fires this year. We have had, I think, 60 in Colorado alone this year, over the number we had last year. Throughout the West, that is happening. I asked him about his budget if it was adequate, or if we were going to have to deal with some kind of an emergency supplemental for it. He said, no, he did not think so, that they would be able to borrow money from other accounts. Well, sooner or later, you have got to pay the money back. It comes down to whether we are going to be able to provide the money to be able to pay back the accounts I guess that it is borrowed from.

But I wanted to know in Interior—most of those fires are on BLM land or maybe park land—how is your funding? Is it going to be adequate to get us through the season?

Secretary NORTON. In terms of the emergency suppression type activities, we have the ability to borrow money from construction funding, land acquisition funding, and other no-year money.

Senator CAMPBELL. That is a form of borrowing also from other accounts.

Secretary NORTON. In essence, it is. So, we do not face any situation of running out of money to be able to suppress fires, but it is something we do need to then come back and work on supplementals to backfill that money essentially.

Senator CAMPBELL. Do you have an estimate of where you are going to be in light of these devastating fires in the West? And I know they do not have a boundary. The fires do not care if it is BLM land or Forest Service land. Once they are raging, you know how it works.

Secretary NORTON. Once we have to tap into the emergency money, we are over and above this, but we do have money that is appropriated directly for suppression activities. That is $160 million. So far we have spent about $60 million. Obviously, we are way ahead of where we usually are at this point in time.

Senator CAMPBELL. In spending.

Maybe one last question, back to the BIA budget. You might not have the answer to this, but I was looking at some charts a while ago, and I understand that the IHS recently testified that 50 percent of its total budget is now administered by the tribes under the Self-Determination Act. That is something I absolutely support. If they have the ability and the infrastructure and all the things it takes to administer the programs themselves, they ought to do it. It is a better and more efficient use of our tax money.

What percent of the BIA budget is directly administered by the tribes under that act? Would you know that offhand?

Secretary NORTON. I do not know the exact number offhand. We would be happy to provide that for you. We certainly do encourage self-determination.

[The information follows:]

BIA BUDGET DIRECTLY ADMINISTERED BY TRIBES UNDER THE SELF-DETERMINATION ACT

Fiscal year 2001 data, the latest for which data is available, indicate tribes administer 49.6 percent of the BIA budget.

Senator CAMPBELL. I appreciate it. Thank you, Madam Secretary. Thank you, Mr. Chairman.

Senator DORGAN. Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

LEAVENWORTH FISH HATCHERY

Madam Secretary, I know you are personally familiar with a little project on the Leavenworth fish hatchery in Washington State and efforts by the Icicle Creek Watershed Council to try and remove the old weirs and structures that are blocking fish passage to a lot of our high quality habitat. Those structures were actually built by the Bureau of Reclamation when they were doing construction of Grand Coulee Dam and they have been managed by the U.S. Fish and Wildlife Service for many decades.

There is an EIS that has been completed to remove the structures. Absolutely everybody supports it. But our problem is that the Bureau of Reclamation and the Fish and Wildlife Service both say that it is the other agency that is responsible for conducting the work, and we have been going back and forth with this battle.

I want to provide some money to help them get this along, but we do not know which subagency actually to assign that to. Would you please tell me today which agency will be implementing the CIS plan?

Secretary NORTON. I will get back to you with an answer on that. Frankly, this is an item that I have on my agenda to talk with both of those bureaus for the fiscal year 2004 budget cycle. So, we certainly are looking at that.

Senator MURRAY. Well, we want to get some money. They have been waiting a long time, and if you can answer that question for me very quickly, I would really appreciate it. We need to know which agency.

Secretary NORTON. I will be happy to work with you on that.

BUREAU OF INDIAN AFFAIRS BUDGET

Senator MURRAY. Let me go back to the budget for the BIA too because I also share a lot of concern that I have already heard here. I know that you were able to keep that increase very low—it is only 1 percent—by cutting some very specific programs that are very important to a lot of members and tribes. Your budget eliminates the funding for timber, fish, and wildlife program, Lake Roosevelt management, Endangered Species Act management, Upper Columbia United Tribes program. It cuts shellfish funding which is a high priority. These kinds of programs in the Pacific Northwest are what allow our tribes to do what we require them to do, which is to manage their natural resources in cooperation with the State and Federal and local governments.

Are you willing to go back and work with us to include these accounts in the future?

Secretary NORTON. I understand that most of those are specific earmarks for specific projects. We tried to work on those things within the context of overall programs, so that we are allocating the funding appropriately on a nationwide basis because we have responsibilities to make sure we are trying to do the right thing across the country.

Senator MURRAY. In the Pacific Northwest, and I assume in many areas, part of what we need our tribes to do is to manage their natural resources effectively. And we require them to do that with our State, Federal, and local officials. If they do not have the funding to do it, they cannot have the people and personnel in place to do it. So, they are very important programs.

Secretary NORTON. One aspect of our Landowner Incentive program is for tribes. There is funding available specifically for tribes as a part of that program. We would be happy to work with you on that aspect of it.

Senator MURRAY. Okay, good.

LAW ENFORCEMENT INITIATIVE

Well, another area for Indian country that is really important is the funding and resources for law enforcement and tribal courts. We know that Native Americans suffer a much higher rate of violent crime than any other population group, and we all know that tribal courts are underfunded.

Can you please tell us your thoughts on continuing the law enforcement initiative in Indian country? That is cooperation between your Department and the Department of Justice that was begun a few years ago that is very important.

Secretary NORTON. Another aspect of our overall law enforcement initiative is trying to look at our BIA programs and looking at law enforcement programs across the board. So, that will be one aspect that we will be looking at as we go through our reorganization. We will get some information back to you on the law enforcement programs that are being done in cooperation with the Justice Department.

[The information follows:]

COOPERATIVE BIA/DOJ LAW ENFORCEMENT PROGRAMS

In 1997, the Secretary of the Interior and the Attorney General worked with tribal leaders to develop a multi-year collaborative initiative to combat rising crime rates in Indian Country. A joint BIA/DOJ law enforcement initiative was initiated in fiscal year 1999. Over the past two years, DOJ has provided grant funds to tribes for tribal officers and equipment, tribal courts, and tribal detention center construction. BIA has used additional funding to hire additional officers, improve radio systems, replace vehicles, strengthen basic detention services, bolster tribal court systems, and funnel additional resources to at-risk children.

The BIA operates law enforcement programs and funds tribally operated law enforcement services throughout Indian Country. Since DOJ's budget has included detention center construction funding, the BIA has suspended its detention center replacement program since fiscal year 1998. However, BIA has maintained its responsibility for funding the operational costs of these facilities.

The BIA promotes working relationships with various offices within the DOJ for the overall benefit of Indian country law enforcement. The Federal Bureau of Investigation provides training and technical assistance to Indian Country law enforcement officers. Training is designed to develop a highly trained professional law enforcement cadre to better serve Indian country enabling both BIA and tribal officers to be more autonomous and effective in their major investigations. More effective fieldwork helps ensure productive and effective prosecutions.

The FBI sponsors and supervises the Safe Trails Task Forces (STTF) which currently operate throughout Indian Country. STTF's are joint operations designed to investigate and prosecute major crimes occurring in Indian country. STTF's are staffed by FBI and BIA Special Agents, and State, local, and Tribal police officers. STTF's have led to the prosecution of numerous large scale cases by utilizing the resources of Federal and local law enforcement agencies to investigate the production and sale of illegal drugs.

The Drug Enforcement Administration (DEA) offers training and technical assistance to Indian country law enforcement officers on vehicle stop drug interdiction, major drug investigations and clandestine laboratory processing and investigation. Vehicle stop drug interdiction has become a successful and vital aspect in the movement of drugs through Indian Country.

The Immigration and Naturalization Service (INS) and U.S. Border Patrol (USBP) work closely with BIA and tribal law enforcement officers to address the problem of smuggling undocumented aliens, controlled substance and other contraband, through Indian country. The BIA is currently working on an in-depth project concerning northern and southern border initiatives some of which has expanded into the realm of antiterrorism. The BIA is currently working on a project to utilize the USBP's canine training division to train both dogs and their law enforcement handlers.

The cooperation between the BIA and the USBP focuses on reducing undocumented aliens and contraband entering the United States through Indian Country jurisdiction near both borders. The utilization of the USBP canine training division will provide the much needed asset of canine officers capable of searching for escaped or missing persons, drugs, explosives as well as other canine patrol functions.

The Office of Tribal Justice (OTJ) and the Executive Office for the United States Attorneys provide guidance and coordination on legal issues impacting law enforcement in Indian country. The U.S. Attorney's Office provides technical assistance and training on various aspects of the Federal prosecution process and on major case investigations occurring in Indian Country. Assistance from the U.S. Attorney's Office provides officers and agents with foundation to ensure the legal aspects of criminal prosecution are addressed.

Community Oriented Policing Services (COPS) has awarded COPS grants to numerous tribal programs throughout Indian Country. The BIA-OLES continues to generate dialog with the COPS office in an attempt to secure continued financing of this much needed program whose efforts have shown significant positive impact in Indian Country.

Senator MURRAY. I would really appreciate that because I think they are very important initiatives.

Let me just say I also noticed that you did not request the $14 million that is needed to hire staff at our new detention facilities that were built with funds from DOJ. We have new Washington State facility for the Colville Confederated Tribes. They do not have any money to hire the personnel for it, and it is scheduled to open

in the fall of 2003. I wondered if you are aware that if this $14 million is not provided, there are as many as 10 completed facilities already built that will remain vacant while tribes wait for funding to hire the personnel. I wanted to know if you would work with us on this crucial funding that these tribes need in order to use those buildings that have been built.

Secretary NORTON. I am not aware of that situation, so let me look into that and provide an answer to you.

Senator MURRAY. Thank you. I appreciate it very much.

Thank you, Mr. Chairman.

[The information follows:]

FUNDING FOR NEW BIA DETENTION FACILITIES

Staffing and operational funds will be needed to open 16 new detention facilities being built by the Department of Justice (DOJ). BIA will operate three of the facilities and tribes will operate the remainder. An additional 56 FTE is required to staff two of the facilities that will be BIA operated. Two of the facilities have been fully funded for staffing and operational costs. Ten facilities have received partial funding. Additional funding will be required at facilities that are scheduled to open by fiscal year 2004. These funding needs are being considered in the fiscal year 2004 budget formulation process.

Senator DORGAN. Senator Domenici.

Senator DOMENICI. Thank you very much, Mr. Chairman.

Senator Feinstein, I will not be very long.

FUNDING FOR INDIAN SCHOOLS AND COLLEGES

Madam Secretary, I think it might serve you and us well if you would take a look at the various colleges or post-high school facilities that are allegedly for our Indian people, either in whole or in part, and submit to us, through the chairman, what are they. That sounds like a crazy question, but essentially these schools do not know what they are. They come up here and say, would you get us $1.5 million because the Navajo government will not give us any money? This is an ongoing college with kids attending. Another one will come up and say, will you make sure that the Department of the Interior funds us because they have not been fully funding us? I think all of us ought to know what our responsibilities to the various colleges are. I have never seen it addressed, and I keep working ad hoc to help these schools.

I have two or three in my State that I make sure get funded, and they have turned out to be very, very good. In fact, I would say if you are visiting New Mexico, in Bernalillo County, Albuquerque, there is a multi-state Indian school called SIPI. It is a full-blown technical vocational school of very high quality. It can be one where you could claim we are doing our job right. I do not know if we are doing the job right everywhere, but that is one.

[The information follows:]

BIA FUNDED TRIBALLY CONTROLLED COMMUNITY COLLEGES

Currently, the BIA funds 26 Tribally Controlled Community Colleges (TCCC) under the provisions of Public Law 95–471, the Tribally Controlled Community College Assistance Act. Of these, 25 are authorized under Title I provisions of the law, and one, Diné College (Formally Navajo Community College) is funded under Title II of the law. Public Law 95–471 provides for funding one TCCC per tribe. These institutions are authorized by individual tribes and operate under control of Tribal Boards of Regents. Tribes may establish other TCCCs, but only one is authorized

for funding under Public Law 95–471. Additionally, the BIA operates and funds two post-secondary schools providing services to all tribes—Southwestern Indian Polytechnic Institute (SIPI) and Haskell Indian Nations University (HINU).

Funding the Crownpoint Institute of Technology (CIT) is authorized under the Carl Perkins Act (Public Law 105–332) while the United Tribes Technical College (UTTC) has previously operated under contract with the BIA to provide education services in the North Central Plains States. Although Congress has provided funding in the past, BIA's fiscal year 2003 budget request does not include funding for CIT or UTTC due to other higher funding priorities for Tribes on a nationwide basis.

Since the Navajo Tribe operates Diné College under Public Law 95–471, the Navajo tribe may not seek funding for Crownpoint under provisions of Public Law 95–471 which authorizes TCCCs. United Tribes Technical College is not sponsored by one tribe (it was established by a consortium of tribes) and, hence, does not meet the criteria established for funding under the provisions of Public Law 95–471. Therefore, under existing provisions of Public Law 95–471, these schools are not eligible for TCCC funding. In previous years, Congress has provided funding for these institutions as economic development under Special Programs and Pooled Overhead.

Senator DOMENICI. Let me move on for a minute. You heard my observations in a few opening remarks that I made with reference to how different our forests seem to look now compared to 35 years ago or 40 years ago when I was—I do not want to tell you how old, but older than 20, 30. How does that sound? You could walk in the forests and there were big trees, and most of them are not like that today.

POLICY FOR FOREST MANAGEMENT

I just wonder if you could tell us whether you have a policy for forests in the United States that causes that? Why are some forests in the Jemez Mountains of New Mexico full of old trees and easy to walk in?

As a matter of fact, I might tell you there are many people who hunt mushrooms among those pine trees. I hope you do not laugh too much. The entire Italian American community of Albuquerque used to have great fun hunting mushrooms. They are okay. None of them died.

But you could walk through the forest and they did not burn very often. I just wonder if we have a policy or if there is a policy being thrust upon us. And there is another piece of the forest that you see, after a beetle infestation or a fire burn. In one area, you will see people cleaning it up maybe 1½ years after it happens; in another, it is sort of like somebody put a sword in the ground and said, you will not touch this. So, there sits the burned trees until they rot and there sits the infested trees. People that drive by wonder what we are up to. What is with this? I think it would be great if you would tell us what is with it. Not now. But this is a very important and complex issue and we keep fighting around the edges. I am not sure we really know what the policy is.

Secretary NORTON. Senator, you are right. It is a very large issue and perhaps more than we have time for. But I have seen exactly the same thing in my experience with watching Colorado forests. Just as we were flying over the fires the day before yesterday, we saw the beetle-killed trees that are right on the edge of the areas that are burning. So, if one out of every five trees is a dead, dry tree, that certainly makes fire fighting more difficult.

Our forests today, according to a study that was done a few years ago, are ten times as dense as they were in 1900. So, it is no

misperception on our part that the forests look a lot different than they did a few decades ago. We had fire suppression as a major program——

Senator DOMENICI. Is that good? As stewards of America's forests, is that good?

Secretary NORTON. It is very bad. It is very unhealthy. The ecosystems of our forests are in tremendous imbalance, and we need to work to restore that balance.

We just signed an agreement with the Western Governors on a bipartisan basis that I think puts in place a great program to begin making those changes. We really need to make fundamental changes in the way that we manage our forests. It is a long-term undertaking.

Senator DOMENICI. Mr. Chairman, I believe that this is a fundamental issue for us. We put a lot of money in to forest management and we do not know from time to time which of these forests is going to turn out which way. I think it depends upon Federal judges and local tribunals and who files a suit and who does not. But I for one would urge that you, as chairman of the committee, ask for some kind of statement of policy on this issue. I think it is the most important one confronting us because if we are going to say let the forests burn down is a good policy, then we ought to know it and tell our people. We ought to tell Denver, tell Los Alamos 2 years ago, well, just do not worry. That is our policy. We just hope it does not burn you down. Which I cannot believe is our policy.

SILVERY MINNOW

Let me move on. In Albuquerque and on the Rio Grande River, there has been a recent decision with reference to endangered species, the minnow. I think you might have been in our State right in the middle of the adjudication of this situation, or at least you should be aware of the decision.

Secretary NORTON. Yes.

Senator DOMENICI. There is a Federal court decision. I do not know if the time to appeal it has run. But essentially for some people it was not a shock, but for this Senator it surely was. I did not believe the decision would come down like it did.

What is the position with reference to an appeal on the part of the U.S. Government, or is it too early for me to ask you?

Secretary NORTON. Let me get back to you with that information on where we are in the litigation.

[The information follows:]

LITIGATION BACKGROUND

MINNOW V. KEYS

This litigation began in 1999 when environmental groups represented by the Land and Water Fund of the Rockies (Plaintiffs) sued the Bureau of Reclamation and the Army Corps of Engineers for alleged violations of the Administrative Procedure Act (APA), the National Environmental Policy Act (NEPA), and the Endangered Species Act (ESA).

In an April 19, 2002 opinion, Chief Judge James A. Parker upheld a June 2001 Biological Opinion issued by the Fish and Wildlife Service. In that decision, however, Judge Parker also held that Reclamation had improperly limited the scope of its ESA consultation and that it had broad discretionary authority to use natural

Rio Grande flows associated with the Middle Rio Grande Project and the San Juan-Chama Project for the silvery minnow. Therefore, Reclamation would have to consult over the exercise of that authority for the benefit of the silvery minnow if and when it reinitiated consultation.

Although the United States filed a protective notice of appeal and intervening parties filed notices of appeal, the Tenth Circuit dismissed the appeals for lack of jurisdiction.

This year brought a drought of unprecedented proportions. Reserve water supplies in the Basin have been relied upon heavily in the past several years to provide water to protect the silvery minnow. The severe drought conditions and limited water supply eventually warranted reinitiation of consultation under section 7 of the ESA. On August 2, 2002, Reclamation reinitiated consultation over a new proposed action for the remainder of this water year only. As the drought continued to worsen, Reclamation learned that the water supply the Middle Rio Grande Conservancy District (MRGCD) leased from Albuquerque would last two weeks less than expected, thus providing less water than expected the downstream stretches of the river. On August 30, 2002, Reclamation again amended its proposed action in consultation with the FWS, this time proposing to keep only the Albuquerque stretch of the river wet and only as long as supplemental water supplies from willing sellers remained available.

On September 4, 2002, Plaintiffs filed a Motion for Emergency Injunctive Relief asking the court to order Reclamation to continue to meet the terms of the June 2001 Biological Opinion for the remainder of the calendar year. Plaintiffs sought a court order compelling Reclamation to release water from an upstream reservoir (Heron) to continue meeting the flow requirements of the June 2001 biological opinion to avoid alleged jeopardy and unlawful "take" of the silvery minnow.

On September 12, 2002, the Service issued a new Biological Opinion. According to the Service, Reclamation's proposed ongoing operation of the Project would jeopardize the continued existence of the species, but there was no reasonable and prudent alternative (RPA) to the proposed action that would alleviate jeopardy to the species. Relying on hydrological information provided by Reclamation, the Service concluded that given the extremely limited quantity of reserve supplies in the Basin, any Heron water releases in 2002 would also jeopardize the minnow. The Service concluded that it would be better to keep the limited water resources available for a flow spike to signal minnow spawning next spring and to be managed to keep at least some stretches of the river wet if the drought persists.

On September 23, 2002, Judge Parker found that the Service's September 12 Biological Opinion was arbitrary and capricious. Judge Parker ordered Reclamation to comply with the action as proposed in its August 2, 2002 letter to the Service.

On October 16, 2002, the Tenth Circuit Court of Appeals granted the City of Albuquerque and the State of New Mexico's request for an emergency stay of Judge Parker's order. The United States' request for expedited appeal was also granted, and appellate briefs are due to the Tenth Circuit in 30 days. The Department of the Interior will be working closely with the Department of Justice on the appeals process.

Secretary NORTON. As to the silvery minnow issue overall, we worked for several months with the city of Albuquerque and with the water users along the way. We were pleased that we were able to enter into an agreement to purchase some water that Albuquerque brings in from the Colorado River and to provide some funding for water for the fish as well as water for the irrigators. That, I think, is a much better outcome than we might have achieved otherwise.

Senator DOMENICI. Well, Madam Secretary, just so you will know, we did that before you arrived without an agreement. We put money in the appropriation bill for the Bureau of Reclamation to fund the acquisition on a 1-year basis, one at a time. Now you just reduced it all to writing, but we have had that agreement with the subcommittee that I chaired, now chaired by Senator Harry Reid. But the water is only acquired for 1 year. So, the fish is not a taking. It is only borrowing through this five-party agreement. That is not going to last forever. The minnow issue is going to perk

up again, and I think our State needs to know what the Federal Government is going to do about that case.

Secretary NORTON. I have had some of my top people working very closely on that. I think we have made substantial progress on it.

Senator DOMENICI. Thank you very much. Thank you, Mr. Chairman.

Senator DORGAN. Senator Domenici, thank you very much.

I am going to call on Senator Feinstein in one moment. I want to ask just a brief question and then I may have to depart before Senator Feinstein concludes. So, she will chair and then conclude the hearing.

We will also ask that those who have questions will have until 5 p.m. tomorrow evening to submit questions for the record. We will do that without objection, and Senator Byrd and I will also submit a series of questions, Madam Secretary.

I do not know that I pinned you down quite enough. Can I get a half an hour of your time when you are in Bismarck? I will not be able to be there because the Senate is in session, but can we ask that you spend 30 minutes on the way to or from the airport with Dr. Gipp at United Tribes? A quarter mile from the turnoff.

Secretary NORTON. My scheduler will probably kill me for saying this, but yes, I will do that.

Senator DORGAN. Have your scheduler call me. I will run interference with your scheduler.

Secretary NORTON. I know we have had some real difficulty getting the arrangements made.

Senator DORGAN. I understand. Well, thank you very much for that commitment. And I will call while you are there just to make sure you are going there.

Not that I in any way ever doubt that, but I would like to call in just for a moment while you are there. But thank you for being willing to do that.

Let me go back to just this very brief point. Madam Secretary, in many areas I agree with what you are doing. In some areas I do not agree. I voted for your confirmation. You have a very difficult job. You control a great deal of resources and have responsibility for a lot of public land.

We rank, by the way, in North Dakota, I will say to Senator Feinstein, 50th among the 50 States in native forest lands. In other words, we are dead last in trees. So, while I find it interesting for all these folks to be talking about trees, we do not have any.

NEEDS ON INDIAN RESERVATIONS

But it goes back to the question I asked earlier, if I can just make this brief point. We do have Indian reservations, and there is such desperate need there. I worry a great deal that this budget is not reflecting the right priorities when it proposes new initiatives. The conservation initiative might be fine. I do not know, but at $100 million for a new initiative to provide grants in areas where we have a substantial amount of grant authority already existing, and then to see United Tribes, the tribal colleges reduced, a 1 percent increase in the BIA programs, there is just such a compelling need there. I really think we have missed the priority.

I do not know how much of that originates with you or the Department because I know the way this comes up back through OMB, but I would like us to talk about that at some point because this is not a case of simply saying, gee, this would be nice to fund. These are urgent, urgent needs. There are kids who are dying on these reservations for lack of adequate health care. I talk to these people all the time who suffer because they do not have adequate access to housing and health care.

I would just make one final point, Senator Feinstein. I am sorry to take your time here. I apologize.

Senator FEINSTEIN. That is all right.

Senator DORGAN. I have been told of the woman on the South Dakota reservation that froze to death about a year ago, laying in a house at 30, 40 below, she and her grandkids, without beds, with plastic sheeting covering the windows. There is clearly an urgent situation in housing, health care, and education on these reservations. And we must address it. Shame on us if we do not.

And it is not Democrat or Republican. Every administration since I have been in Washington has underfunded these programs and not paid adequate attention to the emergency that exists right here in our country. So, I just ask you to work with us, and I hope we can have a conversation about it because I do not think this budget reflects that urgent priority that is necessary.

Let me again thank you, Madam Secretary, for coming today, and let me call on Senator Feinstein.

Senator FEINSTEIN. Thanks very much, Mr. Chairman.

CARGILL PURCHASE

Madam Secretary, I have another thing to thank you for and that is for your cooperation in the Cargill purchase, the purchase of the 16,000 acres of salt flats. I want you to know that that went very well. The agreement is being finalized. I know that the California State legislature, Byron Sher's committee, is going to be holding a hearing. I think there was some confusion that some people thought it had something to do with runway expansion at San Francisco International. It does not. Not at all. I think we have got a very good agreement. You have been wonderful, and we got it done.

For me, particularly exciting was having the cooperation of the Gordon Moore and the Hewlitt and the Packard and the Goldman Foundations. It made the purchase a lot easier. They are going to use their people to help us with the remediation and the oversight. So, it has been really a wonderful experience putting that together. And you have been there with us all the way, and I want to say thank you for that.

Secretary NORTON. Thank you. It is a spectacular addition to our wildlife refuge system. It is an incredibly important ecosystem that we will be restoring.

Senator FEINSTEIN. Yes, I really agree with that. Thank you very much.

Secretary NORTON. You bet.

CALIFORNIA OIL LEASES

Senator FEINSTEIN. The second thing I want to ask you quickly about is on the subject of oil leases. I read where there is going to be action on the oil leases off the Florida coast. The California coast has 36 oil leases. They are under the jurisdiction of the California Coast Commission. They are not going to drill off the coast of California. We have fought this battle for 30 years. I think there was a misimpression by the President that Californians do not care about this. As a matter of fact, overwhelmingly Californians do care.

The thing that occurs to me with these 36 leases is that we might be able to effect a trade and really move them out of the area. What I would like to do is work with a certain member of your staff to see if such a thing is possible and we cannot get this issue resolved.

Secretary NORTON. There are several aspects of this that I should mention. First of all, we have looked at those leases, and we are in litigation about them. That is still at a very early stage as opposed to the Florida situation where the litigation had been underway for several years. So, there obviously are issues like valuation and so forth that crystallize as you go through litigation that have not yet done so in the California situation. We certainly will continue to work with you on that.

California is somewhat different than Florida in terms of the State's position on additional drilling taking place offshore. We do recognize that the State policy has been somewhat different than Florida has been.

We also have some very severe difficulties for us, and one of the major issues that needs to be addressed is the litigation that the State of California has undertaken about interpretation of consistency under the Coastal Zone Management program. The implications of the Florida litigation hamper our ability to manage the offshore activities in the active producing areas like the Gulf of Mexico. So, we have taken the position that is the same position as the previous administration took in that litigation because of the impact on our other activities. We have had some discussion with the State about that, but I think it is important for you to understand that we have nationwide implications about the State's litigation that we are very concerned about.

Senator FEINSTEIN. Perhaps we should talk further because in my view this could all get resolved if there is an outcome that will be agreeable to all parties. I think there could be an outcome that would be agreeable to all parties. In any event, I would like to work on it because I do not think this litigation makes any sense. It is going to go on.

There is not going to be drilling off the coast of California. I mean, there is just too much public sentiment against it, and we have had some massive problems from oil drilling, particularly in the Santa Barbara area where most of these leases actually are. So, it is not going to happen. Let us see if we can resolve it in a way that there is a balanced and fair result for everybody concerned. I just want to indicate to you I would like very much to work with you to get that done.

Secretary NORTON. I would be happy to work with you.

COLORADO RIVER AGREEMENT

Senator FEINSTEIN. The third thing I want to ask has to do with the Colorado River agreement and it has to do with the Imperial Irrigation District and the meeting that I spoke earlier about yesterday. See, it became very clear that when David Hayes negotiated the Colorado River agreement to give California what is called a soft landing—in other words, a gradual reduction of the take of water from the Colorado—the Salton Sea did not figure into it because it was thought at that time Salton Sea would be settled by then.

Well, the Salton Sea is not settled, and there is deep concern by the Imperial Irrigation District that obviously they do not want to be forced into a fallowing situation and then be responsible for the Salton Sea. There is an endangered species problem there, and it is very difficult.

My point for this little dialogue is that we need to see Interior's Salton Sea alternatives report ASAP. And I want to ask if you could perhaps see that that gets done. Everybody needs to see what the Salton Sea recovery costs are. A, is it possible? B, what does it cost?

There are a lot of misimpressions floating around. Bennett Raley cleared up one of them for us yesterday, and that misimpression was that you could do a sort of dyking proposal for $300 million. He said it is not true. It is $900 million. Well, that alternatives report I think really figures into our ability to get the Colorado River agreement carried out and to move those four irrigation districts.

Secretary NORTON. I do not know that we have something that lays out all the alternatives and the costs in quite the way that you are talking about. But I do know there is a lot of misinformation out there about the possibilities. So, let me check. We would be happy to provide the information.

[The information follows:]

SALTON SEA RESTORATION ALTERNATIVES REPORT

The Department of Interior is in the process of preparing a report on restoration alternatives for the Salton Sea that is not complete. Very shortly, the Secretary intends to transmit a letter to Senator Feinstein, detailing the status and timeframe for completion of the Salton Sea Restoration Alternatives Report.

Senator FEINSTEIN. Really sooner rather than later because we have got to get an agreement because, as you know, the EIR for this quantification agreement has to be done by the end of December or it puts everybody in a terrible position of what might happen with your declaring a nonsurplus situation on the Colorado and a major taking of water.

Secretary NORTON. We certainly appreciate your working with us and working with the irrigation districts and the southern California governments to help them understand the seriousness of the situation. So, we look forward to continuing to work with you as we tackle a very serious challenge coming up in the next 6 months.

Senator FEINSTEIN. Right, because the bottom line that is stopping everything is the Salton Sea. And how much responsibility the Imperial Irrigation District would have and what kind of liability

they would have if the tailing water stops going into the sea. In a great way, it is unfair because when the agreement was negotiated, the Salton Sea was not a concern, and now it is and there is a huge species issue. There is a huge endangered species issue, the possibility of suit, tremendous liability. That is why I think we need to bite that bullet and take a look at the sea and make some decisions as quickly as we can to get this other agreement consummated.

Secretary NORTON. We will certainly continue working closely with you.

Senator FEINSTEIN [presiding]. Thank you very much. I appreciate it.

Senator Burns.

Senator BURNS. Present.

Senator FEINSTEIN. And accounted for.

LANDOWNER INCENTIVE AND PRIVATE STEWARDSHIP PROGRAMS

Senator BURNS. Your Landowner Incentive and Private Stewardship programs—I know you are kind of proud of those and I noticed Congress providing funding for two new conservation programs in fiscal year 2002, $40 million for the Landowner Incentive program and $10 million for Private Stewardship grants programs. I guess I got a couple of questions on those.

We are asked to start yet another program here. I have the feeling that we may be getting too many tools in the conservation tool box. And I am a promoter and a supporter of both programs. When does the Department intend to make those grant awards for those programs? Because none of those funds have been expended yet from last year.

Secretary NORTON. On the Landowner Incentive and Private Stewardship programs, we really wanted to have those be effective tools for the States and local governments because part of that relies on State implementation. We have had to build a relationship with the State wildlife agencies because that did not really exist as strongly in the past as we needed. And we had to get our management team in place. It was not really until February that we had our Director of the Fish and Wildlife Service and our Assistant Secretary for Fish, Wildlife and Parks in place.

They have been working very hard since then and consulting with the affected governments on these programs. We published the guidance criteria and ranking criteria on a proposed basis in the Federal Register on June 7. So, we are now moving forward with that. We think we have good general agreement on how those programs can operate.

We really wanted those to be ones that would be workable for the private landowners so that a farmer or rancher or other landowner would be able to understand and access that funding fairly easily instead of having it be too complex a process. It has taken some time to get criteria in place that will allow a user friendly kind of process.

Senator BURNS. Madam Secretary, you might tell the committee of one now—I think it is a good idea. I ask unanimous consent that we go to the mark.

You might tell this committee how these three programs differ from the Partners for Wildlife program. You have got that one. You have got the Cooperative Endangered Species program, the NAWCA program, and other grant programs administered by the U.S. Fish and Wildlife Service. Can you provide a chart for the record that explains the differences among these various programs?

Secretary NORTON. We would be happy to do that. I think we could get that to you fairly quickly. Each of the programs has a little different emphasis and is designed to achieve a somewhat different result.

[The information follows:]

U.S. Fish & Wildlife Service
Grant Programs Summary
($ in 000's)

Name of Program FY02 Enacted $ FY03 Request $	Funding Meth-odology	Match and Criteria	Authorizing Legislation	Eligible Entities [1] (e.g. states, tribes, private landowners)	Purpose of Program
Cooperative Conservation Initiative $0 $18,000 (minimum of $5 M in National Wildlife Refuge System)	Competitive - National Funds to be obligated through Cooperative Agreements, contracts, or MOUs.	50% match of cash and/or in kind goods and services; projects must identify one or more partners	~~Activities are for authorized activities of programs funded through the Resource Management account, and include a broad range of statutory authorities to carry out Fish and Wildlife Service programs.~~	Eligible projects will be nominated by Service Field units and must include a minimum 50% partner match in new cash and/or in-kind Services. Partners include state and local governments, tribes, conservation organizations, agricultural interests (such as farmers and ranchers), sportsmens' groups, corporations, small businesses, NGOs, educational institutions, volunteer organizations, science community	Foster innovative and creative cooperative efforts to restore natural resources and establish or expand wildlife habitat, with an emphasis on federal lands and resources.
Partners for Fish and Wildlife Program $36,596 $29,215	Cost Sharing	Goal 50% of cost share assistance	~~Fish and Wildlife Act of 1956, 16 U.S.C. 742(a) 754~~ ~~Fish and Wildlife Coordination Act of 1958, 16 W.S.C. 661-667(e)~~	Private landowners, Native American Tribes, schools, communities and other landowner	Assist private landowners, Native American Tribes, communities and any other non-State or non-Federal entities that wish to voluntarily restore fish and wildlife habitat on their lands. Some program examples include restoration of native habitats to include: wetlands; grasslands, forests and other uplands; and riparian and in-stream habitats.
Coastal Program $11,299 $9,630	Cost Sharing	None	~~Fish and Wildlife Act of 1956, 16 W.S.C. 742(a)~~ ~~Fish and Wildlife Coordination Act of 1958, 16 U.S.C. 661-667(e)~~	Federal and state agencies, local tribal governments, conservation organizations, watershed councils, land trust, academia businesses, private landowners, projects on either public or private lands	To work with collaboratively and cooperatively with partners to identify, restore and protect habitat in priority coastal areas. Restoration of tidal flow to a degraded salt marsh, customized habitat assessments using GIS, Dam removal for fish passage.
Landowner Incentive Program $40,000 $50,000	Competitive – National	25% minimum (selection criteria are in development for this new program)	Endangered Species Act of 1973 **Fish and Wildlife Act of 1956** **Fish and Wildlife Conservation Act**	States, Tribes	Establish or supplement existing landowner incentive programs that provide technical or financial assistance, including habitat protection and restoration, to private landowners to benefit species at risk

Name of Program FY02 Enacted $ FY03 Request $	Funding Meth-odology	Match and Criteria	Authorizing Legislation	Eligible Entities [1] (e.g. states, tribes, private landowners)	Purpose of Program
Private Stewardship Grants $10,000 $10,000	Competitive – Regional	10% non-Federal - Financial or in-kind	Endangered Species Act of 1973 **Fish and Wildlife Act of 1956** Fish and Wildlife Conservation Act	Groups and individuals engaged in conservation activities on private lands	Provide financial assistance for on-the-ground conservation projects on private lands to benefit at-risk species.
State Wildlife Grants $80,000 $55,000	Formula	25% (planning grants) 50% (implementation projects)	Endangered Species Act of 1973 **Fish and Wildlife Act of 1956** **Fish and Wildlife Conservation Act**	States (tribal wildlife grants addressed separately below)	Develop wildlife conservation plans and on-the-ground conservation projects
Tribal Wildlife Grants $5,000 $5,000	Competitive – National	To Be Determined	Endangered Species Act of 1973 **Fish and Wildlife Act of 1956** Fish and Wildlife Conservation Act	Federally recognized Tribes	Develop wildlife conservation plans and on-the-ground conservation projects benefiting at-risk species.
North American Wetlands Conservation Act $43,500 $43,560	Competitive – International (U.S., Canada, Mexico)	1:1 match, Federal:Non-federal; Criteria set per statute for wetland and bird conservation	North American Wetlands Conservation Act	Private and Public organizations and individuals who have developed partnerships to carry out wetlands conservation projects in the U.S., Canada, or Mexico.	Provide funding assistance to promote conservation of wetlands and associated habitats for migratory birds and other wildlife.
Cooperative Endangered Species Conservation Fund (Section 6 ESA) $96,235 $91,000 (See Programs Below)	Competitive and Formula to Regions	25% for a single State [1], 10% when two or more States implement a joint project	Endangered Species Act	States [1] with which the Service has a current Cooperative Agreement and through the States to private landowners, communities and local governments	Provide financial assistance to States [1] to participate in a wide array of voluntary conservation projects for candidate, proposed and listed species.
1. Conservation Grants $7,520 $7,520	Formula to Regions - Competition or Formula at Regional level	25% for a single State [1], 10% when two or more States implement a joint project	Endangered Species Act	States [1] with which the Service has a current Cooperative Agreement and through the States to private landowners, communities and local governments	Provide financial assistance to States [1] to implement conservation projects for listed and nonlisted species, such as habitat restoration, species status surveys, public education and outreach, captive propagation and reintroduction, nesting surveys, genetic studies and development of management plans.

Name of Program FY02 Enacted $ FY03 Request $	Funding Meth-odology	Match and Criteria	Authorizing Legislation	Eligible Entities [1] (e.g. states, tribes, private landowners)	Purpose of Program
2. Habitat Conservation Planning Assistance $6,650 $6,650	Competitive – National	25% for a single State [1], 10% when two or more States implement a joint project	Endangered Species Act	States [1] with which the Service has a current Cooperative Agreement and through the States to private landowners, communities and local governments	Provide financial assistance to States [1] to support the development of Habitat Conservation Plans (HCPs) that provide for the conservation of imperiled species while allowing economic activities to proceed.
3. HCP Land Acquisition $61,306 $56,471	Competitive – National	25% for a single State [1], 10% when two or more States implement a joint project	Endangered Species Act	States [1] with which the Service has a current Cooperative Agreement and through the States to private landowners, communities and local governments	Provide financial assistance to States [1] to acquire land associated with approved HCPs to secure protection of endangered and threatened species habitats and expand conservation benefits of HCPs.
4. Recovery Land Acquisition $17,759 $17,759	Formula to Regions - Competition at Regional level	25% for a single State [1], 10% when two or more States implement a joint project	Endangered Species Act	States [1] with which the Service has a current Cooperative Agreement and through the States to private landowners, communities and local governments	Provide financial assistance to States [1] to acquire habitat for endangered and threatened species. Acquisition of habitat to secure long term protection is often an essential element of a comprehensive recovery effort for a listed species
Multinational Species Conservation Funds $7,000 $5,000	Competitive	AfECF/RTCF/ AsECF/GACF-- Match or in-kind support is not required by authorization, but Service works toward 1:1. In many cases it is at least 2:1; NMBCF–3:1 match	African Elephant Conservation Act Rhinoceros and Tiger Conservation Act Asian Elephant Conservation Act Great Ape Conservation Act Neotropical Migratory Bird Conservation Act	~~AfECF/RTCF/AsECF/GACF- Any organization or individual with experience in the conservation of these species; and/or any African or Asian government agency responsible for the conservation and protection of the target species.~~ NMBCF-An individual, corporation, partnership, trust, association, or other private entity; Federal Government, states, municipalities; foreign government; other entity subject to the jurisdiction of the United States or of any foreign country; or An international organization.	AfECF/RTCF/ AsECF/GACF-- Funds support projects that develop local ability to manage, conserve, research, or protect the target species NMBCF-To perpetuate healthy populations of neotropical migratory birds; assist in the conservation of neotropical migratory birds by supporting conservation initiatives in the United States, Latin America, and the Caribbean; and provide financial resources and to foster international cooperation for those initiatives.
North American Wetlands Conservation Act $28,040 $31,420	Competitive – International (U.S., Canada, Mexico)	1:1 match, Federal: Non-federal; Criteria set per statute for wetland and bird conservation	North American Wetlands Conservation Act; Coastal Wetlands Planning, Protection, and Restoration Act (authorizing coastal projects only in the U.S.)	Private and Public organizations and individuals who have developed partnerships to carry out wetlands conservation projects in the U.S., Canada, or Mexico.	Provide funding assistance to promote conservation of wetlands and associated habitats for migratory birds and other wildlife.

Name of Program FY02 Enacted $ FY03 Request $	Funding Meth-odology	Match and Criteria	Authorizing Legislation	Eligible Entities [1] (e.g. states, tribes, private landowners)	Purpose of Program
Sport Fish Restoration Program $290,467 $271,888	Formula	25%	Federal Aid in Sport Fish Restoration Act of 1950 (16 U.S.C. 777-777m), as amended by the Deficit Reduction Act of 1984 (P.L. 98-369), the Surface Transportation and Uniform Relocation Act of 1987 (P.L. 100-17), the Coast Guard Authorization Act of 1987 (P.L. 100-448), and the Transportation Equity Act for the 21st Century (P.L. 105-178)	States	Restore and manage sport fish populations for the preservation and improvement of sport fishing and related uses of these fisheries resources
Multistate Conservation Grant Program (Wildlife Restoration and Sport Fish Restoration) $6,000 $6,000	Competitive – National	None	The Wildlife and Sport Fish Restoration Programs Improvement Act of 2000 (P.L. 106-408)	States; nongovernment organizations; the U.S. Fish and Wildlife Service (for the National Survey of Fishing, Hunting, and Wildlife-Associated Recreation)	Conduct sport fish and wildlife restoration projects identified by the International Association of Fish and Wildlife Agencies
Clean Vessel Act Program $10,000 $10,000	Competitive – National	25%	The Clean Vessel Act o f 1992 (16 U.S.C. 777c), Section 5604, The Sportfishing and Boating Safety Act of 1998 (16 U.S.C. 777c-777g: Title I, Subtitle D of the Transportation Equity Act for the 21st Century: P.L. 105-178)	States	Construct and renovate sewage pumpout and dump station facilities for recreational boats, and to develop an education program to prevent recreational boat sewage from entering U.S. waters
Boating Infrastructure Grants Program $8,000 $8,000	Tier 1 - Up to $100K per State Tier 2 – Competitive National	25%	The Sportfishing and Boating Safety Act of 1998 (16 U.S.C. 777c-777g: Title I, Subtitle D of the Transportation Equity Act for the 21st Century, P.L. 105-178)	States	Construct, renovate, or maintain tie-up facilities for transient, nontrailerable recreational vessels (26 feet in length or longer)
Wildlife Restoration Program $178,986 $187,788	Formula	25%	Federal Aid in Wildlife Restoration Act of 1937 (16 U.S.C. 669-669k)	States	Restore or manage wildlife populations and provide public use of these resources, and provide facilities and services for conducting a hunter safety program. States have mostly used these funds on activities associated with game birds and game mammals.

Name of Program FY02 Enacted $ FY03 Request $	Funding Meth-odology	Match and Criteria	Authorizing Legislation	Eligible Entities [1] (e.g. states, tribes, private landowners)	Purpose of Program
Hunter Education Enhancement Program (Wildlife Restoration) $7,500 $8,000	Formula	25%	The Wildlife and Sport Fish Restoration Programs Improvement Act of 2000 (P.L. 106-408)	States	Enhance existing hunter education, safety, and development programs
National Coastal Wetlands Conservation Grants Program $13,040 $12,420	Competitive – National	25%	The Coastal Wetlands Planning, Protection and Restoration Act of 1990 (16 U.S.C. 3951 et seq.)	States	Acquire interests in coastal lands or waters, and restore, enhance, or manage coastal wetlands ecosystems

[1] Definition of state includes U.S. territories and District of Columbia

Senator BURNS. I think the committee needs to do that because if we are scratching for money and all of them are doing maybe essentially the same thing, well, I think we should have those side by side so if we have to pick and choose which—you might rank them in priority too because I just have a feeling that they may become very important.

CABIN SITES AT FORT PECK

The transfer of the cabin sites at Fort Peck, Montana. Last year you indicated to me that the Fish and Wildlife Service had to do some work necessary to begin the cabin site sales, and that work could be done by December of 2001. Are there any remaining tasks for the Fish and Wildlife Service to complete before those sales can begin?

Secretary NORTON. Let me defer to John Trezise to answer that one.

Mr. TREZISE. Thank you, Madam Secretary.

Senator Burns, we did not meet the December date, but on June 11, the Fish and Wildlife Service wrote to the Corps of Engineers on the budget issues for the project, and I believe that now puts us in the position for the Corps of Engineers to proceed.

Senator BURNS. Well, I understand the Corps of Engineers work was all done.

Mr. TREZISE. They were waiting for the Fish and Wildlife Service and the service has now acted.

Senator BURNS. But the Service does not have their work done.

Mr. TREZISE. No. It has now provided the Corps the information that it needs to proceed.

Senator BURNS. Okay. Is this item included in the Fish and Wildlife Service budget this year?

Mr. TREZISE. Well, this is a Corps of Engineer budget issue. The question has been the cost of the Fish and Wildlife Service to facilitate this transfer. However, that cost would be paid by the Corps.

Senator BURNS. By the Corps.

Mr. TREZISE. Yes, and I believe the Corps does have the funding.

Senator BURNS. I have got a couple of questions I am going to submit in writing. I think we pretty much covered PILT. Border security. We want to welcome you, Madam Secretary, to the State in the next week and a half. I think we will probably be visiting with you about the bison arrangement in Yellowstone Park, and we will probably be talking about wolves and elk numbers and calf numbers and this type thing. So, that is all the questions I have.

I notice my colleague from New Mexico has rejoined the committee and I would recognize him.

Senator DOMENICI. I am just going to talk to her before she leaves personally.

Senator BURNS. Well, I tried to go to a mark, Senator Domenici, but I was shut down by the staff back here.

That is all that I have. Madam Secretary, thank you for coming this morning and for your testimony. We look forward to working with you as we work our way through this budget situation.

Secretary NORTON. Thank you for your attention.

PREPARED STATEMENT

Senator FEINSTEIN. We have received the statement of Senator Thad Cochran which will be made part of the hearing record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR THAD COCHRAN

Mr. Chairman, I am pleased to join you in welcoming the distinguished Secretary of the Interior to this hearing. In my opinion, Secretary Norton is doing an excellent job managing the Department of the Interior and carrying out the duties of this important office. In my state we have a very strong interest in national parks and the National Seashore which are under the jurisdiction of this Department.

It is my hope that our committee will approve the funding that is needed to maintain these valuable resources and complete the construction of the Natchez Trace Parkway. The Parkway attracts about fifteen million visitors annually, and upon completion will attract an additional two million visitors each year.

Additionally, I believe the Superintendent of the Natchez Trace Parkway should be a Senior Executive Service position. Madam Secretary, I hope you and your staff will review this suggestion and consider making this change as soon as possible.

ADDITIONAL COMMITTEE QUESTIONS

Senator FEINSTEIN. Thank you very much. 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 ROBERT C. BYRD

OFFICE OF SURFACE MINING

Madame Secretary, you come from a state, like West Virginia, that has been blessed with great tracts of natural resources. I have sought in my time here in the Senate to protect miners, their families, and their communities as best I could. In 1972, 125 people were killed in Logan County, West Virginia, when a coal impoundment on the Buffalo Creek collapsed. More recently, in October 2000, another coal slurry dam, along the West Virginia-Kentucky border failed—and more than 250 million gallons of slurry poured into regional waterways. Luckily, no injuries or deaths resulted from the Inez, Kentucky, disaster.

In the aftermath of the Inez collapse, I helped obtain $2 million to commission a National Academy of Sciences' study. The goal of which was to examine evidence and make recommendations to reduce the probability of future coal slurry impoundment failures. The NAS recommendations are clear—the Mine Safety and Health Administration and the Office of Surface Mining lack the clear and distinct authority to regulate impoundment basins. Moreover, because mine mapping and storage has been accomplished on an ad hoc basis, when at all, there is a dangerous lack of information available to communities and mine operators.

Question. What steps is the OSM taking to work with other federal and state entities to institute the recommendations made by the NAS? If OSM is working with these other entities, are they evaluating the NAS recommendations? Are they prepared to recommend any regulatory changes or new guidelines based on the NAS report?

Answer. OSM is working closely with the Mine Safety and Health Administration (MSHA) to determine how to best address the recommendations presented in the National Research Council (NRC) of the National Academy of Science (NAS) study. While OSM worked with MSHA in coordinating agency responsibilities and developing technical requirements for operating coal slurry impoundments prior to forming the NRC study committee, these efforts increased significantly after the Martin County Coal Corporation incident near Inez, Kentucky. Technical staff from both agencies began meeting after the 1996 coal slurry releases in Virginia and they continue to meet to address the Martin County Coal Corporation incident and other areas of mutual concern.

Following the release of the NRC report, the agencies agreed to form a standing technical team to address issues of mutual concern, particularly those related to coal

slurry impoundments. The group will focus on NRC report recommendations related to mapping, engineering and design standards, and monitoring requirements. Additionally, the agencies have discussed the other recommendations of the NRC committee and have identified priorities for future work. The standing joint OSM-MSHA technical committee will begin addressing particular actions needed to implement the NRC recommendations at its July 2002 meeting. As these efforts are ongoing, neither OSM nor MSHA have yet developed any regulatory proposals or guidelines based on the NRC report. However, as the joint team's work progresses, one or both of the agencies may develop additional requirements for impoundments.

At the same time, OSM is committed to working with the states and others on these issues as well. OSM and MSHA plan to host a meeting between representatives of the two agencies and the states to discuss their role in developing standards and approaches to implement any new requirements.

Not only is OSM working with MSHA, the states and other federal entities, OSM is working on its own to address concerns surrounding the safety of coal waste impoundments. After the Martin County Coal Corporation impoundment failure, OSM developed and implemented a regional plan designed to minimize the potential for future impoundment breakthroughs into underground mines by:

—evaluating the factors contributing to the Martin County impoundment breakthrough,
—developing criteria for evaluating existing high-risk impoundments near underground mines,
—evaluating state program requirements and program implementation with regard to impoundments, and
—ensuring effective state evaluation of existing high-risk impoundments through oversight and technical assistance.

As part of its oversight responsibilities, OSM has made impoundments a priority by initiating ongoing evaluations of state programs to ensure that they are adequate and that they are effectively implemented. A part of this effort includes a determination of whether the states are effectively evaluating existing high-risk impoundments, identifying problems, and adequately addressing those problems.

In providing technical assistance on this issue, OSM has made resources available to the states to assist them in their identifying and evaluating existing impoundments that are of high concern. In addition, using its impoundment engineering expertise, and with input from states and MSHA, OSM has developed a technical guidance document with established criteria that can be used in re-evaluating existing high-risk impoundments over or adjacent to underground mines. OSMS provided this document to the states in July 2001.

Finally, OSM has worked to facilitate communication between State and Federal agencies involved in regulating coal slurry impoundments and related facilities. Through enhanced communication, coordination and cooperation, OSM believes that many of the issues related to coal waste impoundments can be resolved.

ENDANGERED SPECIES—LISTING PROGRAM SYSTEM

Question. Please update the Committee on your efforts to develop a biologically-based priority system for listing species, including a timeline for its release.

Answer. The Service is working to develop a system by which all the petition findings, listing determinations, and critical habitat designations will be prioritized in a manner that is scientifically credible, managerially feasible, and legally defensible. We need a practical and reliable protocol for establishing the priority order of all our listing actions, based on clear and scientifically defensible criteria. We need the public to have confidence in the Listing Action Prioritization System. This system will provide the means by which we will establish the order for taking action on the hundreds of backlogged listing actions. We are committed to developing a system that has a sound science foundation and broad public acceptance. We are seeking a broad range of scientific and other input from outside the Service before developing a proposed rule. We are planning stakeholder caucuses to obtain input from various interested groups. The caucuses are to be held the weeks of September 9 and 23 with representatives of the following interest groups: States, counties, user groups, conservation NGOs, Federal agencies, Native Americans, and academic scientists. Our goal is to have the final listing priority system in place in fiscal year 2003.

ENDANGERED SPECIES—CONSULTATION AND RECOVERY

Question. To what extent are funds designated for endangered species recovery efforts used to perform endangered species consultation work? Please provide figures from the fiscal year 2002 appropriation.

Answer. In June 2002, GAO issued a report on the Endangered Species Program that noted, based on a GAO survey, that Endangered Species funding may not be spent in accordance with budgetary direction. While the Department believe the report raises valid concerns, we do not believe that the fieldwork performed was sufficient to conclude that spending on endangered species activities is materially different than Congress intended. The Department's efforts to implement Activity Based Costing by fiscal year 2004 will help to ensure that endangered species activities are accurately charged to budgetary elements. The Service will be reviewing its processes for recording time charges and taking necessary steps to ensure that the endangered species program is adhering to reprogramming policies. The Service will also be providing further clarifying guidance to field staff on the types of activities that are funded from each program element.

NCTC

Question. There has been no appreciable increase in the NCTC training budget request since it opened in October 1997. The last real increase NCTC received that was dedicated to training was in fiscal year 1998. What has been the impact on training efforts? Has the number of courses offered at NCTC declined over the years? If so, why?

Answer. The number of courses has declined over the years from a high of approximately 270 in fiscal year 2000, to approximately 210 in 2001 and a projected 200–210 in 2002. The decline has occurred due to numerous factors, including: a small decline in 2001 and 2002 due to the events of September 11, 2001, and shifting resources out of some existing courses into higher priority leadership development efforts and increasing costs related to NCTC staff salaries and course expenses. The Service continues to try to fund its highest priority courses within the funds available.

Question. The Federal Facilities Council standard for routine maintenance and repair of a facility of the size and scope of NCTC is typically two to four percent of the aggregate current replacement value of those facilities. Since the construction cost, which is the replacement value, of NCTC is over $100 million, one would estimate the budget for maintenance and repair to be $2–$4 million each year. The NCTC maintenance budget is only $450,000. What is the rationale for short-funding NCTC in the area of maintenance and repairs?

Answer. The Service is aware of Federal Facility Council standards and strives to address the maintenance needs at NCTC. The NCTC facility was designed using highly durable building materials to reduce maintenance needs in the short-term. NCTC has an active program to identify maintenance needs and the highest priority needs are addressed as funding allows while other items are deferred until funding becomes available. The Service has made a significant capital investment in the NCTC and recognizes the need to keep up with maintenance to avoid even higher long-term costs.

Question. I have received a request from Mrs. Jessie Hendrix to extend the life use estate for her house, immediate farm buildings, and 5 acres through the life of her daughter Mary. Does FWS have immediate plans or need for the Hendrix House? If not, would it be possible to extend the life estate?

Answer. The Service has no immediate needs for the Hendrix House and is exploring options with Mrs. Hendrix and her daughter Mary that would meet their needs and desires, while assuring that the interests of the government are protected in the long-term.

BUREAU OF INDIAN TRUST ASSET MANAGEMENT

Question. What is the status of your proposal to establish a new Bureau of Indian Trust Asset Management?

Answer. The Secretary has consented to withdraw her proposal for two assistant secretaries for Indian Affairs and the Bureau of Indian Trust Asset Management in favor of a trust division within the current office of the Assistant Secretary for Indian Affairs as proposed by the Tribal Task Force.

Question. If your proposal has been abandoned in favor of the recommendations being put together by the Trust Reform Task Force, then what is the purpose of the Office of Indian Trust Transition?

Answer. The Office of Indian Trust Transition will continue to be responsible for creating a fiduciary trust asset management system for Indian Affairs, completing the development of a trust enterprise strategic plan and for integrating the various trust components that are located throughout the Department into the new trust system. This Office is also responsible for several trust reform components including probate, IT systems, and data cleanup.

LANDOWNER INCENTIVE PROGRAM AND PRIVATE STEWARDSHIP GRANTS

Question. The Landowner Incentive Program and the Private Stewardship Grants program were new initiatives in fiscal year 2002. Yet, as this subcommittee prepares to mark up the fiscal year 2003 Interior bill, I note that the fiscal year 2002 funding has not been spent. Given that, how do we evaluate the effectiveness of these programs in the context of the fiscal year 2003 request?

Answer. It has taken longer to develop these programs than we had originally anticipated. Early deliberation with interested parties, however, will likely result in greater effectiveness during on-the-ground implementation. These programs expand upon a proven concept—helping private landowners to voluntarily protect and manage habitat for imperiled species—for which we know there is strong demand and that are essential to conserving imperiled species. Furthermore, the Service has had success in implementing other assistance programs for imperiled species. The potential for these programs can be seen in the recently published proposed implementation guidelines (67 FR 39414–39423; June 7, 2002), and by noting the broad array of important projects that are likely to be funded.

Question. If these programs have no track record of success, why should Congress provide additional funding in fiscal year 2003? Wouldn't it be better to wait a year and reconsider your request after the programs have had a chance to prove themselves?

Answer. Initial delays in starting these new programs should not be an indication of their potential for success. Continuity and consistency in funding during the early stages of these programs is essential to building program infrastructure within the States (staffing, spending authorities, authorization for matching funds) and to fostering interest among private landowners and the conservation community (creating public awareness, generating project applications). For example, on some projects, landowners engage in extensive planning, permit reviews and preliminary design work prior to submitting a project proposal for funding. Landowners may postpone or abandon this critically important planning effort if future program funding appears in question. If future program funding is uncertain, State agencies and legislatures may be reluctant to make commitments to willing landowners and make the changes necessary within their organizations to implement a new program. Continuity of funding is essential to maintaining the momentum that each program builds and for each program to reach its full potential.

Question. Given the fact that the Federal Register notifications for these programs were published only last week—three months later than the timeline established by the Fish and Wildlife Service—when does the department anticipate awarding the Fiscal Year 2002 Landowner Incentive and Private Stewardship grants?

Answer. As stated earlier, we acknowledge that it has taken longer to develop these programs than we had originally anticipated. However, we believe our early coordination with interested parties will likely result in greater effectiveness during on-the-ground implementation. On June 7, 2002, the Service published for public comment the proposed implementation guidelines. Public comments are due for both programs by July 8, and Final Notices will be prepared and submitted for publication in the Federal Register with an Request for Proposals describing the criteria and ranking factors as soon as possible thereafter. A 60-day submission period is planned for these competitive grant proposals. Regional (PSGP) and national (LIP) assessments of the grant applications will take place early this fall, with grant award recommendations forwarded to the Director and Assistant Secretary for final approval.

PROPOSED COOPERATIVE CONSERVATION INITIATIVE

Question. Please justify the proposal of a new $100 million program, the Cooperative Conservation Initiative (CCI), when so many existing needs-from Indian education to maintenance and operational needs on public lands-are desperately short of funds?

Answer. We believe that the federal interests are strongly served by incorporating the ideas from the public, such as non-governmental organizations and citizens, that partner with a bureau unit for the Cooperative Conservation Initiative. Management decisions will be made by the Federal partner(s) since CCI funding will complement agency priorities and goals. Joint federal/partners decision-making mechanisms will be reflected in approved applications for funds.

The CCI program proposes that the resources to address federal critical stewardship needs will be augmented, not reduced by CCI, since federal dollars will be matched at least one-for-one.

Whenever a budget is formulated, the Department has to make difficult choices among good programs and balance all needs and priorities. Our proposed allocation

of funds best meets the Department's priorities and enhances cooperative efforts between private, State, and federal entities.

Question. If funded, how can you assure that these funds could be spent in this fiscal year, particularly given the delay in awarding last year's two new programs, the Landowner Incentive Program and Private Stewardship grants?

Answer. The Department capitalized on the experiences of these programs and began the planning process for timely implementation of CCI shortly after the President's budget was released. If appropriated by Congress, the Department is confident that the program can be executed without significant delays.

Many conservation grant programs already exist within the Department of the Interior, not the least of which are the State Wildlife grants, the Cooperative Endangered Species Program, the North American Wetlands Conservation Fund, and the stateside program of the Land and Water Conservation Fund.

Question. What does this new Initiative accomplish that these other established grant programs do not?

Answer. The new CCI program focuses on improving resources on the Federal units in the system with assistance from partners since the cumulative effect of addressing a restoration issue in a larger geographic area benefits surrounding resources.

Many of these programs overlap in terms of their objectives. Yet, all of them are run through different offices with different guidelines.

Question. How, then, do users untangle the bureaucratic maze? How does a North Dakotan figure out he or she could apply for a grant from any of these programs, particularly the CCI?

Answer. For grant programs offered through the Department of the Interior, citizens can use the U.S. Government's Catalog of Federal Domestic Assistance. Additionally, FWS, the agency that has responsibility for most of Interior's conservation grants programs, has a website listing all its grants, including the proposed CCI program, at www.grants.fws.gov.

Question. Will the Fish and Wildlife Service Regional offices make decisions about the $5 million dedicated to refuges in the CCI, as is the case with the Refuge Cost Share program, or will your office make final decisions about these grants?

Answer. The Director of the FWS will make final recommendations to the Secretary.

FISH HATCHERIES

Question. A number of reports suggesting hatchery reform have been produced recently, including one by the Sport Fishing and Boating Partnership Council. What is being done to implement the recommendations made by these reports?

Answer. In July 2001 the Service charged the SFBPC to convene a steering committee that represented perspectives from a broad array of stakeholders in fish and aquatic resource conservation to help develop a new Fisheries Program blueprint, the Strategic Vision. The first product from the steering committee was a consensus report on the recommended role that the Fisheries Program should play in the partnership effort to conserve the Nation's fish and other aquatic resources. These recommendations, along with the earlier hatchery report from the SFBPC, "Saving a System in Peril," are cornerstones of the Fisheries Program's strategic planning process, particularly its development of a Strategic Vision for the Program.

The Fisheries Program's Strategic Vision will be completed before the end of fiscal year 2002. It will identify where the Fisheries Program is today, where it needs to go in the future, why it is important to get there, and what key actions the Program will take to achieve its Strategic Vision. The Fisheries Programs in each of the Service's seven Regions will then step-down this Vision, adding more detail about their objectives, goals and key actions. Through this collaborative planning process, the Service is re-committing to its role as a partner in conserving America's fish and other aquatic resources. In some cases the Service will lead; in others, it will facilitate or follow. In all cases, the Service will focus its efforts and activities on what it is best positioned to contribute based on its unique resources and capabilities, recognizing that sound science and solid partnerships will continue to be the key to aquatic resource stewardship. Through the partnerships that have been fostered, the Fisheries Program has built strong two-way communications. It is through these communications that the partners understand the missions and actions taken by the Program and by which the Fisheries Program is held accountable by its partners.

In addition to these reports, the Service has assembled seven work groups, each led by a Directorate member and made up of regional and Washington Office employees, to address: (1) sound science and good management; (2) achieving cost savings; (3) strategic thinking; (4) performance management; (5) workforce manage-

ment; (6) mitigation analysis and cost recovery; and (7) competitive sourcing and activity-based costing. Each of these work groups is focusing on identifying actions that the Service can take to move the hatchery component of the Fisheries Program forward. The Service is incorporating recommendations received from SFBPC; from the seven workgroups described above and several previous workgroups; and from two reports from GAO, Biological Opinions on Pacific salmon, and previous nationwide stakeholder meetings into the Strategic Vision. Detailed reports and other products prepared by these seven work groups are currently being reviewed by the Department and Office of Management and Budget.

Question. Recently, the Fish and Wildlife Service provided details about the $1 million general operations decrease for hatcheries proposed in the fiscal year 2003 budget. Could you discuss this proposal, particularly addressing the role of cost recovery in hatchery funding?

Answer. The Service has proposed to implement the $1 million decrease in hatchery operations by increasing reimbursements from non-reimbursed, non-native fish for mitigation or by reducing production at these facilities ($711,000) and discontinuing channel catfish production ($289,000). There are 10 National Fish Hatcheries that predominately produce non-reimbursed, nonnative fish for mitigation. Mitigation production programs at Jones Hole (UT) and Hotchkiss (CO) NFH's, that are currently funded by the Service, mitigate Bureau of Reclamation projects. The Service will continue working with the Bureau of Reclamation and the Department over the next few months to try to obtain cost recovery for this mitigation production. It is unlikely that full cost recovery will be achieved in fiscal year 2003. Therefore, the Service and Bureau of Reclamation are currently reviewing management and funding options for operations and maintenance of these two hatcheries.

The Service assembled a workgroup led by senior managers to identify all hatchery programs providing mitigation services for federal water resource development projects, the legal authorities for the Service to conduct the mitigation work, associated costs, and relevant agencies responsible for such projects. A comprehensive mitigation analysis report, developed by this work group, is currently being reviewed by the Department prior to transmittal to the Office of Management and Budget. This report also discusses potential legislative actions that would facilitate full cost recovery for hatchery mitigation programs. The Service continues to work with the Department, federal water development agencies, and other stakeholders to seek full cost recovery. Service hatchery operational funds freed up through these cost recovery activities will be redirected to high priority hatchery needs identified in the Service's collaborative planning effort.

Question. Do you plan on putting any hatcheries in "caretaker status" (essentially shutting them down) over the next year?

Answer. The Service proposes to end its channel catfish production which ranks as a low priority based on the Service performance goals and priority objectives. Channel catfish are currently produced at six NFH's. Cessation of channel catfish production at Inks Dam NFH (TX), which is the only hatchery that is predominately (81 percent) producing catfish. Under the Service's proposal to implement the $1 million decrease in hatchery operations, Inks Dam would be placed in caretaker status and the regional fish distribution truck and associated budget and FTE transferred to another regional facility.

Inks Dam would need to be put into caretaker status by the end of fiscal year 2002 in order to achieve the cost savings relative to the fiscal year 2003 decrease. The Service anticipates plans to begin phasing out channel catfish production and placing Inks Dam in caretaker status in 2002. Because of the unavailability of operational fund to pay for the costs associated with putting Inks Dam into caretaker status, funding would need to be reprogrammed from hatchery maintenance projects.

Question. What is the appropriate role of hatcheries in the federal Fish and Wildlife Service? What do you see as the future of the hatchery system?

Answer. Facilities in the Service's National Fish Hatchery System (National Fish Hatcheries, Fish Technology Centers, and Fish Health Centers) provide unique, integrated capabilities to meet Fisheries Program priorities. National Fish Hatcheries focus on producing and distributing fish, fish eggs, mussels, amphibians, aquatic plants, and other aquatic species for cooperative Service programs. Fish Technology Centers focus on scientific and technical support in areas such as genetics, physiology, behavior, and approval of drugs to treat fish diseases. Fish Health Centers focus on monitoring, diagnosing, and controlling fish pathogens and diseases. Together these facilities are involved in the production of aquatic species for recovering listed and candidate aquatic species, restoring depleted aquatic populations to preclude listing, restoring interjurisdictional fisheries, helping meet Trust responsibilities on National Wildlife Refuges and tribal lands, and mitigating Federal water

projects. The National Fish Hatchery System is the only federal hatchery system and capability to meet unique federal responsibilities in fish and other aquatic species culture and that there is strong State, Tribal and other partner support for the NFHS. All of these programs are conducted in cooperation with other Federal, State, Tribal, and private partners, and are tied to habitat restoration for those non-mitigation programs where habitat restoration is possible.

The Fisheries Program's Strategic Vision and Regional step-down plans will address the role of Service hatcheries in the broader context of the role of the Fisheries Program in aquatic resource conservation. The Program is continuing to work with its partners and stakeholders to complete its Strategic Vision by the end of 2002.

Question. Should federal hatcheries produce recreational or non-native fish? Why or why not?

Answer. The Fish and Wildlife Act establishes recreational fishing as part of the Service's mission. The Service has responded to this and other legislative mandates, and to stakeholder concerns for recreational fisheries to the degree that appropriated resources and administrative direction have allowed.

The Service provides for healthy, recreationally valuable fish populations through programs that focus on restoring depleted or imperiled fish population to self-sustaining levels, replacing fisheries to mitigate for adverse impacts of Federal water development projects, or on meeting trust responsibilities to Tribes. These actions involve the NFHS through:

—Stocking healthy fish to mitigate adverse effects of federal water development projects. This allows for existence of a fishery, concurrent with energy production activities, in water that is commonly too cold for native fish or that has limited spawning habitat.

—Coordinating whirling disease research in native trout populations to enable State and Tribal fishery managers to control the disease and continue economically valuable trout fisheries.

—Conducting the Wild Fish Health Survey that provides an outline of where fish pathogens exist. This is significant for State, Tribal, and Federal managers in making decisions about where to acquire wild broodstock, where to focus and where to avoid restoration efforts, for determining the extent and seriousness of diseases caused by largemouth bass virus and other pathogens, and for helping protect the aquiculture industry from importing or introducing costly diseases.

The Fisheries Program's Strategic Vision and Regional step-down plans will address the Program's role in recreational fisheries in the broader context of its role aquatic resource conservation. The Service will continue to be responsive to its stakeholders and inclusive of State, Tribal, and other Federal agencies in finalizing these documents and implementing them. As demands for Service involvement in restoration and recovery programs for native species increase, and as the capabilities of the Service's State, Tribal and private partners change, the Service will work with these stakeholders to ensure that the unique capabilities of each are employed appropriately to meet the needs of recreational anglers and other aquatic resource stakeholders.

OFFICE OF SURFACE MINING—MINE RECLAMATION PROGRAM CUTS

Question. There is currently over $6.8 billion in abandoned mine land reclamation work to be done. Given that backlog, why has the department proposed cutting the funding for the AML program by 11 percent?

Answer. The reduction is in two parts—a reduction of $17 million in the regular AML grants and $10.9 million for the Federal Emergency program.

The $17 million reduction in AML grants compares to the $35 million reduction proposed by the Administration in 2002. There is also $2 million in carryover funds from the Federal AML emergency program that will be transferred to the AML state grant program to lessen the reduction. The pressures of competing priorities in the wake of new requirements emerging from the events of 9/11 have precluded us from doing more. However, even at this reduced level, the Department will be able to make significant progress on the clean up of disturbed land and other hazards by reclaiming an additional 6,900 acres.

The $10.9 million reduction in the AML Federal Emergency program is a one-time reduction and will not affect program performance. The Department anticipates that there are sufficient carryover funds available to meet any program needs during fiscal year 2003.

While the overall OSM budget declines because of the AML reduction, the budget includes a $1.0 million increase over the 2002 enacted level for State regulatory

grants for a total of $57.6 million. Within this amount, West Virginia receives an additional $2.0 million to sustain ongoing program improvements and avoid Federal takeover of the program. The proposed budget also continues available funding for the successful Appalachian Clean Streams program at $10.0 million, the same as the 2002 enacted level, to empower partners in affected communities to address important local acid mine drainage pollution.

Question. How many fewer sites nationally will be cleaned up because of this proposed reduction in funding?

Answer. We can not accurately estimate how many fewer sites will be reclaimed, as the participating States and Tribes select the sites to be reclaimed and those sites vary greatly in terms of size and reclamation cost. However, based on historical information, we estimate the nationwide number of acres of abandoned mine problems (non-emergency and non-clean streams program) that can be reclaimed at a given dollar amount. From the fiscal year 2002 appropriation, approximately $144 million was distributed to the participating States and Tribes for this purpose, resulting in an estimated 8,200 acres reclaimed. From the proposed fiscal year 2003 appropriation, approximately $127 million would be distributed similarly, resulting in an estimated 6,900 acres reclaimed.

Question. With such an enormous backlog of critical mine reclamation work, how can the administration justify cutting the AML program while creating a new vaguely defined program called the Cooperative Conservation Initiative and funding it to the tune of $100 million?

Answer. We believe that the federal interests are strongly served by incorporating the ideas from the public, such as non-governmental organizations and citizens, that partner with a bureau unit for the Cooperative Conservation Initiative. Management decisions will be made by the Federal partner(s) since CCI funding will complement agency priorities and goals. Joint federal/partners decision-making mechanisms will be reflected in approved applications for funds.

The CCI program proposes that the resources to address federal critical stewardship needs will be augmented, not reduced by CCI, since federal dollars will be matched at least one-for-one.

Whenever a budget is formulated, the Department has to make difficult choices among good programs and balance all needs and priorities. Our proposed allocation of funds best meets the Department's priorities and enhances cooperative efforts between private, State, and federal entities.

FIRE SUPPRESSION COSTS

Question. I understand that the Department of the Interior has a total of $170 million on hand for fire suppression this year, but that fire suppression costs have averaged over $220 million for the last 5 years. Does this mean that you will likely have to borrow over $50 million from non-fire accounts this year?

Answer. The Department borrowed a total of $240 million from non-fire accounts, including $210 million for suppression operations and $30 million for emergency stabilization and rehabilitation.

Question. We have already seen a number of large fires out West this spring. Can you tell us whether this year is likely to be a better or worse fire season than normal?

Answer. The 2002 fire season has been one of the most severe and costly ever. As of November 22, 2002, 71,342 fires burned about 7.1 million acres, nearly double the 10-year average.

Question. If the agency is forced to borrow funds again this year, how will the agency decide which accounts are to be borrowed from and in what amounts? Has an effort been made to minimize programmatic impacts?

Answer. To avoid or minimize programmatic impacts, the Department borrowed funds from unobligated balances of the construction and land acquisition accounts of the Bureau of Land Management, Fish and Wildlife Service, and National Park Service, and the construction account of the Bureau of Indian Affairs. In focusing the borrowing on no-year construction and land acquisition accounts, as opposed to bureaus' operating accounts, the borrowing does not impact visitor services, resource use authorizations, or other aspects of day-to-day Departmental operations. The creditor bureaus are also managing their land acquisition and construction accounts to avoid or minimize disruptions to projects; for example, they are targeting the funding reductions to projects still in the planning phase so that construction projects that have already commenced can proceed to completion.

BUYOUT OF FLORIDA OIL & GAS LEASES

Question. Last month, you announced a buyout of oil and gas leases on federal lands in Florida and off the Florida coast in the Gulf of Mexico. The purpose of the buyback was to protect the environment. Do you have any plans to buyout federal oil and gas leases in other States for conservation purposes?

Answer. The Administration has had initial discussions with the State of California in an attempt to resolve the full range of longstanding issues surrounding the 36 undeveloped Federal leases offshore California, including settling the litigation brought by California concerning the Coastal Zone Management Act. This was the first step toward developing a negotiated solution. The Administration emphasized at that time that all issues and methods of resolution were on the table.

Question. I understand that the Governor of California has asked the federal government to buyout leases off the California coast. Why isn't California worthy of the same protection as Florida?

Answer. The Administration was pleased to receive Governor Davis' May 30, 2002, letter supporting the Administration's decision to settle the *Chevron* v. *United States* litigation regarding the Destin Dome leases offshore Florida. The Governor requested that the Administration similarly repurchase the 36 undeveloped leases offshore California. On June 6 Secretary Norton responded that the Administration greatly values the beauty and magnificence of the California coast, stating that it is a national treasure that should be protected through sound environmental policies. Secretary Norton also repeated our willingness to cooperate with California in developing a satisfactory resolution of the issues surrounding the 36 undeveloped leases. In addition, the Secretary pointed out the numerous ways in which the California leases differ significantly from the Destin Dome leases. However, even with those significant differences, the Secretary reiterated the Administration's commitment to seriously consider the concerns and objections of those opposed to further offshore oil and gas development off California and to work with California to resolve these issues.

Question. Have any estimates been made of how much it would cost to buyout the federal offshore leases in California?

Answer. The lessees for the 36 undeveloped Federal leases offshore California filed breach of contract litigation (*Amber Resources Co. et al* v. *United States*) against the United States this past January in the Court of Federal Claims. The *Amber* case is currently stayed pending a resolution of the Coastal Zone Management Act litigation brought by California. The *Amber* case has not yet reached the discovery stage, thus the parties have not had the opportunity to obtain information that is essential to evaluating the merits of the arguments and to structuring any settlement. For instance, there is no documentation on how much the plaintiffs paid to their predecessors in interest for their lease interests or what expenses they may have incurred in lease activities. This information is necessary to making legitimate assessments of the appropriate course to resolve the litigation.

Question. Funding for the lease buyback in the state of Florida—which accounts for $120 million of the $235 million total—requires congressional approval. Will your department request that the funds and authorization for this buyout be included in the Interior Appropriations bill for fiscal year 2003?

Answer. Over the next several weeks, the Administration will work with the Congress to resolve issues related to the Government's purchase of the Collier mineral interests in Florida.

U.S. GEOLOGICAL SURVEY—HOMELAND SECURITY

Question. The supplemental appropriations bills recently passed by the Senate and the House include funding for a critical infrastructure mapping program to be undertaken by the U.S. Geological Survey. Did your Department make a request for this funding to the Office of Management and Budget?

Answer. Yes.

Question. What is the Department's position with respect to the program?

Answer. The Department believes that the USGS Mapping Program overall is a critical one, and believes it would be useful for USGS to promote partnerships for mapping data, and make geographic information more accessible and easier to use.

Question. Do you consider the project to be a homeland security initiative?

Answer. USGS mapping is not a homeland security initiative. However, USGS mapping data could be helpful to homeland security, just as mapping data supports many other government functions.

Question. When both the Senate and House include an item in an appropriations bill, that usually means there is significant support for the merits of the project.

Why didn't the Administration include this project in its supplemental request to the Congress?

Answer. The Administration's supplemental request was intended to fund emergency needs. Acquisition of these data was not considered to be an emergency need.

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

SCHOOL PRIVATIZATION

Question. The Administration has requested $11.9 million to outsource or privatize management of some BIA schools. Since there are already two mechanisms in federal law—the grant school authority and 638 contracting authority—that gives tribes the option to manage BIA-funded schools, why does the Administration feel privatization is necessary?

Answer. The requested $11.9 million encourages tribes to seek grant or contract status for the remaining 64 schools by increasing the funding levels for student transportation, school facilities and maintenance operations, and Administrative Cost grants; these programs total over $8 million of the requested funding. An additional $5 million is requested within ISEP for program adjustments: $2 million to fund the transition/displacement of BIA personnel, as Bureau controlled schools transition to tribally controlled status and $3 million to contract private education providers to assist in improving education in Bureau-operated schools. The Administration believes schools are best operated by organizations that are closest to the communities being served in this case the tribes themselves. In the event that tribes do not wish to operate the schools, the Bureau would like to bring in partners to help manage the schools and improve student performance as the Congress indicated was essential in their recent No Child Left Behind (NCLB) legislation.

Question. How would the authority provided under the BIA's privatization proposal be different than authority already granted to tribes to manage these schools?

Answer. The authority already granted to tribes allows the tribes to seek grant or contract status to manage the schools themselves. The privatization proposal would allow BIA to bring in a third party to manage schools and improve student performance in the event that tribes do not want to operate the schools. The use of contractors would not change the current relationship between the Bureau and the tribes that are served by those schools. The Bureau would continue to provide education for the students in those Bureau-operated schools and would continue to work with the local leadership in providing the best education possible. There is no change anticipated for the role of the School Boards or with the local professional educators' Unions.

Question. Under what existing legislative authority does the BIA propose to enter into agreements with private education management companies, or is the Administration requesting new authority?

Answer. The Bureau has an existing authority to contract out some services to outside agencies and private contractors, including food service, maintenance, and construction activities with the full approval and encouragement of the Congress. Under this funding request, the Bureau would contract with private education management companies to assist in management of Bureau-operated schools. These contractors would not take over these schools; the schools would continue to be the responsibility of the Bureau and would be operated by the Bureau. The private contractors would not have the rights or the responsibilities that are currently allocated to tribal authorities under the existing grant and contract authority as found in Public Law 95–638.

Question. If BIA schools were to be turned over to professional education management companies, how would these companies be chosen? How would the BIA ensure that these companies provide a level of education greater than is currently provided?

Answer. The Bureau-operated schools would not be turned over to private management companies. We encourage tribes to seek contract or grant status. In the event that tribes do not want to operate their local schools, the Bureau would gradually seek private contractors to assist in school management. This would be done through the existing competitive bidding and contracting laws currently in effect. The contractors would have specific goals for student achievement to reach that would be part of the contract. The tribes and local community representatives would assist the Bureau in both the contract development process and selection of the contractor.

Question. How would the BIA ensure that the fundamental federal trust responsibility to provide education services to Indian children is not abrogated by turning this role over to a private company?

Answer. The Bureau would not abrogate its role and responsibilities in providing education to Indian children. The Bureau will continue to operate all of the existing schools unless the tribes themselves seek to operate the schools under existing legislation providing for contract and grant status. The Bureau takes its responsibility for education seriously. It is the goal of providing effective education services to Indian children that is driving the Bureau to make improvements in education by seeking cooperative partners to manage of the schools.

OJIBWA INDIAN SCHOOL

Question. The No Child Left Behind Act includes authorization for the Ojibwa Indian School in Belcourt, North Dakota to pay rent for facilities that it has been using without compensation since 1994. The BIA has paid such leases in the past, and the authorization specifies that the BIA is to provide the funding for the payment of this lease. Can you tell me the status of implementation of this provision of the No Child Left Behind Act?

Answer. A funding agreement has been reached with the Lessor to pay past rent on the facilities used for the Ojibwa Indian School to resolve all the current year and all prior year lease payments owed.

Question. It appears that no funding for this purpose was requested in the fiscal year 2003 budget. Can you tell me why that is the case?

Answer. Facilities operations funds will be used to pay for the lease until the new Ojibwa Indian school is built.

LEWIS AND CLARK/CORPS OF DISCOVERY II FUNDING

Question. As you know, the Bicentennial of the Lewis and Clark Expedition is quickly approaching and the DOI is the lead agency coordinating the commemoration. In recent months, I have been concerned with the level of support that the NPS has dedicated to Corps of Discovery II project, which was envisioned as a mobile exhibition, visitor and media center and Internet classroom which would draw visitors to communities along the trail. It is the only major coast to coast project planned by any agency or entity connected to the Bicentennial. Planning for the project began two years ago, and hundreds of communities on the trail are eager to apply for and host a Corps II visit. I have two of these communities in North Dakota.

I was disappointed that funding was not included in the President's fiscal year 2003 or fiscal year 2002 budget for this item, and I have been working with the NPS to find some funding so that the Corps II is ready to be launched early next year. While I am pleased that the NPS recently committed $1 million in fiscal year 2002 funds, this is still far short of what the National Lewis and Clark Bicentennial Council believes is necessary. At this point, I would like to have your commitment that Congressional efforts to add funds for this item this year will be supported, and that the Subcommittee will see this funding in future budgets throughout the Bicentennial. Can we count on your support of Corps II?

Answer. Money was not requested in the Administration's fiscal year 2002 or 2003 budget requests for this commemorative event. The Department was working with partners, including the National Lewis and Clark Bicentennial Council and the National Park Foundation, to raise private funds for Corps II.

For fiscal year 2002, we have committed to provide $1 million from fee revenue available at the Director's discretion. This funding will be used to prepare exhibits and tents for the Corps II traveling exhibit. For fiscal year 2003, we intend to provide $2 million from available fee sources to complete preparation of the tents and exhibits, as well as $1 million from available operating funds for the traveling exhibits. The costs to be covered from the fee revenue are non-recurring. We anticipate having traveling exhibits ready for the first of the Bicentennial's "signature events," which is scheduled for January, 2003 at Monticello.

We are confident that this will provide an educational experience that will do justice to the commemoration of one of the most significant events in the history of our great nation. We are also pleased to report that fund-raising efforts for the Corps II project are continuing. We anticipate that fund-raising successes will add to the scale of the traveling exhibit.

TRIBALLY CONTROLLED COMMUNITY COLLEGES

Question. The $2 million being cut represents approximately 5 percent of operating grants. Were any other education programs cut 5 percent, or just this one?

Answer. Funding was not reduced for any other BIA education programs by 5 percent. In the fiscal year 2003 budget request, increases are targeted at the primary and secondary educational level, including the pre-school level.

Over the last 10 years funding for TCCCs has increased by 80 percent, from $21 million in 1993 to $38 million proposed for fiscal year 2003. Over the same 10 year period the Indian Student Count (ISC) has increased by 35 percent, from 5,800 to 8,000, and per ISC funding is currently $4,700 compared to $3,600 in 1993. The ISC is calculated by dividing the total number of full and part-time credit hours provided by a college by 12, the number of credits an average full-time student would take.

Question. Turtle Mountain Community College, in North Dakota, has achieved the highest standards set by national accrediting agencies. Instead of rewarding such performance, the administration's budget would cut funding to the College. What kind of message does that send to this college and others?

Answer. The 2003 budget sustains $39 million for TCCCs, including Turtle Mountain, maintaining a level of funding that has significantly increased since 1993. Approximately 1,600 students attend Turtle Mountain Community College. The Indian Student Count (ISC) at the College (calculated by dividing the total number of full and part-time credit hours provided by a school by 12, the number of credits an average full-time student would take) is projected to be 670 in fiscal year 2003. The ISC at Turtle Mountain Community College has grown by 49 percent over the last 10 years. Funding for Turtle Mountain Community College has grown by 94 percent. Funding per ISC has grown by 31 percent from $3,600 to $4,600.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

SNOWMOBILES IN YELLOWSTONE

The Park Service has undertaken a litany of measures to manage recreational snowmobile use in Yellowstone National Park. In one week this February, Park Service rangers recorded approximately 400 violations, including speeding over 70 miles per hour. This means one out of every ten snowmobiles received a ticket. Recently, the Los Angeles Times reported park officials saying that hundreds, probably thousands of snowmobiles are entering the park illegally, riding through fragile meadows.

According to the Park Service, $265,000 was spent this year to mitigate these longtime incursions and violations on the corridor from West Yellowstone to Old Faithful, a 31-mile stretch. These efforts continue at great expense with no sign of relief for these ongoing problems. Trespassing, speeding, and fume clouds that force Park rangers to wear respirators persist.

Question. Are taxpayers going to have to pay for these mitigation efforts in perpetuity?

Answer. Management of winter use in Yellowstone and Grand Teton National Parks, no matter what the mode of transportation, is expensive. These costs will continue to occur no matter if snowmobiles or snowcoaches are emphasized, in large part because of the specialized efforts needed to operate the parks in extreme cold, winter storm, and over-snow conditions.

Question. How much has the National Park Service spent re-studying the snowmobile phase-out?

Answer. The budget estimate for the Supplemental Environmental Impact Statement is $2.4 million.

Question. Did that re-study uncover any new evidence?

Answer. New information was received regarding snowmobile emissions. The earlier Environmental Impact Statement assumed that snowmobiles could achieve an approximate 50 percent reduction in emissions and a moderate reduction in sound level. Information supplied by the snowmobile manufacturers and independent laboratory testing by a contractor to the National Park Service indicate that two of the new four-stroke snowmobiles could actually achieve an approximate 85 percent reduction in emissions. The new information is being applied in the supplemental analysis.

Question. What percentage of the supplemental comments favor maintaining the snowmobile phase-out?

Answer. Of the approximately 361,000 comments received on the Draft Supplemental Environmental Impact Statement, about 80 percent favored phasing out snowmobiles.

ENERGY EXPLORATION ON PUBLIC LANDS

Question. How much does your budget allocate for fossil fuel production on federal lands?

Answer. Funding to support sustainable and environmentally sound fossil fuel production on federal lands is allocated through three subactivities in BLM's Management of Land and Resources Appropriation: Oil and Gas, Coal, and Lands and Realty Management. Fiscal year 2003 funding levels for the bureau's Oil and Gas program and Coal program are $84.9 million and $9.6 million, respectively. In addition, approximately $15 million, or 40 percent, of the Lands and Realty Management program funds are allocated for the issuance of right-of-way actions and permits to support the necessary infrastructure to deliver the fossil fuels to market.

Question. How much does your budget allocate for processing renewable energy applications?

Answer. The public lands can play an important role in providing our Nation with clean and diverse supply of renewable resources such as geothermal, wind and solar energy, biomass, and hydropower. However, only recently has there been an increased interest by the public and industry to develop the renewable resources on public lands. Funding to support renewable energy development on public lands has been proportionate to this interest. In fiscal year 2002, the BLM allocated about $350,000 to support geothermal leasing, exploration, and development. The BLM 2003 budget request doubles this amount to $700,000 to begin to increase support for the growing demand for this type of renewable energy.

To support hydropower, wind and solar energy projects, the BLM's 2003 budget request includes an additional $400,000 in the Lands and Realty program, including $100,000 for wind and solar energy, and $300,000 for hydroelectric relicensing activities.

The overall operation of hydropower energy development on public lands is principally managed by the Federal Energy Regulatory Commission (FERC), however, BLM support and involvement in the program is critical and increasing. BLM's role is in reviewing and providing input to hydropower relicensing efforts led by the FERC. The bureau allocates approximately $1 million per year to support hydropower project relicensing from base program funds. As mentioned above, BLM's 2003 budget request includes an increase of $300,000 to support hydropower project relicensing.

BLM—NEVADA

Question. What percentage of the BLM's operating budget does the agency spend in the state of Nevada?

Answer. The following table compares funds allocated to Nevada to both the total appropriation and to the total appropriation amount that is allocated to all States.

Appropriation/activity	2001 Bureau total [In thousands of dollars]	2001 Total funds allocated to all state offices [3]	2001 Nevada's allocation [In thousands of dollars]	2001 Nevada's allocation percent compared to total BLM funding availability [3]	2001 Nevada's allocation percent of total state office allocation
Management of Land and Resources	$764,634	$599,133	$50,545	6.6	8.4
Wildland Fire Management:					
Fire Preparedness	205,596	121,519	19,717	9.6	16.2
Fire Suppression [1]	150,129	135,887	32,369	21.6	23.8
Burned Area Rehabilitation [1]	41,795	36,556	20,759	49.7	56.8
Hazardous Fuels Reduction	28,983	22,216	1,249	4.3	5.6
Wildland Urban Interface	66,154	39,824	6,148	9.3	15.4
Rural Fire Assistance	5,970	5,957	850	14.2	14.3
Range Improvements [2]	9,999	9,400	1,230	12.3	13.1
Oregon & California Grant Lands	103,919	9,965	.....	.....	.....

[1] Amounts in Fire Suppression and Burned Area Rehabilitation represent actual dollars spent.
[2] Allocations are based on grazing fee receipts.
[3] State office allocations do not necessarily capture all funds spent in a state, but can serve as a proxy to estimate relative distributions.

Question. What percentage of BLM's land is in Nevada?

Answer. Nevada accounts for 18 percent (47.9 million acres) of the 262 million surface acres administered by the BLM, and 8.4 percent (58.7 million acres) of the 700 million subsurface mineral estate acres administered by BLM.

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

COOPERATIVE CONSERVATION INITIATIVE

Your request includes $100 million for the Cooperative Conservation Initiative.

Question. Could you elaborate on the goals of this program?

Answer. The specific criteria that applicants will have to meet are different for the two portions of CCI except that partners—States, local governments, Tribes, non-governmental organizations, the private sector, and/or private individuals—are required for the receipt of any funds. In addition, coalitions of partners are encouraged. Projects will be nominated through the Governors' LWCF State Coordinators for the CCI LWCF State grants and through the bureaus' field units for the CCI operating account funds.

All programs/projects must seek to achieve the actual restoration of natural resources and/or the establishment or expansion of habitat for wildlife. Where applicable, the project/program must reflect efforts to resolve conflicts through incentives and cooperation to achieve the intended goal. Cost-shared, results-oriented conservation projects, using innovative means or practices that embody Secretary Norton's Four C's of cooperation, communication, and consultation, all in the service of conservation, are required. Not included are funds for cultural and recreational purposes (except for limited aspects of recreation in LWCF State grants), routine annual and cyclic maintenance, and all international projects except those natural resource projects with demonstrated results in the United States.

In addition to details on both ranking criteria and reporting requirements, the following presents general guidelines developed for the whole CCI program: ranking criteria, selection criteria, the selection process, project accountability, project duration, administrative costs, and mechanisms for fund transfers.

Ranking Criteria.—For the three operating accounts, CCI criteria will be more specifically developed jointly by the three bureaus beginning in April 2002 so that the program would be ready to proceed in October 2002, with approval of the Congress. Examples of types of criteria that will be considered include enhancement or protection of wildlife; restoration of streams and riparian areas; number of partners and degree of involvement, financial and otherwise; and size of match.

For the LWCF CCI State grants, funds will be made available to benefit the States for restoration, protection and enhancement of natural areas. Purposes would include but not be limited to habitat protection, wetlands restoration, and riparian area protection. Preference will be given to non-traditional methods of conservation and multiple partners.

Selection Criteria.—Eligible projects/programs could be either new or expansion projects in accordance with the purposes stated above. New projects could be a demonstration project, a pilot, or replication of a project succeeding elsewhere. For expansion of existing projects, CCI funds can only be used for the new and expanded portion.

Projects will be selected competitively based on the benefits derived from the project. Bureaus will look for innovative ideas from partners and joint federal/partners decision-making mechanisms will be reflected in approved applications for funds.

Applications will (1) identify stakeholder involvement in the application and (2) be required to identify benefits to be achieved as well as timelines for accomplishing clearly defined goals.

For CCI LWCF State grants, the degree of non-State partnerships and participation will be given priority.

Selection Process.—The Directors of BLM, FWS, and NPS each will make final decisions on competitive applications for funds, with final review by the Secretary.

Duration of Projects.—The length of projects will receive no commitment beyond one year for the operating accounts but opportunities for renewal will exist.

For CCI LWCF State grants projects, priority will be given to projects to be completed in a shorter time period than the traditional LWCF Stateside program's three to five years.

Administrative Costs.—Bureau administrative/overhead costs will be no more than two percent of the total for the operating account programs and $1.4 million in accordance with the proposed CCI LWCF State grants appropriations language.

Mechanisms for Fund Transfer.—Cooperative agreements, contracts, and memoranda of understanding will be used for the operating account CCI programs and grants will be used for the LWCF CCI State assistance program.

Reporting Requirements/Accountability.—Both CCI operating account projects and LWCF State grant recipients will be required to quarterly report program progress and financial status. The Directors of the BLM, FWS, and NPS or their

designees will meet quarterly with the Department to discuss progress of the program.

Question. How does it relate to programs already in place in the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management?

Answer. We need another conservation program to provide enhancement for the Federal and State conservation efforts to complement existing programs. The Cooperative Conservation Initiative has two major parts: one to be of assistance to the States through a $50.0 million Land and Water Conservation Fund State Assistance grants program and a second to strengthen Federal conservation efforts in BLM with $10.0 million, FWS with $18.0 million, and NPS with $22.0 million for a broad range of habitat conservation/protection projects in concert with partners. The CCI program addresses the whole spectrum of natural resources for its conservation projects instead of selected aspects.

Question. How is it different?

Answer. The Cooperative Conservation Initiative (CCI) programs in the operating accounts of the bureaus are distinguished from the existing challenge cost share programs in BLM, FWS, and NPS because the new CCI program focuses solely on natural resource restoration/protection that serves federal interests and does not include recreational and cultural programs.

The existing BLM challenge cost-share program is made up of nearly 25 percent of projects for recreation and cultural programs, plus other research studies and outreach programs. The FWS challenge cost-share program, in addition to providing funds for natural resource restoration, also makes funds available for efforts on private lands and for cultural programs. The NPS challenge cost-share program focuses primarily on cultural programs.

The major distinction between last year's new Landowner Incentive and Stewardship grants and the new CCI, is that both the Landowner Incentive and Stewardship grants are for assistance to private landowners for species protection and habitat restoration. The primary purpose behind CCI is to assist State conservation programs and its partners through the LWCF State grants portion, and Federal conservation efforts though program in the BLM, FWS, and NPS operating accounts and their partners.

The CCI program addresses the whole spectrum of natural resources for its conservation projects compared to the FWS Joint Venture program that focuses solely on migratory bird conservation goals or the Coastal program that promotes to protect and restore high priority fish and wildlife habitat along our Nation's coasts.

My guess is that some may question why you are devoting so much money to activities that aren't solely Federal responsibilities, when the Department is still struggling to keep up with maintenance and management responsibilities on Federal lands.

Question. What is your response to such criticism?

Answer. The funds in the operating accounts will primarily benefit the resources on the land units in BLM, FWS, and NPS.

Question. With regard to the portion of the program that is funded through the agency operating accounts, is it your expectation that these funds will be focused on work on federal lands, or will projects be evaluated without regard to whether they directly involved Federal holdings?

Answer. The major focus of the program is to improve resources on Federal lands. However expenditure of funds outside the unit boundaries of BLM and FWS to improve the resources would be possible through existing legislative authorities. For NPS, program funds will be dedicated for resources on its lands in accordance with its existing legislative authorities.

Question. Is land acquisition an allowed purpose for CCI grants funded through bureau budgets?

Answer. Land acquisition is not an allowed purpose for CCI grants in the operating accounts of BLM, FWS, and NPS.

Question. What about grants funded through the state LWCF program?

Answer. Land acquisition is possible in the NPS LWCF State grants portion of CCI, although the program guidelines state that it is not the preferred method of protecting resources.

LANDOWNER INCENTIVE AND PRIVATE STEWARDSHIP PROGRAMS

Congress provided funding for two new conservation programs in fiscal year 2002: $40 million for the Landowner Incentive program and $10 million for the Private Stewardship Grants program.

Question. When does the Department intend to make grant awards for these programs?

Answer. On June 7, 2002, the Service published for public comment the proposed implementation guidelines. Public comments are due for both programs by July 8, and Final Notices will be prepared and submitted for publication in the Federal Register with an Request for Proposals describing the criteria and ranking factors as soon as possible thereafter. A 60-day submission period is planned for these competitive grant proposals. Regional (PSGP) and national (LIP) assessments of the grant applications will take place early this fall, with grant award recommendations forwarded to the Director and Assistant Secretary for final approval.

Question. What is the difference between these two programs and the Cooperative Conservation Initiative proposed in the fiscal year 2004 request?

Answer. The Cooperative Conservation Initiative has two major parts: one to be of assistance to the States through a $50.0 million Land and Water Conservation Fund State Assistance grants program and a second to strengthen federal conservation efforts in BLM with $10.0 million, FWS with $18.0 million, and NPS with $22.0 million for a broad range of habitat conservation/protection projects on or adjacent to federal lands in concert with partners.

The major distinction between last year's new Landowner Incentive and Stewardship grants and the new CCI, is that both the landowner Incentive and Stewardship grants are for assistance to private landowners for species protection and habitat restoration while the primary purpose behind CCI is to assist state conservation programs and their partners through the LWCF State grants portion, and federal conservation efforts though programs in the BLM, FWS, and NPS operating accounts and their partners.

Question. How do the three programs differ from the Partners for Wildlife Program, the Cooperative Endangered Species program, the NAWCA program, and other grant programs administered by the U.S. Fish and Wildlife Service? Can you provide a chart for the record that explains the differences among these various programs?

Answer. See the following chart explaining the differences among the various grant programs.

U.S. Fish & Wildlife Service
Grant Programs Summary
($ in 000's)

Name of Program FY02 Enacted $ FY03 Request $	Funding Meth-odology	Match and Criteria	Authorizing Legislation	Eligible Entities [1] (e.g. states, tribes, private landowners)	Purpose of Program
Cooperative Conservation Initiative $0 $18,000 (minimum of $5 M in National Wildlife Refuge System)	Competitive - National Funds to be obligated through Cooperative Agreements, contracts, or MOUs.	50% match of cash and/or in kind goods and services; projects must identify one or more partners	~~Activities are for authorized activities of programs funded through the Resource Management account, and include a broad range of statutory authorities to carry out Fish and Wildlife Service programs.~~	Eligible projects will be nominated by Service Field units and must include a minimum 50% partner match in new cash and/or in-kind Services. Partners include state and local governments, tribes, conservation organizations, agricultural interests (such as farmers and ranchers), sportsmens' groups, corporations, small businesses, NGOs, educational institutions, volunteer organizations, science community	Foster innovative and creative cooperative efforts to restore natural resources and establish or expand wildlife habitat, with an emphasis on federal lands and resources.
Partners for Fish and Wildlife Program $36,596 $29,215	Cost Sharing	Goal 50% of cost share assistance	~~Fish and Wildlife Act of 1956, 16 U.S.C. 742(a) 754~~ ~~Fish and Wildlife Coordination Act of 1958, 16 W.S.C. 661-667(e)~~	Private landowners, Native American Tribes, schools, communities and other landowner	Assist private landowners, Native American Tribes, communities and any other non-State or non-Federal entities that wish to voluntarily restore fish and wildlife habitat on their lands. Some program examples include restoration of native habitats to include: wetlands; grasslands, forests and other uplands; and riparian and in-stream habitats.
Coastal Program $11,299 $9,630	Cost Sharing	None	~~Fish and Wildlife Act of 1956, 16 W.S.C. 742(a)~~ ~~Fish and Wildlife Coordination Act of 1958, 16 U.S.C. 661-667(e)~~	Federal and state agencies, local tribal governments, conservation organizations, watershed councils, land trust, academia businesses, private landowners, projects on either public or private lands	To work with collaboratively and cooperatively with partners to identify, restore and protect habitat in priority coastal areas. Restoration of tidal flow to a degraded salt marsh, customized habitat assessments using GIS, Dam removal for fish passage.
Landowner Incentive Program $40,000 $50,000	Competitive – National	25% minimum (selection criteria are in development for this new program)	Endangered Species Act of 1973 **Fish and Wildlife Act of 1956** **Fish and Wildlife Conservation Act**	States, Tribes	Establish or supplement existing landowner incentive programs that provide technical or financial assistance, including habitat protection and restoration, to private landowners to benefit species at risk

Name of Program FY02 Enacted $ FY03 Request $	Funding Meth-odology	Match and Criteria	Authorizing Legislation	Eligible Entities [1] (e.g. states, tribes, private landowners)	Purpose of Program
Private Stewardship Grants $10,000 $10,000	Competitive – Regional	10% non-Federal - Financial or in-kind	Endangered Species Act of 1973 **Fish and Wildlife Act of 1956** Fish and Wildlife Conservation Act	Groups and individuals engaged in conservation activities on private lands	Provide financial assistance for on-the-ground conservation projects on private lands to benefit at-risk species.
State Wildlife Grants $80,000 $55,000	Formula	25% (planning grants) 50% (implementation projects)	Endangered Species Act of 1973 **Fish and Wildlife Act of 1956** **Fish and Wildlife Conservation Act**	States (tribal wildlife grants addressed separately below)	Develop wildlife conservation plans and on-the-ground conservation projects
Tribal Wildlife Grants $5,000 $5,000	Competitive – National	To Be Determined	Endangered Species Act of 1973 **Fish and Wildlife Act of 1956** Fish and Wildlife Conservation Act	Federally recognized Tribes	Develop wildlife conservation plans and on-the-ground conservation projects benefiting at-risk species.
North American Wetlands Conservation Act $43,500 $43,560	Competitive – International (U.S., Canada, Mexico)	1:1 match, Federal:Non-federal; Criteria set per statute for wetland and bird conservation	North American Wetlands Conservation Act	Private and Public organizations and individuals who have developed partnerships to carry out wetlands conservation projects in the U.S., Canada, or Mexico.	Provide funding assistance to promote conservation of wetlands and associated habitats for migratory birds and other wildlife.
Cooperative Endangered Species Conservation Fund (Section 6 ESA) $96,235 $91,000 (See Programs Below)	Competitive and Formula to Regions	25% for a single State [1], 10% when two or more States implement a joint project	Endangered Species Act	States [1] with which the Service has a current Cooperative Agreement and through the States to private landowners, communities and local governments	Provide financial assistance to States [1] to participate in a wide array of voluntary conservation projects for candidate, proposed and listed species.
1. Conservation Grants $7,520 $7,520	Formula to Regions - Competition or Formula at Regional level	25% for a single State [1], 10% when two or more States implement a joint project	Endangered Species Act	States [1] with which the Service has a current Cooperative Agreement and through the States to private landowners, communities and local governments	Provide financial assistance to States [1] to implement conservation projects for listed and nonlisted species, such as habitat restoration, species status surveys, public education and outreach, captive propagation and reintroduction, nesting surveys, genetic studies and development of management plans.

Name of Program FY02 Enacted $ FY03 Request $	Funding Meth-odology	Match and Criteria	Authorizing Legislation	Eligible Entities [1] (e.g. states, tribes, private landowners)	Purpose of Program
2. Habitat Conservation Planning Assistance $6,650 $6,650	Competitive – National	25% for a single State [1], 10% when two or more States implement a joint project	Endangered Species Act	States [1] with which the Service has a current Cooperative Agreement and through the States to private landowners, communities and local governments	Provide financial assistance to States [1] to support the development of Habitat Conservation Plans (HCPs) that provide for the conservation of imperiled species while allowing economic activities to proceed.
3. HCP Land Acquisition $61,306 $56,471	Competitive – National	25% for a single State [1], 10% when two or more States implement a joint project	Endangered Species Act	States [1] with which the Service has a current Cooperative Agreement and through the States to private landowners, communities and local governments	Provide financial assistance to States [1] to acquire land associated with approved HCPs to secure protection of endangered and threatened species habitats and expand conservation benefits of HCPs.
4. Recovery Land Acquisition $17,759 $17,759	Formula to Regions - Competition at Regional level	25% for a single State [1], 10% when two or more States implement a joint project	Endangered Species Act	States [1] with which the Service has a current Cooperative Agreement and through the States to private landowners, communities and local governments	Provide financial assistance to States [1] to acquire habitat for endangered and threatened species. Acquisition of habitat to secure long term protection is often an essential element of a comprehensive recovery effort for a listed species
Multinational Species Conservation Funds $7,000 $5,000	Competitive	AfECF/RTCF/ AsECF/GACF-- Match or in-kind support is not required by authorization, but Service works toward 1:1. In many cases it is at least 2:1; NMBCF–3:1 match	African Elephant Conservation Act Rhinoceros and Tiger Conservation Act Asian Elephant Conservation Act Great Ape Conservation Act Neotropical Migratory Bird Conservation Act	~~AfECF/RTCF/AsECF/GACF- Any organization or individual with experience in the conservation of these species; and/or any African or Asian government agency responsible for the conservation and protection of the target species.~~ NMBCF-An individual, corporation, partnership, trust, association, or other private entity; Federal Government, states, municipalities; foreign government; other entity subject to the jurisdiction of the United States or of any foreign country; or An international organization.	AfECF/RTCF/ AsECF/GACF-- Funds support projects that develop local ability to manage, conserve, research, or protect the target species NMBCF-To perpetuate healthy populations of neotropical migratory birds; assist in the conservation of neotropical migratory birds by supporting conservation initiatives in the United States, Latin America, and the Caribbean; and provide financial resources and to foster international cooperation for those initiatives.
North American Wetlands Conservation Act $28,040 $31,420	Competitive – International (U.S., Canada, Mexico)	1:1 match, Federal: Non-federal; Criteria set per statute for wetland and bird conservation	North American Wetlands Conservation Act; Coastal Wetlands Planning, Protection, and Restoration Act (authorizing coastal projects only in the U.S.)	Private and Public organizations and individuals who have developed partnerships to carry out wetlands conservation projects in the U.S., Canada, or Mexico.	Provide funding assistance to promote conservation of wetlands and associated habitats for migratory birds and other wildlife.

Name of Program FY02 Enacted $ FY03 Request $	Funding Meth-odology	Match and Criteria	Authorizing Legislation	Eligible Entities [1] (e.g. states, tribes, private landowners)	Purpose of Program
Sport Fish Restoration Program $290,467 $271,888	Formula	25%	Federal Aid in Sport Fish Restoration Act of 1950 (16 U.S.C. 777-777m), as amended by the Deficit Reduction Act of 1984 (P.L. 98-369), the Surface Transportation and Uniform Relocation Act of 1987 (P.L. 100-17), the Coast Guard Authorization Act of 1987 (P.L. 100-448), and the Transportation Equity Act for the 21st Century (P.L. 105-178)	States	Restore and manage sport fish populations for the preservation and improvement of sport fishing and related uses of these fisheries resources
Multistate Conservation Grant Program (Wildlife Restoration and Sport Fish Restoration) $6,000 $6,000	Competitive – National	None	The Wildlife and Sport Fish Restoration Programs Improvement Act of 2000 (P.L. 106-408)	States; nongovernment organizations; the U.S. Fish and Wildlife Service (for the National Survey of Fishing, Hunting, and Wildlife-Associated Recreation)	Conduct sport fish and wildlife restoration projects identified by the International Association of Fish and Wildlife Agencies
Clean Vessel Act Program $10,000 $10,000	Competitive – National	25%	The Clean Vessel Act o f 1992 (16 U.S.C. 777c), Section 5604, The Sportfishing and Boating Safety Act of 1998 (16 U.S.C. 777c-777g: Title I, Subtitle D of the Transportation Equity Act for the 21st Century: P.L. 105-178)	States	Construct and renovate sewage pumpout and dump station facilities for recreational boats, and to develop an education program to prevent recreational boat sewage from entering U.S. waters
Boating Infrastructure Grants Program $8,000 $8,000	Tier 1 - Up to $100K per State Tier 2 – Competitive National	25%	The Sportfishing and Boating Safety Act of 1998 (16 U.S.C. 777c-777g: Title I, Subtitle D of the Transportation Equity Act for the 21st Century, P.L. 105-178)	States	Construct, renovate, or maintain tie-up facilities for transient, nontrailerable recreational vessels (26 feet in length or longer)
Wildlife Restoration Program $178,986 $187,788	Formula	25%	Federal Aid in Wildlife Restoration Act of 1937 (16 U.S.C. 669-669k)	States	Restore or manage wildlife populations and provide public use of these resources, and provide facilities and services for conducting a hunter safety program. States have mostly used these funds on activities associated with game birds and game mammals.

Name of Program FY02 Enacted $ FY03 Request $	Funding Meth-odology	Match and Criteria	Authorizing Legislation	Eligible Entities [1] (e.g. states, tribes, private landowners)	Purpose of Program
Hunter Education Enhancement Program (Wildlife Restoration) $7,500 $8,000	Formula	25%	The Wildlife and Sport Fish Restoration Programs Improvement Act of 2000 (P.L. 106-408)	States	Enhance existing hunter education, safety, and development programs
National Coastal Wetlands Conservation Grants Program $13,040 $12,420	Competitive – National	25%	The Coastal Wetlands Planning, Protection and Restoration Act of 1990 (16 U.S.C. 3951 et seq.)	States	Acquire interests in coastal lands or waters, and restore, enhance, or manage coastal wetlands ecosystems

[1] Definition of state includes U.S. territories and District of Columbia

Question. Are we getting to a point where we might have too many different tools in the conservation toolbox?

Answer. The Service does have a very diverse set of "tools" available to create partnerships and address the needs for protection of fish and wildlife and their habitats. There are differences between the various programs as demonstrated in the chart provided as part (c) of your question. For example, some programs are available on ly to States and some only to private landowners; some grant programs require matching funds and some have no cost share requirement; some grants amounts are determined by formula and some are subject to competitive decisions; and some grants are restricted to private lands and others are directed to benefit federal lands.

It is hoped that through this wide array of options, the availability of funding for habitat restoration and improvement can be communicated to as many partners as possible thereby expanding the benefits to the wildlife resource far beyond those achieved through the traditional, time-honored tools such as the Federal Aid in Wildlife Restoration, Sport Fish Restoration, and Cooperative Endangered Species Conservation Funds. These newer, innovative programs provide greater opportunities for the local farmer, Indian tribe, or private organization to participate in conservation activities.

GLACIER NATIONAL PARK—GTS ROAD REHABILITATION

The National Park Service is currently preparing an EIS for the reconstruction of the Going-To-The-Sun Road at Glacier National Park.

Question. What is the schedule for completion of the EIS? Can you commit to me today that you will do everything in your power to see that this EIS is completed on schedule? Have sufficient funds been allocated to assure timely completion of the EIS?

Answer. The Going-To-The-Sun Road (GTSR) Rehabilitation Plan and Environmental Impact Statement was released in draft form in September of 2002 and is expected to be released in final in the spring of 2003. We are on target with this schedule. The draft was released on schedule. Depending on the number of comments received, the final will also be on time (In the past, the extent of comments from the public has delayed finalization of environmental documents because each comment needs to be addressed). There are sufficient funds programmed to complete the EIS.

As part of its development of the EIS, the National Park Service has sought input from the Going-To-The-Sun Road Advisory Committee.

Question. Can you assure me that the input of the Advisory Committee will be given every consideration in the development of the EIS?

Answer. The GTSR Advisory Committee has been an integral partner in the preparation of the EIS. In fact the agencies' preferred alternative was also the Committee's preferred alternative.

It is my understanding that there is up to $11 million worth of road repair work that will be ready for contracting by the beginning of fiscal year 2003 ($3–5 million for retaining walls and $5–6 million in deferred maintenance). These are repairs that likely will need to be completed regardless of the specific rehabilitation alternative selected in the EIS process.

Question. Does the National Park Service plan to allocate sufficient funds from the FLHP program in fiscal year 2003 to accomplish this work?

Answer. The current funding estimate required to accomplish the road work in Alternatives 3 or 4 of the draft EIS totals approximately $125 million—to be obligated over the course of eight years. We are prepared to begin this work in 2004 should funding become available, which is dependent upon the reauthorization of funding through the Highway Trust Fund.

There is no new construction scheduled to start in 2003. Currently design is underway for two GTSR projects totaling $5,250,000.

—Fiscal year 2004: $3 million. Stone retaining wall repairs

—Fiscal year 2005: $2.25 million. Stone retaining wall repairs

In addition to the above projects there are two FLHP funded projects scheduled for other Glacier National Park roads:

—Fiscal year 2004: $525,000. Rehabilitate Apgar Loop Road

—Fiscal year 2006: $2.8 million. Stabilize slides on Chief Mountain Road

The National Park Service's final recommendation for rehabilitation of the Road will likely be an expensive proposition. The cost could swamp the capacity of the existing Federal Lands Highway Program. I intend to work hard to ensure that the next transportation authorization bill makes sufficient allowance for timely completion of the Going-To-The-Sun Road project, and recently wrote to Secretary Mineta

to urge that he advocate for adequate park roads funding in the Administration's reauthorization proposal.

Question. As the Administration begins to develop its proposal for reauthorization of the TEA–21 Act, what is the Department doing to ensure that adequate resources are set aside for Federal Lands Highway Program, and particularly for Going-To-The-Sun Road?

Answer. The Department is working closely with the Federal Highway Administration (FHWA) to identify funding needs that should be considered as part of the reauthorization for all Interior agencies. Over the past year, the FHWA has held focus meetings across the country to receive input from stakeholders (Federal, State and county and public representatives) on how well the current Federal Lands Highway Program (FLHP) is working and areas for improvement. National Park Service (NPS) representatives from the park, region and national levels participated in these forums articulating their specific interests and needs.

In cooperation with the FHWA, the NPS has been developing an updated system inventory, collecting condition data and completing scientific and economical analysis for the roads and bridges in preparation for the fiscal year 2004 Highway Trust Fund Reauthorization.

In reply to the President's "National Parks Legacy Project," a draft report was developed called, "NPS, Roads and Bridges, Deferred Maintenance Needs and Funding Options, October 2001" to begin to unfold a strategy for eliminating the roads and bridges deferred maintenance backlog. The report includes analysis supporting a need to invest $375 million annually between fiscal year 2004–2009. Included in this investment is the $11–21 million annually in net construction cost needed to rehabilitate the Going-to-the-Sun Road, Glacier National Park.

Currently, the NPS is participating in a Federal Agency Work Group that includes all the Federal Land Managers with road interest such as Bureau of Indian Affairs, Fish and Wildlife and Forest Service and lead by the FHWA under the FLHP. Because these are Highway Trust Fund dollars the program oversight, direction and funding is through FHWA under Title 23, Highways, United States Code, section 204, Federal Lands Highway Program.

Besides the report mentioned above, we are nearing completion of a NPS's Draft Reauthorization Needs Resource Paper due to be completed by July 15, 2002, which provides total needs in the range of $440 million annually between 2004–2009. Addressing not only the deferred maintenance needs discussed above, but also the uncompleted parkways such as the Natchez Trace and Foothills parkways, as well as continuing to explore expansion of existing and development of new alternative transportation systems to address overcrowded parks.

This NPS Highway Trust Fund Reauthorization Needs Resource Paper is combined with the other Federal Agencies resource papers to develop and support the Administration's position regarding all Federal agencies needs for the fiscal year 2004 budget cycle and Highway Trust Fund Reauthorization. The FHWA, Highway Trust Fund Reauthorization legislative proposal will be forwarded to Office of Management and Budget in the Fall of 2002 for inclusion in the President's fiscal year 2004 Budget.

The National Park Service is in pursuit of Title 23 funds to cover the cost of much needed road and bridge repairs throughout the Service that will include the repair, rehabilitation and reconstruction of such important National treasures as Going-to-the-Sun Road, Glacier National Park.

GLACIER NATIONAL PARK—GTS ROAD PLOWING

Let me switch gears a bit, from rehabilitation of the Road to operation of the Road itself. As you know, the opening of the Road each summer is a key event for the communities surrounding Glacier National Park. Obviously the date of the opening is dependent in part on snow accumulation and weather, and it doesn't help when we get large snowfalls in mid-June like we have this week.

But it strikes me as critical that the Park make every possible effort to open the Road at the earliest possible date. I'm not confident the Park is doing that right now. I understand that it is Park Service policy to plow only 4 days a week—Monday through Thursday. And when the weather is not conducive to plowing during those days, the work is not shifted to the Friday–Sunday window even if the weather clears. You can imagine how the locals feel when there is no plowing being done on days when the weather is clear.

Question. Would you go back and take a look at the staffing and funding for the plowing of the Road, and see if we couldn't be doing a bit better?

Answer. Currently, two park crews are used to plow the Road from the east and west sides of the park. Each crew works a minimum of 10 hours per day, and 40

hours per week on road clearing. The ten-hour schedule is necessary to allow crews to transit to the work locations and have minimum of a full eight hours on-site.

The park dedicated an additional $60,000 from base funding to assist the road opening efforts in fiscal year 2000. The park estimates that $650,000 in recurring funds above the current base is required to enhance spring plowing and fund the associated communications, law enforcement and resource protection with the road. Further, a one-time cost of $266,000 would be necessary in order to purchase additional equipment.

The park identified the $650,000 operating requirement for the road in the NPS Operations Formulation System in late August 2002, after the fiscal year 2003 budget was submitted to Congress. The park has ranked this need as the 5th highest park operational priority. The region has not assigned a regional priority to this request. As part of the financial management and operations process, the park reviews its operating programs annually and, to the extent allowable, makes resource allocation decisions appropriate for the amount of funds available each year.

The equipment need has been identified in the Project Management Information System for unfunded non-recurring needs and will be addressed as Servicewide priorities and funding levels allow.

Question. Could we be bringing in assets from other areas or parks? Could we be using more local contract workers to maximize work during good weather windows?

Answer. The safest and most successful operation would be with highly qualified and experienced equipment operators, who would be attracted to work in the park and could be retained from year to year if offered a long enough work season.

BISON MANAGEMENT AT YELLOWSTONE

The National Park Service has a central role in the implementation of the Bison Management at Yellowstone.

Question. Can you assure me that the National Park Service remains committed to being a full partner in implementation of the Bison Management Plan, and that it is devoting the personnel and resources necessary to successfully implement the Plan?

Answer. Yes, we can assure you that the National Park Service remains committed to being a full partner in implementation of the Bison Management Plan and has devoted the personnel and resources necessary to successfully implement the Plan. The National Park Service has been an active participant in the implementation of the plan during the first year of its operation and has provided the necessary funding to Yellowstone National Park to implement the plan. The NPS requested and received an operating increase of $1.2 million in fiscal year 2002 for this effort. The park has recruited personnel and is implementing its portion of the plan elements within the park and has been an active participant in joint operations with the other agencies outside of the park.

Question. Is it your impression that the Department is working cooperatively with the State of Montana to implement the management plan?

Answer. Yes, the National Park Service has been working with the State of Montana as well as the Animal and Plant Health Inspection Service (APHIS) and the Forest Service in implementing the plan; both of these bureaus fall under the Department of Agriculture. All of the agencies met once again on September 24, 2002 to continue coordination, and other field operation meetings in October and December are scheduled to refine coordination prior to implementing this upcoming winter's operations. This is the latest in a series of coordination meetings that have been held since the plan first went into effect.

EVERGLADES

President Bush and Governor Bush have signed an agreement that will ensure that the Everglades natural areas will receive the benefit of the Federal investment in the Everglades restoration project.

Question. What is the status of litigation regarding the December 2000 Record of Decision on the Modified Water Delivery project? Please summarize for the record the status of all ongoing litigation involving Everglades restoration.

Answer. In early July 2002, a district court in Florida issued its decision finding that the Army Corps of Engineers lacked authority to acquire lands within the 8.5 SMA to implement "Alternative 6D" as the required flood mitigation component for the Modified Water Deliveries Project. As a result, the Army Corps of Engineers has suspended work on that portion of the project, as well as delayed the initiation of several key related projects, including the decompartmentalization project authorized by the Water Resources Development Act of 2000. The Administration has appealed the district court's decision to the 11th Circuit.

Other litigation involving Everglades restoration efforts remains on going. The most significant include two cases, both filed by the Miccosukee Tribe, challenging the Army Corps of Engineers' efforts to implement an Interim Operational Plan (IOP) for water management operations to avoid jeopardy to the endangered Cape Sable Seaside Sparrow. The IOP is anticipated to be in place until the Modified Water Deliveries Project and C–111 Projects are on-line several years from now. The Department is not a defendant in either of these lawsuits.

In addition, environmental organizations have challenged the Army Corps of Engineers' issuance of ten wetland dredging permits for rock mining operations in the "Lakebelt" area of Miami-Dade County. The Fish and Wildlife Service is a defendant in this action, as the environmental organizations allege that the Fish and Wildlife Service violated the Endangered Species Act in its consultation on the permits with the Corps of Engineers. Under the Comprehensive Everglades Restoration Plan, the area to be mined is also proposed as a potential location to store additional water for environmental use.

Question. What is the obligation status of funds appropriated in the last several years for the Modified Water Delivery project?

Answer. As of fiscal year 2002, $160.2 million had been appropriated for the Modified Water Delivery project, and $92.9 million has been obligated.

Question. What is the status of the programmatic regulations?

Answer. I understand the Army Corps of Engineers has completed reviewing the numerous public comments that were submitted in response to the draft regulations, and is working on final programmatic regulations. Although the statute requires the final regulations to be issued in early December, it is likely that the final regulations will not be issued until early in 2003. Overall, the Department is pleased with the Army Corps of Engineers' progress to develop programmatic regulations that fulfill the requirements of WRDA 2000.

Question. What is the status of land acquisition for the East Everglades expansion? Are funds appropriated to date sufficient to complete the acquisition program? Are there likely to be excess funds available for this activity?

Answer. The National Park Service has acquired approximately 103,619 acres (7,771 tracts) by purchase, donation and condemnation. The Corps of Engineers has acquired approximately 1,402 acres (93 tracts). The State of Florida has acquired approximately 2,253 acres (212 tracts). In total, lands acquired are approximately 107,274 acres (8,076 tracts) out of 109,600 authorized. The NPS believes that there are sufficient funds to complete full acquisition of the park's expansion area. However, it cannot yet make an assessment as to whether or not there will be excess funds after land acquisition is completed. The NPS will also be acquiring mineral rights for these areas, which could have significant costs. Also, there is the potential for litigation costs to arise as it completes the authorized purchases.

Question. What is the status of land acquisition in 8.5 square mile area?

Answer. As a result of litigation challenging the Army Corps of Engineers implementation of Alternative 6D, the Corps of Engineers has halted all federal land acquisition in the 8.5 SMA. The Administration has appealed the adverse district court decision to the 11th Circuit.

Question. What is the obligation status of land acquisition funds appropriated for grants to the State of Florida?

Answer. $17.291 million in grant funding is unobligated, however, $15 million of these funds are targeted for a pending grant request. The pending grant request to the South Florida Water Management District (District) would allow the District to acquire lands in the East Coast Buffer and in the Indian River Lagoon, which is a component of the CERP. Once the grant is approved, $2.291 million will remain unobligated.

Question. What is the status of the comprehensive land acquisition strategy?

Answer. The Working Group of the South Florida Ecosystem Restoration Task Force has developed and issued a draft comprehensive land acquisition strategy. Based upon the recommendations of the Task Force, which discussed the strategy at its last meeting, the Working Group is making revisions and is finalizing the document for publication early next year.

Question. How long will interim water management operations plan be in effect once they are developed?

Answer. The interim water management operations presently in effect, otherwise known as the Interim Operational Plan or IOP, are anticipated to be in place for several years until the Combined Structural and Operational Plan (CSOP), reflecting the combined operations of the Modified Water Deliveries Project and C–111 Project, is developed and adopted. Although federal and state agencies are working to implement the CSOP, this effort has just begun and is anticipated to take a number of years.

BORDER SECURITY

As you well know, the Department of the Interior owns a good bit of real estate in U.S. border areas, particularly in the American Southwest and in Montana. The Forest Service is also a major presence along the Canadian border in the Pacific Northwest.

Question. As the Administration has considered border security issues in the wake of September 11th, what has your department's role been? Do you feel you've been sufficiently consulted and involved in the formulation of border security policy by Gov. Ridge and others in the White House?

Answer. FWS. The Department's Office of Law Enforcement and Security (OLES) has been the point of contact in dealing with the Administration on border security issues. The Service has provided information to OLES identifying resource and policy issues that impact our law enforcement operations along the border and at the ports of entry.

NPS. The National Park Service has played a direct role in monitoring and providing law enforcement support for anti-terrorism and security at a variety of nationally significant sites. Additional law enforcement has been provided for border and immigration issues, coastal shipping and drug intervention and the monitoring of dams. The NPS works cooperatively with interagency partners on a variety of security and international border issues. The NPS has approximately 1,019 miles of international border and 2,357 miles of coastline with potential security concerns. Approximately 57 NPS sites are impacted or have the potential to be affected by international security issues.

There are a number of park units with especially high instances of illegal alien activities, drug trafficking, and smuggling in the southwest and on the southeastern shoreline. The Intermountain Region border park areas include Organ Pipe Cactus National Monument, Coronado National Memorial, Amistad National Recreation Area, Big Bend National Park, Chamizal National Memorial, Palo Alto Battlefield National Historic Site, and Padre Island National Seashore along the international border with Mexico. These areas cover approximately 1,260,000 acres and 365 miles of international border with Mexico and 72 miles of seashore. These areas had more than 2,780,000 visitors in 2000. Border security related issues and activities also directly affect other parks near the border. These parks include Saguaro National Park, Chiricahua National Monument/Fort Bowie National Historic Site and Tumacacori National Historic Park.

Increased enforcement at traditionally busy border crossings—San Diego, El Paso, and Nogales—has diverted undocumented migrants and drug traffic to rural and remote areas along the border, including NPS park areas. Illegal activities have increased exponentially within the past several years, threatening visitor and employee safety and causing an incredible amount of resource damage. In 2000, Border Patrol estimated that approximately 250,000 undocumented aliens entered the country through parklands, over 180,000 in Organ Pipe Cactus National Monument alone. Since then these numbers have only increased. In 2001 rangers interdicted over 20,000 pounds of drugs on parklands; to date this year rangers have seized over 15,000 pounds of drugs. In the summer of 2001, over 20 undocumented migrants died in or shortly after travelling through Organ Pipe Cactus National Monument. Employees at Coronado, NM live under constant surveillance by drug traffickers. Low staffing levels require rangers and other employees to work alone in remote locations, often with inadequate communications and backup. NPS Park Ranger Kris Eggle was murdered in Organ Pipe Cactus National Monument on August 9, 2002 by a Mexican national associated with drug trafficking.

There have been some NPS field concerns raised about not getting sufficient intelligence information or general homeland security updates. Much of the intelligence information has been gained by cooperative communications with other local law enforcement entities or other bureaus.

The NPS has established a multi-regional coordinating task group consisting of headquarters and regional chief rangers that conducts conference calls twice weekly. The purpose of this group is to mobilize Law enforcement staffing resources as well as ensure that important communications on security and counter terrorism activities occurs at all levels of the organization.

BLM. The Bureau of Land Management administers considerable tracts of public land along the Mexican Border. The Bureau of Land Management (BLM) also administers scattered parcels of public land along the Canadian border. It is also a little known fact that the BLM also administers a sixty-foot strip of public land that runs continuously along the Mexican border from San Diego, CA to El Paso, TX that was withdrawn from the public land entry laws by an Executive Order on May 27, 1907. With limited law enforcement resources, the BLM exercises law enforcement

jurisdiction over these public lands. The role of the BLM law enforcement program on these public lands is the same as for all public lands, to provide for resource protection and public safety. The BLM role on these border lands did not change since September 11th. However, as other Federal agencies responsible for Border issues have stepped up their inspection and interdiction activities, this has lead to significant increases in illegal border activity occurring on the public lands administered by the BLM. Those involved in illegal border crossings have merely shifted their emphasis to the undeveloped and relatively "unguarded" BLM lands.

Question. Since September 11th, have there been significant shifts in the management of border lands under your jurisdiction? What has been the impact of any such shifts on departmental resources? What has been the impact on other departmental responsibilities?

Answer. FWS. The Office of Law Enforcement continues to maintain a presence with special agents and wildlife inspectors at duty stations and ports of entry along the northern and southwest borders. Service-owned border lands are managed by the National Wildlife Refuge System. The National Wildlife Refuge System has made several modifications in managing border lands to increase the safety of officers as well as visitors and facilities on federal lands along both the northern and southwest borders. The Service will be adding six new refuge law enforcement officers at refuges along the southwest borderlands. The Service has also detailed officers to border refuges. This shift has left some federal lands in the refuge system with no law enforcement protection for refuge visitors or natural and cultural resources.

NPS. No, many border park areas were significantly impacted and affected by broarder security issues prior to September 11th. In these parks border security issues continue as a high priority, although NPS resources have proven inadequate given the scope of the problem and the significant threats to visitors, employees and resources.

There have been huge demands placed upon law enforcement resources at National Park Service sites. A significant number of rangers have been detailed to augment security and support at high security sites: icon parks, Department of Interior Headquarters, Camp David, various BOR dam sites, and National Capital Region (NCR) special events, since 9/11. These rangers often work 12 hours days, with few days off. There have been impacts upon park operations: fewer law enforcement patrols, less emergency response capability, less search and rescue operations, less wildland and structural fire response, increased officer safety issues, rangers working extended shifts to cover staffing shortages creating employee "burnout". A number of rangers have left the agency for other jobs such as in the new Transportation Security Administration (TSA.). (At least four have been documented in the North East Region). The United States Park Police (USPP) in NY have lost nearly 20 officers to TSA. Additionally, there have been impacts upon Special Events (SET) Teams, and All-Risk Management Teams.

BLM. There have been no shifts in the agencies managing the Federal lands at or near the borders. However, in the recent past, the Congress and the BLM have changed some of the resource management requirements that are applicable to certain border lands. The public lands along the Mexican border include two National Monuments, three National Conservation Areas, and three National Wilderness Areas. Yet the tremendous increase of Undocumented Alien (UDA) and drug smuggling often involves use of motorized vehicles in violation of regulations and is causing considerable resource impacts such as off-road travel, trash dumping, illegal fires, and abandonment of stolen vehicles. Because these persons are already committing felony criminal activity (illegal crossing, smuggling, etc.) they pay little attention to other violations of Federal law or to BLM criminal regulations. The BLM is finding that its law enforcement rangers cannot conduct their regular daily patrols without encountering these dangerous illegal activities. All of this requires a much larger BLM law enforcement workforce at border areas than other areas of public lands.

Question. How many Department of the Interior law enforcement personnel were reassigned to other duties (air marshals, airport security) in the wake of September 11th? How many have returned to regular duty? What has been the impact of these reassignments on traditional departmental responsibilities?

Answer. FWS. Office of Law Enforcement: The Service responded to requests for assistance at both the national and local levels:

—29 special agents were assigned as federal air marshals for a six-month period
—22 special agents were assigned to the Logan Airport security taskforce for a total of 242 staff days
—10 special agents were assigned to the World Trade Center and Freshkills Landfill evidence recovery taskforce for a total of 40 staff days

—17 special agents were assigned to the security detail at the Main Interior Building for a total of 221 staff days
—1 special agent has been assigned to the Bureau of Reclamation law enforcement detail for a period of six months
—1 special agent has been assigned to the FBI anti-terrorism task force in New Mexico for the past year and will remain in that position for the next 18 months

All special agents have returned to their normal duties with the exception of the last two agents listed above.

During the six-month period when special agents were assigned to the air marshal detail, high priority investigations were continued. Special agents from adjoining areas and task force operations were utilized to complete the complex, resource-intensive investigations. State and tribal conservation officers worked closely with the Service and provided support on those cases that were regional in nature and less time sensitive.

National Wildlife Refuge System.—The National Wildlife Refuge System (NWRS) responded and continues to respond to requests for national security details throughout the United States both on and off federal lands:

—107 refuge law enforcement officers were assigned to the security detail at the Main Department of Interior Building in Washington, D.C. The officers worked details ranging from two to five weeks in duration.
—5 refuge law enforcement officers were assigned to the Bureau of Reclamation's Grand Coulee Dam for two weeks.
—24 refuge law enforcement officers were assigned to the Bureau of Reclamation's Shasta Dam for three-week details.
—25 refuge law enforcement officers were assigned to the National Park Service's Mount Rushmore National Memorial to prepare and staff July 4th activities (5–7 days).
—71 refuge law enforcement officers were assigned to the National Park Service's Jefferson National Expansion Memorial to prepare and staff July 4th activities (5–12 days).
—The Service continues to provide refuge law enforcement officers to the Department's Office of Law Enforcement and Security in Washington, D.C. for details ranging from two to four weeks in length. We presently have two officers in OLES. The details began September 2001 and will continue through fiscal year 2003.

All of the NWRS law enforcement officers have returned to their duty stations after the details with the exception of ongoing details in MIB in Washington, D.C. The NWRS continues to send law enforcement officers on detail to Department's OLES "Watch Office".

Officers of the National Wildlife Refuge System Law Enforcement Program have provided an equivalent of nearly 4,000 working days on details throughout the United States to increase the level of security on a variety of sites and events.

NPS. At its peak, NPS provided over 400 personnel during February 2002 to address security matters. This included rangers that provided security and visitor services for the Winter Olympics in Salt Lake City. NPS has assigned 1,658 resources and dedicated 47,826 person days in direct support of DOI and NPS homeland security priorities during the period 9/11/01–8/14/02. These are conservative figures that do not represent all NPS contributions, including those by the U.S. Park Police in NY, DC and San Francisco. Although NPS has approximately 57 percent of the Department's law enforcement positions, the agency is estimated to have carried over 75 percent of Department of Interior's homeland security workload. The scope and nature of this response is unparalleled. The number of rangers dedicated to homeland security assignments at any one time has ranged as high as 300 out of a permanent workforce of 1,360. Over 500 different NPS rangers have pulled homeland security duties. Presently, 189 rangers are dedicated to homeland security assignments.

NPS rangers have provide homeland security in at least 29 locations or incidents since September 11, 2001. These have included 11 BOR dams, the Main Interior Building, multiple NPS park areas, support of FEMA in NY/NJ/DC, the 2002 Olympics, and July 4 events at Mount Rushmore, Jefferson Expansion National Memorial and the National Mall. Few NPS resources were assigned to air marshal and airport security positions due to the immediate need to protect park areas considered at risk to terrorism, and meet other priorities determined by the secretary, including protection of BOR dams and the Main Interior Building.

Currently there are approximately 189 employees involved in law enforcement related to homeland security. The NPS has also provided increased security and support at the following BOR/NPS Dam and Lake sites: Hoover Dam, Shasta Dam,

Grand Coulee Dam, Glen Canyon Dam, Blue Mesa, Crystal and Morrow Point Dams, Yellowtail Dam, Lake Meridith Dam,O'Shaughnessy Dam and Lake Amistad.

Assignment	No. of resources assigned	Resource days
Security for BOR Dams	431	8,597
Support Main Interior	44	1,012
Security NPS Icon Units	414	8,188
Security 2002 Olympics	105	2,786
Security July 4th Events	288	1,847
Security—Other	368	7,659
FLETC Instructors	8	115
Security—Parks		17,622
Totals		47,826

For the impact of these reassignments on traditional Departmental responsibilities, see response 7b.

BLM. Since September 11, 2001, BLM law enforcement officers (LEOs) have completed 4,553 days on assignments to other duties. This includes ten LEOs to the FAA as Federal Air Marshals for a period of six months, twenty seven LEOs to the Olympics in Salt Lake City for a three week assignment, and one hundred thirty seven LEOs completing 2,307 days on security related assignments to the Department of the Interior (DOI), Bureau of Reclamation (BOR), and the National Park Service. Two BLM LEOs currently remain on security assignments to the DOI and BOR.

With an average law enforcement staff size of only 230 officers for 270 million acres of Public Lands, the impacts of these reassignments have been significant, particularly in areas where there is only one or two LEOs assigned to a Field Office, southwest border areas, and areas with high recreation use. Reassignment of an LEO in many cases resulted in limited or no capability to complete traditional responsibilities during the period of reassignment. The impacts of these reassignments have also varied during certain time frames. For example, in February of 2002, forty one LEOs or eighteen percent of the total law enforcement workforce were on non-BLM related security assignments. This occurred during the high-use recreation season for the southwestern United States where the majority of BLM law enforcement resources are located.

Question. Are there elements of your fiscal year 2003 budget request relating specifically to border security that you'd like to highlight for the Committee?

Answer. FWS. *Office of Law Enforcement*.—The Service has requested a $1 million increase to enhance our core enforcement capability. These funds will be used to enhance special agent mobility and improve responsiveness for mission-critical and homeland security enforcement needs.

National Wildlife Refuge System.—In the wake of the International Association of Chiefs of Police's (IACP) thorough evaluation of the National Wildlife Refuge System law enforcement program, an Office of the Inspector General report on law enforcement in the Department, and the tragic September 11 events, the National Wildlife Refuge System will begin implementing the Secretary's Law Enforcement Reforms. We have reassessed our law enforcement mission and are now marshaling forces into rapid program reforms such as models for deployment of refuge officers, standardized position descriptions and centralized hiring of officers, standardized weapon systems, new incident reporting systems and a case management system. The Refuge System Law Enforcement Program is being modernized in training, tools, and management.

Visitor safety and resource protection are paramount law enforcement needs. The National Wildlife Refuge System is stepping up its commitment to proactive prevention and protection of our visitors and our treasured natural and cultural resources. Compounding traditional enforcement efforts are the thousands of undocumented aliens and huge quantities of illegal drugs annually entering the United States by crossing the border at national wildlife refuges. As security is tightened at established entry points around the nation, terrorists seek entry by finding such alternative locations to enter the country. Terrorists present numerous law enforcement considerations, one of which is the high threat to officer safety.

Protection of our visitors and lands is being accelerated through improved law enforcement and investigative activities with the addition of 28 new full-time law enforcement officers on national wildlife refuges, as well as a national Law Enforcement Program Specialist and a Chief of the National Wildlife Refuge System Law

Enforcement Program. Hiring has been initiated and the results of their work will increase homeland security and counter-terrorism efforts in fiscal year 2003. Because the rise in law enforcement needs continues to alter the ways we preserve and protect visitors, wildlife, and habitat, refuge law enforcement officers face tremendous threats daily. To improve officer response and safety, the National Wildlife Refuge System will field test the IACP priority recommendation calling for a Field Training and Evaluation Program (FTEP). The mission of the 10-week FTEP program will be to provide highly trained, fully functional, positively motivated natural resource law enforcement officers on every refuge.

NPS. There is a request for $6,098,000 in operational support for six high profile icon parks. There is a request for $12,600,000 in operational support for United States Park Police and $23,834,000 in construction preparedness, security upgrades. The NPS is reviewing allocations to ensure that high priority needs of all southwest border units are considered. Funding is needed to address critical shortfalls of ranger staffing in high risk parks areas, to provide additional protection and communication equipment, to provide incident command system training, and to establish a centralized recruitment, training and development program for law enforcement officers.

BLM. The issues presented by the BLM in the area of border security did not make it into the fiscal year 2003 budget request. However, recently the BLM forwarded a report, *Southeast Arizona Coordinated Plan to Mitigate and Prevent Environmental and Other Impacts Caused by Undocumented Aliens Crossing Federal Land*, to the House Committee on Appropriations. In response to the report, Arizona Representative Jim Kolbe has proposed that $1 million be included in the fiscal year 2003 budget for the BLM to implement some of the recommendations outlined in the report. While this is appreciated it must be recognized that this only applies to AZ and not the remainder of BLM border areas.

Question. Does the President's proposal to establish a separate Department of Homeland Security affect your department directly? Indirectly?

Answer. FWS. *Office of Law Enforcement*.—The Service will play a significant role in supporting the interdiction efforts of the Federal Inspection Service (FIS) agencies that are included in the Department of Homeland Security proposal. Service wildlife inspectors work side-by-side with other federal agencies at border ports throughout the country. Our inspectors have face-to-face contact with people entering the country and handle more than 116,000 import shipments annually. The travelers, vehicles and cargo our inspectors encounter are potential conduits for the tools or terrorism that warrant increased scrutiny in the interest of national security and public safety. As the number of inspectors for the other FIS agencies grows exponentially, the Service will require additional staff and financial resources to continue with our current level of support.

National Wildlife Refuge System.—The Service will play a significant role in supporting the enforcement efforts of the Department of Homeland Security in many areas. The National Wildlife Refuge System manages over 120 noncontiguous miles along the southwest border. National wildlife refuge law enforcement officers work very closely with all law enforcement agencies in their vicinity. For example, refuge officers work jointly with the Border Patrol as well as Customs officers along the United States borders. Refuge law enforcement officers are the front line of defense in many areas along the United States land and coastal borders. Many national wildlife refuges are located along the coast, both on the Atlantic as well as the Pacific Ocean. With the increase in border security at the normal port of entries, there will be an increase in illegal traffic in the more remote areas along the United States border, which will result in an increase of illegal activities.

NPS. The most direct impact to date is that the Transportation Safety Administration (TSA) has been drawing our trained and senior field rangers from NPS units to Sky Marshal jobs. As the Homeland Security (HS) Department continues to grow and spread out to other areas beyond aviation safety it is likely that many more rangers and senior law enforcement managers may be drawn into HS jobs. The continuing disparity of pay, and benefits will also add to the departure of NPS law enforcement officers.

BLM. The BLM believes that the proposal to establish a separate Department of Homeland Security will have both a direct and indirect affect on the Department of the Interior. The direct effect will most be in the areas of border security and protection of critical assets that are present on the public lands. The border security personnel within the proposed Department will still be conducted their activities along the border at or near the public lands. This will have a direct effect in the areas of resource impacts caused by these activities and by the illegal activities they are directed against. In light of BLM's responsibility for the management of certain critical on-shore resources (oil and gas), there will be an impact as the proposed De-

partment evolves in the area of security requirements for critical assets (pipelines, oil and gas facilities, power lines, communication sites, etc.). These requirements will have to be implemented with the private owners of the assets through BLM's oversight responsibilities related to required permits, easements, leases, rights-of-way, etc. Indirectly, the BLM will be impacted by the proposed Department on what security requirements are made for the Federal facilities the BLM has custody over and the required levels of security to be required when alerts are declared under the new color code alert system.

COAL BED METHANE

Question. One of the most important tasks the BLM is undertaking in Montana is the completion of an EIS for coal bed methane development. BLM is a co-lead on this EIS, along with the Montana Department of Environmental Quality. What is the status of that EIS, and when can we expect a record of decision?

Answer. The BLM continues to place a high priority on the completion of the Final EIS for coalbed methane development in Montana. The bureau is working diligently to ensure that the Final EIS is completed on schedule with the goal of publication by early in 2003. The Bureau has received substantial public and agency comments on the document and is fully committed to being responsive to all concerns raised and will be incorporating and addressing the concerns, as necessary, in the Final EIS document. Every effort is being made to work closely with the State of Montana on the preparation of the Final EIS document. The record of decision is expected no later than the end of February 2003.

Question. Will it be necessary to appropriate additional dollars for its completion?

Answer. As a result of significant public and Federal agency review and comment, additional analysis and an improved cumulative analysis will be incorporated in the Final EIS. BLM estimates completion of the Final EIS will cost an additional $200,000-$500,000 over original estimates. The BLM is assuming that all the new information and changes to the document can be made within the current schedule and with the requested funding levels.

COLLIER ACQUISITION

The President recently announced his intention for the Federal government to acquire the mineral rights underlying 760,000 acres in Big Cypress National Preserve and Florida Panther National Wildlife Refuge for $120 million.

Question. Can you shed any light on how you expect the Federal government to pay for this acquisition? Will the Administration seek a supplemental appropriation for land acquisition? Pursue a mandatory appropriation in some other legislative vehicle? Propose legislation to provide Collier with bidding credits?

Answer. The Department is working to finalize the details of the proposal to be funded through regular appropriations.

Question. How did the Department and Collier arrive at the $120 million price? Has the Department conducted an appraisal of the assets to be acquired? If not, will it do so?

Answer. Determining the value of the oil and gas resources in an area where there has been little or no actual exploration or development activity is challenging. MMS has considerable experience in making these sorts of evaluations as part of its responsibilities for valuing hydrocarbon (oil) resources on the Outer Continental Shelf as part of the lease sale process. That is why the Department in the mid-90's first asked MMS to value the Preserve's resources. The valuation we used in the successful negotiations was prepared by MMS in 2000 and 2001.

MMS used its Probabilistic Resource Estimates-Offshore (PRESTO V) model. The model basically simulates drilling the area under consideration. To perform this task, the model has two principal parts. The first is geologic information to determine the likelihood of whether oil exists and where it is located. The second is an engineering and economic analysis which includes the potential volumes of the oil and its value based on future price projections. The result of this modeling process is a range of potential oil values and a mean value. It should be noted that this value was specified as a resource value not as a fair market value.

Following the MMS study, an independent mineral valuation expert was obtained who has also been used by the Department of Justice in litigation for oil and gas valuations. This expert confirmed that MMS' model was a reasonable methodology to determine a median value and that based on the limited data available, MMS' geologic and economic inputs also were reasonable. Our expert further assisted in developing a range of values that a person would be willing to pay for the mineral resources in the Preserve based on the mean value of the resources developed under

the model. To create this range, he used data from thousands of bids for offshore leases.

We do not intend to perform additional appraisal work at this time. While an exploration program such as the one proposed by the Colliers would likely provide more reliable data on the size of the reserves-upward or downward—the cost of doing so would impact the very resources that the acquisition is intended to protect.

Question. How much of a tax benefit will Collier claim for donating residual value to the Federal government (in excess of the $120 million price)? Will Congress ever be given this information so it can better evaluate the total Federal cost of this acquisition?

Answer. Throughout the discussions that have taken place between the Department and the Colliers since the mid-90's, the Colliers have consistently represented that the fair market value of the oil and gas was substantially greater than the government's estimates. As a means to bringing closure to this transaction, we agreed to the concept of a donation for any residual value that has previously been used by the Department in other transactions where similar valuation disagreements existed. This approach leaves it to the donor to demonstrate to the satisfaction of the Internal Revenue Service that the fair market value of the property is higher than that paid by the government. The Department does not have access to such tax information and would have to request this information from the Internal Revenue Service. The Department does not take a position with respect to any claim that the Colliers may make with the Internal Revenue Service.

Question. Information provided by the Department indicates that the Collier acquisition does not account for all mineral rights in the Preserve or in the Refuge. Does the Department intend to pursue the acquisition of remaining mineral rights in these areas? Have the owners of these mineral rights been actively pursuing development? Will the Collier acquisition essentially set the price for the acquisition of these remaining rights?

Answer. Not at this time. We have not received other plans to develop the mineral rights underlying these units. Most of the remaining mineral interests within the Preserve are held in relatively small parcels by numerous owners. Our understanding is that the threat to the Preserve's resources is minimal at this time because development of such small holdings would likely be uneconomic. Moreover, under Florida law, oil and gas can only be developed if a majority of the mineral interests ownership in a 160 acre drilling unit consent. With the acquisition from the Colliers, the National Park Service believes that any threat to Preserve resources is presently remote. Should this situation change, the National Park Service would undoubtedly reconsider its present position.

Because the threat posed to the park and other resources was in large part a measure of the proposed scale of operations and the economics of developing the remaining interests is likely quite different than from those of the Colliers, we do not believe that we have set a price for the remaining rights. We understand that the Park has recently heard from several mineral holders interested in donating their remaining interests. The Department welcomes any such donations.

SCIENCE REFORM

In the wake of the lynx scandal and the National Academy of Science's rejection of the Federal government's decision to shut off water to Klamath Basin farmers, I gather your department has been doing some soul searching with regard to science.

Question. Can you tell me where you are with regard to reviewing and reforming departmental science procedures and policies?

Answer. Three related actions are underway.

We have developed a Code of Scientific Conduct for use by employees, contractors, cooperative partners, and grant recipients engaged in scientific work sponsored by the Department. It is currently undergoing external review and we expect to begin implementation by February 1, 2003.

We have developed and published final guidelines on Information Quality in response to section 515 of the Treasury and General Government Appropriations Act for fiscal year 2001 (Public Law 106–554). These guidelines cover the quality, objectivity, utility, and integrity of information disseminated to the public and provide an opportunity for the public to challenge information they believe to be biased or incorrect.

We are also pursuing an initiative concerning how science advises public policy. This effort will provide guidelines to cover not only the traditional peer review of scientific research, but also the independent synthesis, review and interpretation of scientific information in preparation for decision making. We expect to recommend

use of a variety of independent review sources, in addition to the National Academy of Sciences.

Question. What must be done to prevent these types of things from recurring?

Answer. We need to establish a high level of scientific credibility with the public and we need to find economically feasible ways to obtain high quality and timely independent review of scientific findings and related information that will be used to advise decisions.

We believe the actions described above will do so.

PRESIDENT'S MANAGEMENT AGENDA

The Department is in the initial stages of performing outsourcing reviews on a large number of positions as part of the President's Management Agenda.

Question. What is the timetable for completion of these reviews? How much will the reviews cost to perform? Will the individual bureaus be absorbing 100 percent of these costs?

Answer. The Department is striving to achieve its 15 percent goal for studies scheduled for review and completion by the end of fiscal year 2003. The cost of the studies varies according to the methodology used, and the choice of methodology is largely determined by the number of FTEs covered by a particular study. We have already gotten OMB approval for a new inexpensive methodology to study less than 10 FTEs, and are working on another methodology to much more economically study groups of 11–65 FTEs. Both approaches are also fairer to employees than the more traditional methodology. We have yet to determine the full cost to perform DOI reviews. Competitive sourcing funding was not built into Interior's fiscal year 2002 budget request because the Administration did not announce the President's Management Agenda until August 2001. Similarly, we did not come to closure with our bureaus on their fiscal year 2002–2003 competitive sourcing plans until April 2002, two months after the fiscal year 2003 budget was transmitted to Congress. Most bureaus are incurring the entire cost for these reviews within available funding.

Question. To the extent savings are realized from outsourcing, will these savings be "retained" by the individual bureaus to meet other needs? If the review process indicates that no savings will be achieved from outsourcing a particular position, does that automatically disqualify a position from being outsourced? Will the Department actively consider outsourcing positions when no savings are expected, but when the position review shows that outsourcing may result in a better product or service?

Answer. OMB has told Department's that they may retain any savings from competitive sourcing, and Interior in turn has given bureau directors the same pledge. Bureaus therefore may retain the savings from competitive sourcing, whether those savings are from outsourcing or improved in-house operations, to meet other bureau needs. A "no savings" determination does not disqualify a position from being outsourced. Outsourcing positions should not necessarily be based on "savings" but may be based on best value—performance quality, efficiencies, and results.

OFFICE OF INSPECTOR GENERAL

Question. Of the specific programmatic increases requested for the Office of Inspector General, most of them appear to be predominantly one-time in nature. Assuming the requested increases are provided, what amounts should we expect to be presented as programmatic reductions or redirections in the fiscal year 2004 request?

Answer. The following four program increases were requested: Redistribution of Staff Resources, Automated Work Papers System (Audits), an Electronic Case Management and Information System (Investigations) and critical security and communications enhancements to an aging and resource-intensive OIG infrastructure (Management and Policy).

This request, for the first time, recognizes that past OIG budgets have provided for the mandatory and basic costs of existing staffing but lacked base funding for essential non-personnel management tools to achieve our mission. Rather than seeking more staff resources, the fiscal year 2003 budget represents a strong proclamation of the OIG's focus on non-personnel related management tools—i.e., redistribution of existing staff and investment in information technology infrastructure and systems—to provide a foundation for effectiveness and efficiency and achieving maximum results and return on investment. The Inspector General hired a new Chief Information Officer in fiscal year 2002 to facilitate the development and implementation of a long-term OIG capital investment strategic plan. This budget reflects a portion of this plan.

The fiscal year 2003 program request items detailed below need to be incorporated into the OIG base appropriation so we can maintain the activities in future years.

Redistribution of Staff Resources ($320,000).—Redistributing staff resources to where the critical work resides, i.e., putting the right people in the right place at the right time, has been a management tool that we have not been able to utilize. This has resulted in increased expenses to get experienced staff on significant reviews or cases or it has resulted in the postponement or referral of audit/investigative reviews or cases. Redistributing existing staff is significantly more cost effective and timely than hiring new staff in locations where staff resources are needed.

Specifically, in fiscal year 2003, we will be redistributing staff from our Guam office to the Hawaii mainland to provide more effective oversight of Department of the Interior (DOI) funds and Insular Islands' capabilities to receive and expend Federal funds. In future years, we anticipate more staff relocations, particularly from our office in the Virgin Islands to the continental United States and relocations between various regions within the United States.

Automated Work Papers System ($200,000) and the Investigations Electronic Case Management System ($300,000).—The fiscal year 2003 request provides for partial funding for the planning, purchase and initial implementation of these new systems. In the out-years, these systems will require funding for maintenance, modifications and enhancements and staff training. For example, future year budgets will be used to upgrade automated reporting capabilities (including performance and activity based costing reporting) and for enhanced equipment such as scanners to assist with automated work papers and investigative case files.

Critical Infrastructure and Security Enhancements ($256,000).—To meet the basic requirements for maintaining our IT infrastructure (which includes work stations, servers, software/hardware and telecommunications lines), this funding will provide critical resources for expenses that directly support all the OIG administrative systems and is the cornerstone of our IT security and knowledge management initiatives. This allows us to meet the requirements of OMB Circular A–130 and similar IT and security-related requirements. In addition, because the Management and Policy activity provides IT support for all OIG activities, these infrastructure enhancements would also support the capacity of our Office of Audits IT staff in their audits and reviews of the entire DOI critical infrastructure and security systems planning and implementation.

SECTION 6 FUNDING

Question. Funding for the Cooperative Endangered Species Conservation program is currently divided into several distinct pots. Has the Department considered the merits of a more flexible approach to this program, whereby the amount of funding for the various program elements would not be determined in advance of applications being received? What are the advantages and disadvantages of such an approach? When will fiscal year 2002 funds for HCP land acquisition grants be awarded?

Answer. The Department has considered the merits of soliciting project proposals based on a total funding amount and has determined that the disadvantages of this approach outweigh the advantages. This approach would offer the ability to provide a greater level of funding to highly meritorious proposals of a specific type when funding of those proposals might otherwise be limited by the prior apportionment of funds to the distinct programs.

However, there are several disadvantages to this approach. This approach would not provide certainty to States with respect to the level of competition. The States commonly draft their proposals based on the identified level of funding for certain project types. If the amounts of funding for the various program elements were not determined at the time proposals were solicited, States would find it more difficult to determine how much funding to request and how much effort to put into preparation of a proposal. More over, States do not always need the same type of funding every year (planning funding versus land acquisition dollars); we believe the current grant programs provide a sufficient balance for States to be assured of opportunities to compete for needed funds each year.

In addition, this approach would remove the ability to employ different methodologies for allocation of funding for different project types. The Service awards grants for the HCP Land Acquisition and HCP Planning Assistance programs based on a national competition, and the Recovery Land Acquisition program based on a regional competition. Each Region funds projects under the traditional Conservation Grants Program based on methodologies developed in conjunction with the States. These different processes were developed in order to balance providing predictability to the States with respect to the level of competition and ensuring that sufficient

funds are available to fund higher cost, highly meritorious projects. Separate grant programs enable the Service to ensure funds are available for distinct, measurable actions, and to ensure accountability.

Therefore, the Department believes identifying funding levels for each distinct program at the time proposals are solicited meets the purposes for which the funds are available, benefits applicants and ensures a balance of funding among the many important types of conservation efforts. The HCP Land Acquisition grants were awarded in September 2002.

ENDANGERED SPECIES ACT

It is my understanding that in a case involving the New Mexico Cattle Growers, the courts recently determined that the U.S. Fish and Wildlife Service must analyze not just the marginal economic impact of critical habitat designations vs. listing, but the impact of the designation in its entirety. I further understand that in the wake of this decision, the Service is developing a framework for performing these economic analyses.

Question. What is the status of the effort to develop this framework? How much additional staff work, money, etc. will be required to complete these more exhaustive analyses? Is the legal question at issue settled in the Department's view?

Answer. In *New Mexico Cattle Growers Ass'n* v. *U.S.F.W.S.*, 248 F.3d 1277 (10th Cir. 2001) the 10th Circuit held that the baseline approach to economic analysis of critical habitat designations that was used by the Service for the southwestern willow flycatcher designation was "not in accord with the language or intent of the ESA". In particular, the court was concerned that the Service had failed to analyze any economic impact that would result from the designation, because it took the position in the economic analysis that there was no economic impact from critical habitat that was incremental to, rather than merely co-extensive with, the economic impact of listing the species. The court rejected the baseline approach incorporated in the *southwest willow flycatcher critical* habitat designation, concluding that, by obviating the need to perform any analysis of economic impacts, such an approach rendered the economic analysis requirement meaningless. The Service believes that the 10th Circuit decision was rightly decided, and courts in the 9th Circuit have recently agreed.

In response to the 10th Circuit decision the Service has revised its approach to economic analyses for critical habitat designations nationwide and is developing a framework document to delineate the methodology that the Service is now using to conduct economic analyses for critical habitat. The framework document will be shortly be put forth for peer review. After peer review, it is our plan to publish the document for public comment this year.

Economic analyses for critical habitat designations are becoming increasingly more costly. Not only the 10th Circuit ruling, but public comments and an improved understanding of the potential economic effects of critical habitat designations have led the Service to continuously improve the economic analyses that it is conducting. We now anticipate that it will cost approximately $80,000 to conduct an average analysis; some analysis for wide ranging species may cost up to $150,000–$200,000). The Service contracts out its economic analyses, but it is a continual challenge to manage timeliness and quality issues associated with the production and review the documents.

BLM—CBM EIS FOR MONTANA

I have been following the BLM's preparation of the Environmental Impact Statement for the Powder River Region of Montana with a great deal of anticipation and interest. As you know, I have worked hard to secure additionally funding above past budget requests to ensure that adequate environmental studies would be completed and that the EIS would be done in as responsible a manner as possible.

Question. Could you update us on the status of that EIS, and when can we expect a record of decision?

Answer. As discussed in the previous answer, the record of decision is expected no later than the end of February 2003.

Question. I assume we have completed the need for resource planning dollars for this specific EIS. Does the current fiscal year 2003 budget submission include adequate funding in the oil and gas base program to support development in the Powder River Region of Montana in fiscal year 2003?

Answer. The degree to which coalbed methane development in Montana will occur is based on what can be reasonably foreseen from geologic and reservoir analysis. This level of activity is currently being analyzed within the EIS, in compliance with all National Environmental Policy Act requirements. The BLM requested additional

funding in the 2003 budget to support increased oil and gas development, including coal bed methane. BLM Montana will receive an appropriate portion of these additional funds, if appropriated. This should be sufficient to cover the State's needs over the next year.

BLM—PILT

Overall, I must admit that the proposed budget for the Bureau of Land Management shows promise. With increases for energy production and an increase of $114 million to update land use plans, it is evident that the administration is focused on wise use of our natural resources. However, supporting these activities places a large burden on our rural communities. As a result, Congress has made it clear that PILT funding to compensate rural governments is a national priority.

Question. I know the land management planning process is notorious for being expensive, and if we expect our local governments to be able to afford participation in the process, isn't it important that we at least hold PILT funding level? Does the BLM agree that an increase in activity on federal lands will continue to place a financial burden on local governments?

Answer. While increased population, visitation, and energy development on Federal lands could place a greater financial burden on local governments, just as it has on the Federal government, it is reasonable to expect that local governments will also benefit from a larger tax base, increased tourism, and more energy development. Additional energy leasing and operations on public lands provide additional revenues to states and jobs and stimulus to local economies. Providing opportunities for grazing, recreation, and timber harvest also provides additional state and local revenues, jobs and more economic development. Although the amount requested for PILT in 2003 is less than the amount enacted in 2002, it is $15 million, or 10 percent more, than was requested in the 2002 President's Budget. By contrast, the President's budget for 2003 proposes an increase of 6 percent over the 2002 request for the Bureau's main operating account.

It is also important to point out that the PILT program received large increases (57 percent in just two years) starting in fiscal year 2001, during a time of surpluses. With the recent changes in the budget outlook, it is reasonable to expect that governments at all levels share in the responsibility to maintain fiscal restraint.

BLM—ENERGY AND MINERALS

I notice that your budget for the BLM requests another substantial increase for energy related activities on federal lands. I whole-heartedly applaud this effort and will do everything that I can to ensure this money is included in this year's final appropriation.

Question. Could you detail some of the initiatives BLM will be undertaking in fiscal year 2003 that are designed to increase domestic energy production while also diversifying our energy portfolio?

Answer. The federal lands contain a large portion of U.S. energy resources. To meet our country's growing energy needs, the BLM is working diligently to fulfill our important responsibilities in implementing the President's National Energy Policy. Over a quarter of the President's energy policy recommendations specifically affect one or more of the BLM's energy, mineral, and planning-related responsibilities. To systematically carry out the President's policy and goals, the BLM has identified more than 40 tasks to facilitate domestic production and transmission of both renewable and non-renewable energy resources, while ensuring environmental protections.

The National Energy Policy included a specific recommendation for the Department of the Interior to review its land status and lease stipulations regarding oil and gas development on federal lands. To this end, the ongoing Energy Policy and Conservation Act inventory of oil and gas resources and reserves and a review of access impediments are being expedited. Five basins were identified within the Rocky Mountain Region as the priority geographic areas for study. These areas include the Powder River, Green River, Uinta/Piceance, and San Juan/Paradox Basins, and the Montana Thrust Belt.

As the information becomes available from the EPCA inventory, the BLM plans to analyze the data for opportunities to improve the Bureau's management of the oil and gas resources on federal lands. Direction will be provided to BLM Field Offices on how best to apply the EPCA information to facilitate environmentally-responsible development of oil and gas resources, both in the BLM's land-use planning process and the daily management of the public lands and its resources. This analysis and the consideration and implementation of changes in management policies

are considered critical tasks for BLM in implementing the President's National Energy Policy.

It should be emphasized that as the BLM reviews the EPCA information and considers potential land-use planning modifications, we will continue to abide by the Federal Land Management and Policy Act's principles of multiple-use, sustained yield, and environmental protection. These are standards to which the BLM is completely committed. The BLM will only consider opportunities to increase access to oil and gas resources while still maintaining multiple-use values, including surface resource values.

In addition, as part of the BLM's efforts to implement the President's National Energy Policy, the Bureau established a working group to review and evaluate various reports and data concerning expediting the Application for Permit to Drill (APD) process. The group has identified several specific recommendations, which the BLM will evaluate. Examples of areas under review are cultural resource clearances, National Environmental Policy Act (NEPA) processes, consistency of lease stipulations, and automation of the APD process.

Also, consistent with the President's National Energy Policy, BLM is working to expand renewable energy development opportunities on public lands. The Department's November, 2001, National Conference on Renewable Energy was a good first step in an ongoing effort to work with industry in a collaborative manner to reduce unwarranted delays in processing authorizations for renewable energy facilities on the public lands. The BLM is working closely with the Department to develop a Renewable Energy Action Plan in response to comments and recommendations from the conference. As a follow-up to the conference, the BLM is evaluating new ways to increase production of renewable resources on public lands.

In addition to a $350,000 increase for geothermal energy development in the Energy and Minerals Management Program, the 2003 President's Budget requests $400,000 more to support geothermal, wind, and solar energy rights-of-ways on BLM lands.

Question. In my experience these initiatives are largely supported by state and local governments. In your opinion, is the Department working well with local government entities and are they generally supportive of these efforts?

Answer. We believe most local governments are supportive of the Department's efforts to implement the President's National Energy Policy. Both the Secretary of the Interior, and the BLM Director are very strong supporters of consulting with State and local governments in all activities and policies that affect their interests. We are working with these groups and are keeping them actively involved and up-to-date as we develop and implement the BLM's portion of the National Energy Plan. A critical aspect of the Bureau's plan is to more actively engage all sectors of state, tribal, and local government as well as to increase general public participation. The BLM is more committed than ever to a truly collaborative process and believes the states, tribal and local governments can help us to focus our efforts in the development of new plans and policies.

Question. Concerns have been raised in Montana, and I assume in other states as well, that focusing on single, high-priority oil and gas projects has the potential to slow other ongoing energy development activities included in BLM's base funding. Can you address this issue and assure the subcommittee that resources will not be shifted from other ongoing and proposed oil and gas projects?

Answer. The increases the BLM has received in recent appropriation acts have allowed the BLM to allocate additional funding to States and areas where most of the oil and gas development and work is located. We do not plan or anticipate shifting base funds as long as the BLM receives the additional funding proposed in this budget. BLM does review information in our cost management system to evaluate performance and efficiency across the BLM organization. Where cost management, performance, or other sound business management information of practices dictate, some base funding adjustments may be made.

BLM—FIRE FUNDING

Your budget request includes a $34 million increase for fire suppression activities. I applaud this move, as I believe we are learning that the increasing severity of wildland forest fires coupled with ongoing drought conditions make suppression an extremely costly activity.

Question. Recently, the Administration announced a new Interagency Wildland Fire Leadership Council leading the effort to implement the National Fire Plan. Can you give us some examples of how this new council adds value to the National Fire Plan? Quite honestly, the new council appears to replicate the current interagency agreement.

Answer. The Secretaries of Agriculture and the Interior established the Wildland Fire Leadership Council this year to provide leadership at the top agency and bureau levels to guide the policy and program direction for the National Fire Plan. To date, the Council has directed its efforts to ensure a seamless, cohesive approach to the identification of fuels treatment priorities across all the wildland fire management agencies and our many state, local, tribal, and private collaborators. In the future, the Council will address other priority concerns, such as differences in the ways that the Departments classify and record their costs for fire suppression operations, firefighter pay, and burned area rehabilitation. Another key issue the Council will address is how to recruit, retain, train, and develop the next generation of fire leaders to replace many of today's leaders who are nearing retirement.

Question. I have heard numerous grumblings from the West, and I must agree with many of them, that the Administration has failed to fully embrace the needs of the National Fire Plan. Can you detail some of the work that has been taking place to get elements of the National Fire Plan up and running?

Answer. In the two years since Congress initiated the National Fire Plan, the Plan agencies have made significant improvements in the way they prepare and respond to wildfires. Interior has hired, trained, and deployed over 2,000 new firefighters. We have substantially increased the inventory of essential heavy equipment including engines, air tankers and helicopters. The equipment was put to heavy use in the summer of 2002. We will be reporting exact numbers to Congress in the National Fire Plan 2002 Annual Performance Report which is being prepared. The Departments have also been increasing treatments to reduce hazardous fuels, both in the wildland urban interface and remote public lands. This is a major element in the long-term strategy to reduce the risk of unwanted and unplanned fires by reducing fuel loads. The numbers of projects and treated acres have been increasing annually. More will be accomplished in 2003 than ever before. In short, the National Fire Plan has resulted in steady progress that continues to this day.

Clearly, the most important component to the fire plan in preventing future large scale wildland fires is the fuels treatment component. I have learned that much of the funding we dedicated for this purpose was initially hitting a backlog in the planning process.

Question. Have we overcome this hurdle and are we beginning to see more fuels reduction work actually being completed on the ground?

Answer. Interior's program made significant strides in reducing hazardous fuels reduction in 2002. The number of acres treated grew to over 1,050,000 acres, up 44 percent from 2001. The Departments of Agriculture and the Interior also accelerated the project selection process this past year so that projects for 2003 would be identified and selected earlier than ever before, ensuring a more productive first quarter than in previous years. The effort to select projects earlier also resulted in the identification and prioritization of future year projects, in effect creating a pipeline of future projects.

It is true that the planning process used to be an impediment to getting work done on the ground. The Departments did not have the infrastructure in place to respond quickly to the dramatic increase in funding that Congress provided in 2001. That is no longer a problem. The departments have staffed the program and established new procedures to ensure that fuels reduction work will increase again in 2003.

Question. In overcoming the planning backlog in implementing hazardous fuels reduction projects, as well as learning new lessons as we ramp up this program, have your land managers offered any suggestions aimed at making the process more manageable or more effective? I know that many are suggesting the Forest Service's Stewardship Contracting authority as an ideal way to deal with hazardous fuels work.

Answer. Public land managers have been instrumental in improving and implementing hazardous fuels reduction projects. As you know, they are collaborating with local, state, and private landowners in developing fuels treatment plans. We are starting to see several types of innovations arising from field managers. Environmental plans for projects are being batched, both within individual offices and across agencies. Field managers are also pooling personnel for project planning on a landscape basis. Improvements such as these create efficiencies of scale that result in more acres being treated at lower marginal costs for taxpayers.

Question. Have you had any discussions regarding the application of similar contracting authorities on Interior lands?

Answer. Yes, the Department is very interested in pursuing similar authority. In fact, a cornerstone of the President's Healthy Forests Initiative is a legislative proposal to allow Interior to enter into long-term stewardship contracts with our partners. Such authority would be particularly advantageous in the west, where Federal

agencies alone cannot rid the country of a century's worth of hazardous fuels build-up. Allowing contractors to exchange their labor in removing hazardous fuels for the rights to the resulting biomass would better leverage funds to complete additional fuels reduction work and could potentially increase the production of domestic energy.

BIA—TRIBAL COMMUNITY COLLEGES

The request before the Subcommittee decreases funding available for Tribally Controlled Community Colleges by $2 million. I find this especially troubling as I have worked extremely hard to increase the funding available to these vital learning institutions.

Question. What is the justification for this reduction, and can you outline other steps, if any, the Administration is prepared to make to ensure that these colleges continue to be successful in providing secondary education to our nation's Native American students?

Answer. The President's fiscal year 2003 budget request for Tribally Controlled Community Colleges maintains a level of funding that has significantly increased since 1993.

Over the last 10 years funding for operating grants for TCCCs has increased by 65 percent, from $23 million in 1993 to $38 million proposed for fiscal year 2003. Over the same 10 year period the Indian Student Count (ISC) has increased by 35 percent, from 5,800 to 8,000, and per ISC funding is currently $4,700 compared to $3,600 in 1993. The ISC is calculated by dividing the total number of full and part-time credit hours provided by a college by 12, the number of credits an average full-time student would take. The operating grants are distributed to the TCCCs based on the ISC.

BIA—COMMUNITY DEVELOPMENT

I notice that your budget for the Bureau of Indian Affairs essentially eliminates the accounts for Community Development. This concerns me deeply, as these accounts are extremely popular with the tribal community and my colleagues here in Congress. Additionally, these programs generally give us the flexibility to meet unique needs in Indian Country.

Most of these programs are designed to fill an unmet niche in Indian education, or are designed in bridging the gap between having some level of secondary education and applying it in the job market.

Question. Can I have your assurance that you will re-examine your position on these programs and offer the Committee an explanation of how the Administration proposes to fulfill this need in their current budget submission?

Answer. The President's budget fulfills the highest priority needs in Indian Country. The request supports community development goals by ensuring a strong education foundation for Indian Country's future leaders and continues efforts to improve the services and delivery of its programs and trust management responsibilities. The budget supports the efforts of Tribes to provide basic reservation programs and develop stable governments, ensure accreditation of Bureau- and Tribally-operated school; address critical infrastructure needs, and meet the Secretary's Trust responsibilities. The President's budget includes funding for 48,000 elementary and secondary students, replacement and repair of schools, and economic development programs in some of the more depressed areas in the country. All these activities contribute to improving the quality of life and economic potential of the reservations.

DOI/COBELL CASE—COMPUTER SHUTDOWN

You inherited one of the most frustrating court cases in recent memory the moment that the court scratched out *Cobell* v. *Babbit* and wrote in *Cobell* v. *Norton.* Since you have been handed the reins, Judge Lamberth decided to shut down virtually all of your Department's computer systems. You and your team were quick to respond and have taken a wide array of steps to solve the problem, including new hardware upgrades, and external hosting of the Department website.

Question. Could you give us a fairly quick update as where each individual Bureau stands in its efforts to get back online?

Answer. All bureaus and offices can currently send email within their local bureaus or offices. To allow exchange of email between bureaus and offices, we are setting up a virtual exchange point for email traffic in Denver National Business Center. The bureaus and offices can send email to other bureaus and offices as they are reconnected to this virtual exchange point.

The Department of the Interior disconnected computer systems from the Internet in accordance with a Temporary Restraining Order (TRO) issued December 5, 2001. On December 17, 2001, the Court entered a Consent Order, which provided four methods by which the Department could reconnect to the Internet and/or resume operations of its computer systems. The Department is working with a court-appointed Special Master to achieve compliance with the Consent Order. Under the terms of the Consent Order, the Department is required to provide the Special Master with "reasonable assurances" that individual Indian trust data on computer systems has been identified, protected and secured.

In order to provide reasonable assurances to the Special Master, Departmental bureaus and offices prepare and submit proposals for reconnection to the Internet and/or resumption of operations to the Associate Deputy Secretary. Upon his approval, these proposals are given to the Department of Justice. Attachments from the proposals, along with declarations from Department officials, are submitted to the Special Master with a formal request to reconnect to the Internet and/or resume operations of particular computer systems. Under the terms of the Consent Order, the Special Master, as necessary, will interview Interior personnel or contractors and conduct site visits "wherever technology systems or individual Indian trust data is housed or accessed." Computer systems are reconnected to the Internet and/or resume operations after the Special Master has provided notification he concurs with the reasonable assurances provided by the Department.

Furthermore, the Consent Order requires the Department to implement specific network security improvements at BIA by January 31, 2002 (which have been completed), and to task a qualified, independent contractor to evaluate the requirements to bring relevant individual Indian trust information systems into compliance with applicable standards of the OMB Circular A–130. In the Second Status Report of the Special Master submitted to the Court on February 5, 2002, the Special Master recognized "that OMB A–130 compliance is simply not possible in the near future given Interior's current budget, resources and infrastructure . . . [and] has repeatedly emphasized that immediate reconnection and/or resumption of operations will not hinge on full compliance."

Utilizing this process, as of July 1, 2002, approximately 89 percent of the Department has been reconnected to the Internet. This includes the National Park Service, the United States Geological Survey, BIA's Indian Schools network, and the Office of Surface Mining. Four other Departmental bureaus, the Bureau of Land Management, the Bureau of Reclamation, Minerals Management Service, and Fish and Wildlife Service are reconnected under "preliminary approval" until the Special Master has completed his assessment for reasonable assurances that individual Indian trust data is protected and secured.

It is difficult to say when all computer systems will be reconnected to the Internet. The remaining bureaus and offices have a more significant role in managing the Department's fiduciary responsibilities to Native Americans, and the process for providing "reasonable assurances" to the Special Master could be more involved.

Email and Internet connections are only a piece of the task of restoring the Department's information technology systems. The larger issue is the security of our IT systems with respect to individual Indian trust data, which must be improved to meet existing guidance and which must meet the Special Master's requirements.

Question. Could you give us an estimate of the unforeseen costs these upgrades have added to your Department's expenditures?

Answer.

INTERNET RECONNECTION COSTS, AS OF 8/7/02

[Dollars in thousands]

Bureau	2002 funds	Total	Notes
BLM	$1,200	$1,200	
OSM	85	.....	
MMS	4,308	.....	25,300 hours of overtime.
BOR	.....	.....	No significant monetary impact.
USGS	.....	.....	No significant monetary impact.
FWS	79	79	R7 AK, some costs to isolate data.
NPS	.....	.....	< 100 hours of overtime.
IG	21	21	
OIA	.....	.....	No significant monetary impact.
Subtotal, on-line bureaus	4,596	5,589	

INTERNET RECONNECTION COSTS, AS OF 8/7/02—Continued

[Dollars in thousands]

Bureau	2002 funds	Total	Notes
Department	1,550	1,550	SAIC IV&V Testing.
TrustNet (to date)	500	500	
BIA	4,100	4,100	OIRM Expenses to date.
OST	109	109	
SOL	1,132	1,132	
Subtotal, Balance of Dept.	7,582	7,582	
Total to date	12,178	13,171	

Costs will continue to accumulate for OST, BIA, SOL, and the Department.
Estimates of overtime values are not yet available for all bureaus.

Question. Finally, I understand the computer shutdown has delayed many payments the Department is obligated to process within given timeframes. Has the Department been held responsible for late fees, interest charges or other penalties as a result of the problems caused by Judge Lamberth's decision to pull the plug on all Department operations? Do you have an estimate of these costs and how they are being addressed?

Answer. The following bureaus incurred interest or late payment penalty fees as a result of the internet shutdown:

FWS: $14,000
NPS: $124,000
MMS: $500,000 (only an estimate)

BLM/BIA—ZORTMAN-LANDUSKY MINE CLEANUP

Secretary Norton, I know you are aware of the Zortman/Landusky mine reclamation in North Central Montana. The state of Montana holds approximately $60 million in bond for the reclamation, but a recently released BLM/State DEQ joint SEIS recommends reclamation exceeding this bond by approximately $33 million. $11 million is still needed to supplement a trust ensuring the water treatment facilities can be operated in perpetuity.

Question. It is my understanding the Montana BLM office identified this project as a top priority and requested increased funding in its fiscal year 2003 budget to address reclamation needs. Why did the Department of Interior not include this request in its final proposal fiscal year 2003 budget? Can you identify funding in your current budget request to support these activities?

Answer. Because of competing priorities and constrained funding availability, additional funding for this project was not included in the 2003 budget request.

Question. Will you work with me to ensure that the fiscal year 2004 budget for BLM reflects a commitment by the Department of Interior to ensure, at the very least, adequate funding is dedicated to address the water treatment concerns outlined in the Record of Decision?

Answer. The Department cannot make any funding commitments for fiscal year 2004.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

FUNDING FOR OPERATION OF INDIAN PROGRAMS

Question. The President's Budget Request for fiscal year 2003 for the Operation of Indian Programs reflects an increase of $37 million over the fiscal year 2002 enacted level. What inflation rate is reflected in the President's Budget Request for the Operation of Indian Programs? What inflation rate is reflected in the President's Budget Request for the Department of Interior overall? If there is a difference, please explain.

Answer. In estimating its budget request, the Department of the Interior estimates cost increases based on programmatic need and priorities across the Department. It does not use a general inflation rate as the basis for estimating budget needs. Cost increases are requested for such specific fixed cost increases as pay raises, including teacher pay raises, health benefits, rent, workers' compensation, unemployment compensation, and working capital fund expenses. Such increases are estimated uniformly across all bureaus.

Question. Several Community Development Programs are within the Operation of Indian Programs Account. The President's requested amounts for Community Development represent significant decreases from the fiscal year 2002 enacted levels. How will the decreased funding impact Community Development in Indian Country?

Answer. These decreases were within our Special Programs activity and will not impact ongoing Tribal/agency community development programs.

There are a number of Community Development programs, such as the Distance Learning Project, United Sioux Tribe Development Corporation, and many others, for which no funding was requested.

Question. Did the Bureau perform a review of these various Community Development programs, which concluded that these programs are ineffective? Will you provide the Committee with copies of any reports that indicate that the programs are ineffective?

Answer. There are many needs in Indian Country and the current focus is on programs that serve Tribes on a nationwide basis. There was no determination that the programs denoted in the question are ineffective, but rather how the Bureau could fund higher priority programs in these times of fiscal constraints. The Bureau holds the annual budget meeting to obtain Tribal input on budgetary issues and concerns to assist in the budget formulation process for the next budget cycle. It was necessary to make some difficult decisions to eliminate funding for certain programs while funding others that would serve Indian Country on a larger scale to address many of the Tribal priorities. Funding is targeted at the primary and secondary educational level, including the pre-school level, in the fiscal year 2003 budget request. Investment during the early stages of a child's education improves the chances of success not only in the secondary schools but also eventually in the post secondary schools.

HOMELAND SECURITY

Question. What plans, if any, does the Department have to involve Indian Country in Homeland Security?

Answer. The Department envisions Indian County as a partner in homeland security. The Department is committed to sharing existing resources and providing resources and technical assistance in the future to increase the effectiveness of BIA contributions to homeland security. The partnership is being fostered through meetings with Indian Tribes at their locations, listening to the specific and often unique problems they are experiencing, and actually seeing the challenges they face at their locations. Through an exchange of ideas and information, and a closer working relationship with our Indian County partners, the Department envisions a stronger, more cohesive response to homeland security.

Question. What role has the Department envisioned for Indian Country in Border Security?

Answer. The Department has definite plans to involve Indian Country in border security. The Department recognizes there are 37 Indian Tribes with lands contiguous to, or in close proximity to our international borders with Canada and Mexico.

For the previous two years, the Department, including representatives from the Bureau of Indian Affairs Office of Law Enforcement Services and the Office of Law Enforcement and Security has coordinated with border area Tribes in the development of DOI Border Strategies.

The Department's strategies promote the cooperation of DOI law enforcement officers and agents from the different Bureaus, as well as area Tribal law enforcement officers, to enhance the law enforcement presence and response capabilities in the remote border areas.

The success of the strategies has recently been highlighted in a multi-agency, jurisdictional law enforcement operation code named Operation Blueline X. This operation has occurred for 10 years on the Northern Olympic Peninsula of Washington State. The operation's primary focus is border interdiction of illegal drugs along the Straits of Juan de Fuca. The Incident Commander of the operation is a special agent with the NPS. Participants in the operation included special agents and officers from the NPS, BIA-OLES, U.S. Customs Service, U.S. Coast Guard, and Clallam County Sheriff's Office. The areas covered during this operation included several Indian reservations. The Department is planning similar operations in other Indian Country border area locations.

The Department included specific language in what became legislative authority for the Bureau of Reclamation to contract with Indian County (Tribal), and other Federal, State and Local law enforcement programs to provide law enforcement se-

curity at major BOR dam sites, some of which are in close proximity to Indian reservations.

LAW ENFORCEMENT

As part of the new National Security initiative, it is the Committee's understanding that every Federal law enforcement agency was required to provide law enforcement officers to the Federal Air Marshall program.

Question. How many BIA Law Enforcement officers have been provided to the Air Marshall program?

Answer. Beginning in October 2001, the BIA detailed 22 law enforcement personnel to the Federal Aviation Administration (FAA) for the Federal Air Marshall program.

Question. When will the BIA law enforcement officers be replaced and how much is requested to replace the law enforcement officers lost to the Air Marshall program?

Answer. Every BIA officer serving with the FAA in the Federal Air Marshall program was returned to active duty with the BIA on April 1, 2002.

While the FAA reimbursed the travel costs and other expenses for these personnel, the BIA absorbed their salaries. The absorbed BIA salaries are estimated to total $400,000. Due to the relatively short duration of the details, the Department has not requested replacement funding.

DETENTION FACILITIES

The President requested a $3 million increase for the Office of Facilities Management and Construction for detention facilities operations and maintenance. It is the Committee's understanding that this amount will only provide for 65 percent of the operations and maintenance needs of the new detention facilities being built by the Department of Justice and scheduled for completion in 2003.

Question. Is this correct?

Answer. The $3 million increase requested in the President's budget was for new and existing facilities operations. Of the increase request, $737,000 will provide the remaining funding needed to operate six recently constructed detention centers. The request will provide $658,000 in partial funding for operations at new detention centers that will come on-line at various times during the year. Over half the request, $1.605 million, will be used to increase support at existing operations.

Question. There is already a backlog of the construction, repair and renovation needs of tribal detention facilities. Why would the BIA not request sufficient funds to maintain its new facilities?

Answer. Since the operational costs are critical when opening a new detention center, priority was given to requesting funding for these costs. Deferring some maintenance during the first year of operation of a new facility is not likely to create a deficiency in the backlog.

Question. In the absence of sufficient funding, will the new facilities not be used?

Answer. The facilities will be opened and will be used.

The Office of Law Enforcement Services developed a three-phase plan for funding and staffing new detention facilities being constructed by the Department of Justice. The third phase, scheduled to begin in fiscal year 2003, indicates a need for an additional $14 million for staffing costs at the 11 new facilities scheduled for completion in 2003. Yet, no funds were requested to address the staffing needs for these 11 new facilities.

Question. Without these funds, will the new facilities remain empty for 12 months or longer until the requisite funds for staff are appropriated for fiscal year 2004?

Answer. The BIA will utilize available resources for operations of the detention centers.

The San Carlos Apache Tribe received a grant from the Department of Justice for the construction of a new adult and juvenile rehabilitation and detention center. Under the three-phase plan prepared by the Office of Law Enforcement Services, $255,000 was to be distributed from fiscal year 2002 funds to begin the hiring process of appropriate staff. The Committee is advised that the Tribe has been informed that the $255,000 may not be provided.

Question. When will the fiscal year 2002 funds for staffing needs at new detention facilities be distributed?

Answer. In accordance with the Assistance Secretary—Indian Affairs policy for tribal consultation prior to distributing funds, the Office of Law Enforcement Services provided a consultation with all tribes in the Nation. Sending a letter out to all tribal leaders requesting comments on the planned distribution methodology

completed this consultation. Upon completion of this consultation, the Office of Law Enforcement Services distributed the funds on June 1, 2002.

Question. Will all tribes receive their fiscal year 2002 funds in the amounts and in the time period identified in the three-year plan prepared by the Office of Law Enforcement Services?

Answer. The distribution was completed on June 1, 2002. The comments returned through the consultation process did not adversely effect the planned distribution amounts.

SOCIAL SERVICES

The President's Budget Request proposes to cut funding for Welfare Assistance by $4 million. This is in addition to the $2.5 million cut made in fiscal year 2002. In the Budget Justification, the decrease in Welfare Assistance is justified because of the positive effects of Welfare Reform yet, at the same time, the Budget justification indicates that once the time limit on the receipt of welfare benefits is triggered, the General Assistance caseload will increase.

Question. How do you reconcile the assertion that Welfare Reform has been such a success with the Department's statement that an increase in General Assistance participants is likely once Welfare Reform benefits are terminated?

Answer. Welfare Reform has had a positive effect in bringing costs down, throughout the country, including Indian country. However, once Indian recipients have exhausted their State benefits, it is believed that many of these individuals will seek assistance from the Bureau's Welfare Assistance program and that program costs may increase.

Question. What is the justification for the decreases to the other four programs funded under the BIA's Welfare Assistance fund?

Answer. The majority of the decrease was expected to impact the general assistance program. As Indians are eligible for Temporary Assistance to Needy Families (TANF) assistance, this has reduced the BIA caseload for general assistance without impacting the benefits available to Tribes and individual Indians. Also, the Bureau is expecting a slight decrease in adult care expenditures due to tightened regulations. The Bureau expects the Child Welfare Assistance program to remain at about the same level. On the other hand, the Bureau expects the Tribal Work Experience Program (TWEP), a work related program for general assistance recipients, to increase. The miscellaneous assistance category was higher than expected in fiscal year 2000 and fiscal year 2001 because of a fishing disaster in the State of Alaska. The fiscal year 2003 estimate does not reflect expenditures related to the Alaska disaster.

Question. Has the Bureau determined what kind of impact that this reduction in funding will have on Indian Tribes and individual Indians?

Answer. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 established the Temporary Assistance to Needy Families (TANF) program, which provides States block grants for welfare assistance. As Indians are eligible for TANF assistance, the Bureau has revised its current welfare assistance regulations to incorporate welfare reform activities. This has reduced the BIA caseload for welfare assistance without impacting the benefits available to Tribes and individual Indians.

OFFICE OF ALCOHOL AND SUBSTANCE ABUSE PREVENTION

The responsibility for the Indian Alcohol and Substance Abuse Prevention and Treatment program is currently shared between the Department of Interior and the Department of Health and Human Services. An Inter-Departmental Memorandum of Agreement defines the scope of the program for each department, assigning treatment and recovery functions to the Department of Health and Human Services and assigning the prevention function to the Department of Interior, Bureau of Indian Affairs. Pending legislation would vest the Department of Health and Human Services with the responsibility to develop and implement a new Inter-Departmental Memorandum of Agreement for consolidation of programs.

Question. Do you support the proposal that the Department of Health and Human Services assume the lead responsibility for the Alcohol and Substance Abuse Program?

Answer. BIA is currently the point of contact for Tribes, States, and other Federal agencies regarding tribal alcohol and substance abuse programs. BIA has a much broader and more comprehensive responsibility than HHS. BIA's responsibility goes beyond health and treatment responsibility to include law enforcement, highway safety, school/educational efforts, social services, and tribal law and courts. BIA rec-

ognizes that alcohol and substance abuse is a serious problem on reservations and is committed to working with HHS to address the problem.

Alcoholism and substance abuse in Indian country are far in excess of the rest of America. Yet, the Office of Alcohol and Substance Abuse is funded only at $397,000.

Question. Given the statistics that indicate the substantial role of alcohol in crime, domestic violence, school truancy and other areas, is this amount sufficient to address the alcohol and drug prevention needs of the 561 Indian tribes?

Answer. BIA recognizes that alcohol and substance abuse is a serious problem in Indian Country. The Office of Alcohol and Substance Abuse has a limited, but important role of providing coordination and oversight of prevention efforts, as well as technical assistance to Tribes. The office coordinates with the BIA Office of Law Enforcement Services, the Office of Tribal Services, and the Indian Health Service (IHS), the Substance Abuse and Mental Health Services Administration (SAMHSA), and the Center for Substance Abuse Prevention within HHS. The bulk of funding for alcohol and substance abuse is provided through HHS programs.

Question. What is the actual amount of funds needed to adequately address these problems?

Answer. According to SAMHSA data, American Indians/Alaska Natives have the highest rate of past year drug dependence and second in alcohol dependence, which is evidence that alcohol and substance abuse problems in Indian Country are not being adequately addressed. However, it is difficult to estimate the amount of funds that would be needed because there are so many components of the problem—fetal alcohol syndrome, parental neglect, child abuse, mental health, physical health, unemployment, crime and poverty. Furthermore, there are numerous Federal programs, as well as State and Tribal programs that are working to address the substance abuse problem in Indian Country, as well as the contributing factors to substance abuse and the problems that substance abuse causes.

SOCIAL SERVICES/IIM

As part of the trust reform efforts by the Department of Interior, an additional $2 million is requested for Social Services. The funds will be used for increased responsibilities related to the management of Individual Indian Monies (IIM) accounts for minors, adults in need of assistance, adults under legal disability and adults who are judged to be non compos mentis. The Budget justification indicates that the BIA plans to outsource the funds first to state departments of human services and state institutions. If states are unable to contract the duties because of the large caseloads that they are experiencing, then the Bureau will hire 12 Master of Social Work level social workers.

Question. Does the Bureau of Indian Affairs currently provide states with the first priority in contracting social work responsibilities related to the management of Individual Indian Monies accounts?

Answer. The Bureau will not give preferences to states for contracting of any of its programs; however, states are considered to be the most likely candidates for outsourcing because of their experience in providing protective services. Other options will be considered, including contracting with Tribes or Tribal organizations for these services. The Bureau is not locked into any one method or source for outsourcing.

Question. What data or reports were used to determine that outsourcing to states, as compared to contracting with tribes or hiring the social workers directly, is more efficient, culturally appropriate, or will result in better services?

Answer. States are considered to be the most likely candidates for outsourcing because of their experience in providing protective services. However, the Bureau is not ruling out any other sources for contracting.

Question. How will the Bureau ensure that the states provide for Indian preference and hire culturally knowledgeable individuals to manage Individual Indian Monies accounts?

Answer. The Bureau would require any contractor to make available culturally knowledgeable staff for this type of project or set up a mechanism whereby they were trained to become culturally knowledgeable. In addition, there are numerous Native Americans employed in states with large American Indian populations.

Question. Has the Department started to implement this outsourcing initiative?

Answer. In bureaus throughout the Department studies to evaluate competitive sourcing potential have started to determine if program functions may be operated more effectively. However, no action can be taken for this particular initiative until the resources become available through the appropriations process.

BIA EDUCATION BUDGET (FISCAL YEAR 2003)

Question. Indian Student Equalization Program funding is used to operate BIA schools. However, the requested amount for Indian Student Equalization Program funding is not sufficient to cover the mandatory pay adjustments. As a result, there is a decrease in funding for the Indian Student Equalization Program. How is this consistent with the President's priority of "No Child Left Behind?"

Answer. The funding level requested in the President's budget for Indian Student Equalization Program (ISEP) represents a new estimate for the projected student population in School Year 2003–2004. Projections for the Weighted Student Unit (WSU) funding available for each student is projected to increase in fiscal year 2003 (School Year 2003–2004). This will enable the President to ensure that No Child is Left Behind. There will be sufficient funds available for the mandatory pay adjustment.

Question. Although the President's Budget requests a $2 million increase for student transportation, last year, the BIA estimated that student transportation was underfunded by $11 million. The public school per-mile average six years ago was $2.97 per mile. For fiscal year 2003, the requested increase for BIA-funded schools will provide only $2.37 per mile. If the Bureau's own data shows that an additional $11 million is needed, why wasn't the full amount of needed funds requested?

Answer. The Bureau is currently doing a cost analysis to determine actual transportation costs rather than relying on a national average. The results of this analysis will enable the Bureau to more accurately determine the need for transportation resources in future budget requests.

Again this year, the President's Budget Request proposes to provide inadequate funds for Administrative Cost grants (AC Grants). AC Grants are used by schools for administrative and indirect cost expenses, such as accounting and auditing expenses, incurred in the operation of a BIA-funded school.

The Bureau acknowledges that AC Grants were funded at only 70 percent of need last year and that this year, they will be funded at 75 percent of need. At the same time, the Bureau has a school privatization proposal that would provide incentives to private educational organizations to take over the management of schools now operated by the Bureau.

Question. Does the Bureau expect that tribes will want to contract or grant schools when insufficient funding for such operation is provided?

Answer. The Bureau funding levels for Tribal grant and contract schools provide for increases in several areas. The Administration's request also seeks more resources for student transportation and facilities maintenance and operations, which provides additional resources to Tribally operated schools. The combination of these requests should make it more desirable for tribes to seek contract or grant status.

Question. If the Bureau acknowledges the insufficient funding, is the Bureau planning on amending its request to provide for full funding of AC Grants?

Answer. The Administration increased funding for several programs (Administrative Cost Grants, student transportation, and facilities maintenance and operations) that affect Tribal grant and contract schools in its budget request. At this time the Administration believes the requested funding appropriately addresses school priorities.

ECONOMIC DEVELOPMENT

In the President's budget summary for the Department of Labor, there is a proposal to eliminate or consolidate numerous job-training plans. The summary indicates that 9 job-training programs serving American Indians and Alaska Natives administered by the Department of Interior will be eliminated or consolidated.

Question. Please identify which programs will be eliminated or consolidated and provide the justification for the elimination or consolidation.

Answer. The 9 training programs are the: Distance Learning Project, Cheiron Foundation Training, Tribal Guiding program, National Ironworkers Training program, Alaska Native Aviation Training program, Yuut Elitnauviat People's Learning Center, United Sioux Tribe Development Corporation, Crownpont Institute of Technology, and United Tribes Technical College. Funding for these programs is being eliminated in order to focus funding on programs of higher priority to Tribes on a nationwide basis.

Question. In the BIA's 1999 Indian Labor Force Report of the total labor force, it was reported that 43 percent of Indians living on or near their reservations were unemployed. And of those who were employed, 33 percent were living below poverty guidelines established by the Department of Health and Human Services. Given the rate of unemployment on reservations, what was the justification for decreasing the funding of the Indian Arts and Crafts Board?

Answer. The fiscal year 2002 appropriation for the Indian Arts and Crafts Board (Board) is $1,548,000. $1,048,000 of this amount is for Board programs. The priority is the enforcement of the Indian Arts and Crafts Act, with $500,000 earmarked by Congress for a $250,000 Grace Hudson Museum exhibit enhancement project in Ukiah, California, and $250,000 for the State of Alaska market access program.

The request for fiscal year 2003 discontinues these two Congressionally earmarked projects. Therefore, the request of $1,061,000 for the Board does not reflect a decrease in Board funding. Instead, it reflects level funding for the Board's enforcement and economic development programs, with a nominal increase for uncontrollable costs.

REPROGRAMMING FUNDS

In Section 634 of the Government-wide provisions section of the President's Budget Request, there is a proposal to enable the President to transfer up to five percent of funds from any Federal department, agency, or corporation to any other account that he wishes.

Question. Do you know whether the President plans to transfer funds from the BIA to another account? Does the President plan to transfer the full 5 percent from the Department?

Answer. The Department is unaware of any plans within the Administration that would transfer budgetary resources from the BIA, or from elsewhere in the Department, using the authority requested by the President's Budget in the Govenment-wide general provisions.

Under the Federal Activities Inventory Reform Act, Federal agencies must identify commercial activities performed by Federal employees. The Interior Budget in Brief states that the Department will examine 5 percent of its Full Time Employees in 2002 and 10 percent of its Full Time Employees in 2003 to determine whether these functions might be better performed by non-Federal employees.

Question. Other than cost, what factors will the Department examine to determine whether non-Federal employees can better perform the functions?

Answer. One must consider whether the retention of the commercial function is needed to perform agency mission, any additional capital investment to update/upgrade technical capability needed, and additional human capital assets and resource needs if work is to be performed by in-house personnel.

Question. Will the Department apply Indian preference when assessing Indian-related functions?

Answer. Yes, especially for those activities in the Bureau of Indian Affairs and Office of Special Trustee where Public Law 93–638 is applicable.

Question. Will the Department require knowledge of Federal Indian law or Indian culture when assessing Indian-related functions for performance by non-Federal employees?

Answer. Absolutely. A significant level of knowledge, understanding and expertise on Native-American related issues are needed to render effective service.

Question. How will the Department ensure that the trust responsibility to Indians will be fulfilled by private contractors?

Answer. Fulfillment of the trust responsibility to Indians is an inherently governmental responsibility. Initially, we will determine which positions that are not inherently governmental in nature and core essential to continued mission performance, and only utilize contractors when determined economically and efficient to do so in accordance with existing laws and regulations.

CONSULTATION

Last fall, the Bureau proposed to reorganize the trust function duties without consulting with Indian tribes.

Question. What is the Department's definition of tribal consultation and when does the Department believe the process of consultation should begin?

Answer. In keeping with the Secretary's four C's—Consultation, Conservation, Coordination, and Communication—the Department consults with tribes as early as possible on issues concerning Indian Country. Collaboration with tribes is one of the Secretary's highest priorities. The Department's trust reform management team worked with a task force of 24 tribal leaders selected by their peers from tribal governments throughout the Nation on a new organization for trust asset management.

Throughout the Department of Interior's Budget Justification, there are proposed funding cuts for programs and even the elimination of some programs. The justification for many of these cuts is that the Department proposes to focus funding on programs of higher priority to Tribes on a nationwide basis.

Question. Did the Department consult with Indian tribes to determine the tribal priorities with respect to funding of programs?

Answer. The Bureau holds the annual budget meeting to obtain Tribal input on budgetary issues and concerns to assist in the budget formulation process for the next budget cycle. There are many needs in Indian Country and the current focus is on programs, which serve Tribes on a nationwide basis. As a result, it was necessary to make some difficult decisions to eliminate funding for certain programs while funding others that would serve Indian Country on a larger scale to address many of the Tribal priorities. Funds are targeted at the primary and secondary educational level, including the pre-school level, in the fiscal year 2003 budget request. Investment during the early stages of a child's education can improve the chances of success not only in the secondary schools but also eventually in the post secondary schools. Funds were targeted in the fiscal year 2003 budget request to address this as well as other programs of higher priority to Tribes on a nationwide basis. There was no determination that the programs denoted in the question are ineffective, but rather how the Bureau could fund higher priority programs in these times of fiscal constraints.

TRUST REFORM

The Department is requesting that new language be added to the Interior Appropriations bill providing that, with regard to overpayments made to holders of trust accounts, "erroneous payments that are recovered shall be credited to this account."

Question. What are the Department's existing procedures for recovering overpayments?

Answer. Under the current statutes, any collected payments of such general funds are deposited into the U.S. Treasury. The Department needs the authority to retain the funds to offset the erroneous payment made. The following is a summary of the procedures that are generally followed by the Office of Trust Funds Management when erroneous payments are made to accountholders:

—Determine the cause of the erroneous payment, the responsible office and whether the funds remain on deposit in the trust account(s).

—If the funds are still on deposit in the trust account(s), and certain other criteria is met, then the procedures as outlined in the section 6–9 of the BIA/OST Handbook are followed.

—If the funds are no longer on deposit in the trust account(s), or the criteria in section 6–9 of the BIA/OST Handbook are not met, then based on the amount involved, appropriated funds may be utilized to pay the correct account(s). Comptroller General Opinion B–219235 of March 23, 1988, 25 CFR Ch, I (4–1–01); 25 CFR §§ 115.600 et. seq. and provisions of the Snyder Act also include methods and process the government follows to address collection of payments. The appropriated funds for the office responsible for the error would be utilized if it were decided to use appropriated funds to pay the correct account(s).

—If appropriated funds are utilized, then it is determined whether the administrative costs related to recovering the funds from the account(s) paid in error would be greater than the amount to recover. If the administrative costs are greater than the amount to recover, then no efforts are made to recover the funds paid in error. If it is determined that the administrative costs related to recovering the funds from the account(s) paid in error are less than the amount to recover, or appropriated funds were not utilized to pay the correct account(s), then the process of restricting the account(s) paid in error are followed as outlined in 25 CFR Part 115, Subpart E are followed for individual accounts. If tribal accounts were paid in error, then the tribe is contacted and the requirements as outlined in 25 CFR Part 115, Subpart G are followed.

—If appropriated funds are used to pay the correct account(s), and the Department is going to attempt to recover the amounts as outlined in the previous bullet, then a receivable is established on the Federal Finance System (FFS) for the amount to be recovered.

—If appropriated funds were not previously utilized to correct the error, then once the amount paid in error is recovered, it is posted to the trust account(s) that should have received the funds had the error not occurred and the receivable established in FFS is relieved. If appropriated funds were previously utilized to correct the error, then once the funds are recovered, the receivable established in FFS is relieved.

Question. What is the statutory authority for this recapture of overpayments?

Answer. The Snyder Act of 1921, 25 USC 13 authorizes appropriations and expenditures for the administration of Indian affairs and for general and incidental expenses in connection with the administration of Indian affairs.

The President has requested a substantial increase in funding for trust management reform.

Question. How will the Department use these funds to address the breaches of trust identified by the *Cobell* v. *Norton* litigation, and the need to undertake a historical accounting of trust accounts?

Answer. The Department plans to continue to address trust reform initiatives addressed in *Cobell* v. *Norton* and is also actively undertaking efforts to address historical accounting. The Office of Historical Accounting has submitted its work on a report to Congress on July 2, 2002 outlining a plan to perform a historical accounting for current and past individual Indian account holders. The breaches of trust—systems architecture, workforce planning, and collection of missing information and records management all have specific programs underway to address these requirements. The Status Report to the Court Number Ten, dated August 1, 2002 provides a more extensive and detailed status of the efforts underway by the Department to address trust reform. A copy of the report was provided to the Committee.

The Secretary's proposal to reorganize the Department's trust management functions through the creation of the Bureau of Tribal Asset Management (BITAM) has been put on hold while the Department consults with tribes.

Question. In light of the existing uncertainty as to the eventual structure of the Department's trust management functions, how does the Department plan to use this increased funding level to enable significant progress to occur on resolving existing breaches of the United States' trust responsibility to Indians?

Answer. The Departments efforts to continue building relationships and understanding with trust beneficiaries are ongoing. DOI's trust reform management team has been working with a task force of 24 tribal leaders selected by their peers from tribal governments throughout the United States. While these efforts are underway, trust reform activities are being actively implemented. DOI is creating an "as-is" business model of trust asset management. Once completed, a team of DOI and tribal representatives will then create a new model for trust asset management. In addition, on September 17, 2002, a ruling by the Court in *Cobell* v. *Norton* require the Department to provide to the Court no later than January 6, 2003: a plan for conducting a historical accounting of IIM trust accounts; and a plan for bringing the Department into compliance with the fiduciary obligations that are owed to IIM beneficiaries, including describing, in detail, the standards by which the Department intends to administer IIM trust accounts and how the proposed actions bring the Department into compliance with the standards.

Question. Does the Department regard the need to address existing breaches of trust as an extraordinary expense that justifies the shifting funds from other Indian programs, rather than as justification for increasing the total funding for Indian programs?

Answer. The Department views the need to address the existing breaches of trust as significant extraordinary expenses. These additional requirements have been identified as budget increases and included in the budget justifications each year. The Department has not shifted resources from other Indian programs to address trust reform. The Department has requested increased funding in both the OST and BIA appropriations in the past several fiscal years.

Question. It is the Committee's understanding that since the Department's computer system was shut down by court order, estimated oil and gas royalty checks to Indian allottees have been made. Also, a recent field hearing in New Mexico demonstrated that mineral royalty payments to trust beneficiaries are still subject to delay. How and when does the Department plan to resolve these problems?

Answer. OST has received a number of inquiries regarding the estimated royalty payments made by the Department of the Interior in February and March 2002 and the process being used to recover those estimated payments now that actual oil and gas distributions have resumed. The letter described below is intended to clarify the estimated payment and recoupment processes.

The Office of the Special Trustee for American Indians mailed a letter explaining the recoupment process to all of the estimated oil and gas recipients with valid addresses in the Trust Funds Accounting System (TFAS). Also included in the envelope was a separate recap sheet dated August 1, 2002 and providing information on:

—Individual Indian Money (IIM) Account Number.
—Amount Received for Both Estimated Payments.
—Amount Recouped to Date.
—Amount Remaining to be Recouped.
—Amount Received in Excess of Amount Recouped.

Printed on the recap sheet was the OST toll free number in case they had any questions. The calls will be going to the Office of Trust Funds management (OTFM) Field Operations Office in Shawnee, OK.

A copy of the letter follows:

"DEAR ACCOUNT HOLDER: We have received a number of inquiries regarding the estimated royalty payments made by the Department of the Interior in February and March 2002 and the process being used to recover those estimated payments now that actual oil and gas distributions have resumed. This letter is intended to clarify the estimated payment and recoupment processes.

"An oil and gas royalty payment occurs as a result of information collected, shared and processed among several government agencies and operators/producers who are engaged in the production of oil or gas from Indian trust lands. In order to process these payments as quickly as possible, both industry and the government rely on computer technology to acquire, sort and process relevant information. There are four government agencies involved in the oil and gas royalty payment process. The Minerals Management Service (MMS) receives and deposits the payments from the producers with the Department of Treasury. MMS also collects royalty production information from the producers via the Internet. Once MMS reconciles the production information it receives from producers, the dollar amount collected and the identification of the associated lease are electronically transferred to the Bureau of Indian Affairs (BIA) on a bi-monthly basis. The BIA then determines the individual ownership of the allotment(s) subject to the lease and the corresponding amount to be credited to the individual owners' Individual Indian Monies (IIM) accounts. The BIA electronically transmits this information to the Office of Trust Funds Management (OTFM). OTFM then processes the BIA transmission, which results in credits to the IIM accounts for the oil and gas royalty payments, the printing and mailing of Explanations of Payment, and the generation of a disbursement in the form of a check or direct deposit if the IIM account instructions so indicate.

"In December of 2001, the federal district court presiding in the case entitled Cobell v. Norton, responding to security concerns expressed by the Special Master (an individual assigned by the federal judge presiding over this case), ordered that all Department of the Interior (DOI) agencies having access to individual Indian trust data be disconnected from the Internet. Unfortunately the reliance upon computer technology meant that MMS could not receive the oil and gas royalty information from the producers, and could not transfer the information described above to BIA. Therefore, BIA was also unable to transfer necessary information to OTFM in order for OTFM to post oil and gas royalty payment credits to IIM accounts, print and mail Explanations of Payment, and generate disbursements if the IIM account instructions so indicated.

"In an effort to limit the harm resulting to Indian trust mineral owners from non-processing of these oil and gas royalties, the DOI initiated an estimated payment effort based on oil and gas royalty information existing from royalty distributions processed in October and November of 2001. An average of the payments received in an IIM account for the two-month period was calculated. If the average amount calculated was $5.00 or greater, the average amount calculated was credited to the corresponding IIM account. This process resulted in approximately $3.6 million dollars ($1.8 million for February 21, 2002 and $1.8 million for March 21, 2002) being credited to approximately 10,000 IIM accounts. The estimated payment amounts were not intended to be an entitlement. Rather it was understood that when the processing of actual oil and gas royalty payments resumed, the estimated payment amounts were to be recouped.

"At about the time the second estimated payment was being processed, a consent decree between the Special Master, the DOI and the plaintiffs in the Cobell v. Norton case was entered by the court allowing MMS to reconnect some Internet capabilities in order to process oil and gas royalty payments. However, because producers were not able to submit production information to MMS during the internet disconnect period, a backlog had built-up in processing the oil and gas royalty payments that had been received over this period. In order to eliminate the backlog as quickly as possible, the four DOI agencies involved with oil and gas royalties resumed processing March 27, 2002 on a weekly basis. Recoupment of the estimated payment amounts credited to IIM accounts began with the first weekly distribution in April 2002. This means that until an IIM account holder has his or her estimated payment amount fully recouped, they will not receive oil and gas royalty payments in the form of a check or direct deposit, but will continue to receive the Explanation of Payment as the oil and gas royalty payments reflected on the Explanation of Payment are being posted to the IIM account as well as the recoupment transaction. Additionally, the explanation associated with the recoupment transactions shows the total amount of estimated payments posted to the account, the amount recouped to date and the amount remaining to be recouped. This information will be reflected on the quarterly statement mailed to the address of record for the IIM account.

"In light of the above it is important to note that until all of the estimated payment amounts issued are recouped, oil and gas royalty account holders will not receive a check with the Explanations of Payment that they are receiving even if they have had the estimated payment amount that they received fully recouped. Instead, those account holders who have had the estimated payment amounts that they received fully recouped are receiving a check issued from their IIM account with the notation of 'Account Balance'. If prior to the Internet disconnect, you were receiving direct deposit, once the amount of the estimated payments that you received are fully recouped, your direct deposits will continue as before as long as the instructions for the IIM account so indicate.

"As of August 1, 2002, over 98 percent of the oil and gas royalty account holders that received estimated payments have had the estimated payment amount fully recouped from actual royalty payments received through MMS and the BIA. Attached is a recap of the activity associated with the estimated payment amounts that you received. We hope that you will find this letter and recap informative, and apologize for the inconvenience and confusion resulting from the Internet disconnect."

BRANCH OF ACKNOWLEDGMENT AND RESEARCH

Question. Does the Department believe that the Branch of Acknowledgment and Research can fulfill its responsibility in a timely manner with the current level of funding and staffing? What plans does the Department have to increase the ability of this branch to function in a timely manner?

Answer. On November 2, 2001, the General Accounting Office (GAO) released a report on the acknowledgment process entitled "Improvements Needed in Tribal Recognition Process." The two concerns raised by GAO were the need to improve the speed and transparency of the decision-making process. Currently, the Branch of Acknowledgment and Research (BAR) has three research teams. Each team is composed of a cultural anthropologist, a genealogist, and a historian. The fiscal year 2003 President's Budget includes $1,100,000 in funding for three teams and support staff for BAR. To improve the speed and transparency of the process additional research teams and additional support staff would need to be provided. As petitions are processed, increases in administrative work such as processing FOIA requests, preparing administrative records, and addressing appeals will occur. The additional support staff would focus on administrative functions and allow the six research teams to focus on the documented petitions.

INDIAN LAND CONSOLIDATION PROGRAM

Question. The Administration proposes to reduce the budget for this program by $3 million, from $10.98 million to $7.98 million. The Budget justifies the decrease because there are unspent carryover funds available. Why were the funds appropriated in fiscal year 2002 not expended?

Answer. The purpose of Indian Land Consolidation program is to reduce fractionated ownership of Indian lands through implementation of the Indian Land Consolidation Act Amendments of 2000. This acquisition program has been very successful; however, program administration has not been able to keep pace with the growing interest in the program. Time required to conduct appraisals, title searches and other administrative requirements, were compounded by the impact of the BIA Internet shut down during fiscal year 2002. We have provided addition staff, training, and administrative support to this program to process pending and new applications. Any funds not obligated in fiscal year 2002 will carryover to the next fiscal year and are anticipated to be obligated in fiscal year 2003.

QUESTIONS SUBMITTED BY SENATOR BEN NIGHTHORSE CAMPBELL

PLATTE RIVER ENDANGERED SPECIES

As you know, in 1997 the States of Colorado, Wyoming, and Nebraska entered into a Cooperative Agreement for endangered species on the Platte River in Nebraska. Colorado water suppliers hundreds of miles upstream from where these species (the whooping crane, piping plover, least tern and pallid sturgeon) are affected by the Endangered Species Act. The science behind this Cooperative Agreement has become very controversial.

You may have heard about federal biologists wanting to dump 500 tons of sand in the Platte River in Nebraska for the alleged benefit of these species! The states and water users also have real questions about the science behind so-called target flow requirements for these birds (and a fish). As you know, Colorado faces the

worst drought in its recorded history. Water suppliers hundreds of miles upstream have to sacrifice water for species in Nebraska based on questionable science.

The participants in this Platte River Cooperative Agreement propose an independent study of the science behind these issues by the National Academy of Sciences (NAS). I understand the Bureau of Reclamation alone contributes up to $2 million per year for the Platte River Cooperative Agreement.

Question. Secretary Norton, would you support an NAS study?

Answer. Yes, the Department is supportive of a National Academy Review of endangered species issues in the Platte River Basin.

HAZARDOUS FUELS REDUCTION

As we all know, Colorado is in trouble with these fires. Here it is, only June 13th, and thousands of acres of have already burned. Over 80 percent of Colorado has been 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 (if it isn't burned by now). The Forest Service told me that they are behind in fuels reduction due to "analysis paralysis."

Question. 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. The Department is making good progress in its fuels treatment program. In 2002 the Department treated over 1,050,000 acres. This exceeds by 44 percent the 728,000 acres treated in 2001. For 2003, the program plans to treat at least 1,118,000 acres.

With respect to Colorado, the 2002 target was 83,500 acres. The Department treated 22,254 acres. Our inability to achieve the target was a function of significant wildland fire activity in Colorado and the minuscule burn window available in which to conduct prescribed fires.

Generally, appeals and concerns about appeals can adversely impact the Department's ability to conduct needed fuels treatments, delaying and constraining such projects. While a problem for the Department of the Interior, the Department understands that it is even more so for the Forest Service because Forest Service fuels treatment projects are subjected to a more cumbersome review and approval process that creates more opportunities for procedural delays, administrative appeals, and litigation.

SCHOOL CONSTRUCTION

The Request includes $121 million to fund 6 Schools on the "Replacement School List". Given the length of that List, two questions come to mind:

Question. At the current rate of Annual Funding, when will the List be eliminated?

Answer. The existing priority list published in the Federal Register on January 9, 2001 contains 20 replacement schools. If fiscal year 2003 funding is provided as requested, only three schools on the list will remain unfunded. The three schools that will remain on the list to be funded in fiscal year 2004 will be Turtle Mountain High School, ND, Mescalero Tribal School, NM, and, Enemy Swim Day School, SD. Consequently, at the current rate of funding, the existing replacement school priority list will be eliminated with fiscal year 2004 funding. With this progress, the Bureau will be developing a third priority list for replacement of schools to be published in the Federal Register in the near future.

Question. Does the Administration support creative ways to finance Indian School Construction, for instance co-financing with willing Tribes or initiatives such as the "Indian School Bonding Initiative" (S. 243) that would complement Federal funds by issuing debt instruments to raise capital in the private markets to build Indian Schools?

Answer. The Department and the Assistant Secretary—Indian Affairs have in the past and continue to seek alternative sources of funding to supplement current appropriations for replacement, repair, and improvement of existing school facilities. The Assistant Secretary has expressed to the Congress his support of the bonding concept contained in the S. 243 legislation. And, if the legislation is passed this year, the Bureau would seek to implement the program as soon as practical and in coordination with the Tribes so that additional funding needs of high priority school projects could be addressed in future fiscal years.

TRIBAL ENERGY DEVELOPMENT

The BIA request includes $2.8 million for "Minerals and Mining Management" a 29 percent increase over fiscal year 2002. This amount includes $1 million for the "Mineral Assessment Program". Also, the request includes $585,000 for an "Energy Oversight and Coordination Team" to implement the Bureau's Energy Development Plan.

Question. There seems to be a lot of overlap in the Mineral Assessment Program and the Energy Oversight and Coordination Team. Can you explain how these programs interact?

Answer. Funding for the Energy Oversight And Coordination Team ($585,000) would be used to establish work groups to address planning, development and implementation of energy policies, which includes consultation with Tribes concerning trust responsibility and conservation issues. This initiative would be part of the Economic Development program under the Bureau's Tribal Priority Allocations Program. The overall goal of the economic development program is to provide Tribes with the resources necessary to develop a self-sustaining economic base. The potential exists for additional energy production on Indian lands, and this initiative would help build the capability of Tribes to promote and market their energy resources.

The Mineral Assessments Program ($1 million) provides grants to Tribes to evaluate mineral resource potential through the acquisition of exploratory data and the subsequent geoscientific interpretation, and to develop Integrated Resource Management Plans (IRMP). This information helps Indian landowners ascertain the potential value of their lands for leasing purposes and assists them in resource planning. Funding for this program is provided under the Bureau's Non-Recurring Program.

In short, the Minerals Assessment Program helps Tribes evaluate what mineral resources they have, the Energy Oversight and Coordination Team will help them promote and market these energy resources.

Question. Has the Department undertaken any analysis to see how the Regulatory and Administrative processes of the Department and the Tribes can be streamlined so that Energy Projects are encouraged and not made difficult by the stifling bureaucracy?

Answer. Several actions are underway or completed, which will result in greater efficiencies in the development of Indian energy and minerals resources. BIA is currently revising its 25 CFR Part 216 regulations related to the exploration, mining, and reclamation of Indian minerals. Although BIA authorizes the development of energy and mineral resources on Indian lands, other agencies in the Department provide operational assistance. BLM is working with the BIA to ensure that the 25 CFR 216 regulations contain certain regulatory provisions governing Federal energy and minerals leases, which will also apply, to operations on Indian lands. The regulations are also being rewritten in plain English.

BLM has solicited industry and trade group comments to help identify problems with the Application for Permit to Drill process (APD). BLM is implementing technological improvements such as on-line APD processing and the well information service that potentially would speed the processing of energy projects on tribal lands. BLM's efforts to streamline its APD process and enhance its Inspection and Enforcement program are expected to result in improved processing and compliance on Indian lands.

In addition, agencies in the Department are working to improve communication with Indian beneficiaries relative to energy development on tribal and allotted lands. For example, BIA, OSM and BLM just revised an interagency memorandum of understanding to streamline and clarify the responsibilities of each agency for Indian coal leasing and operations.

SELF-DETERMINATION CONTRACTING

I am encouraged that the Department is continuing to support Tribal Self Governance Contracting and Compacting and the way I see it, encouraging "outsourcing" of BIA functions to the Tribes seems to directly correspond to the President's goal of maximizing outsourcing of Federal programs.

Question. Does the Department take the view that Tribal Contracting and Compacting represents the kind of "outsourcing" the President has in mind? Are there plans to encourage additional Tribes to become Contractors and Compactors under the Indian Self-Determination Act?

Answer. The Department views contracting and compacting of Bureau programs as a form of competitive sourcing, in accordance with the President's Management Agenda.

The Bureau has a very active and popular education and training program for Bureau and tribal staff with regard to Public Law 93–638, as amended. Training is provided to Bureau staff to ensure that they possess and maintain the most current understanding of the law and how it relates to Indian Tribes. The Bureau has provided formal training to 655 Bureau employees and 355 tribal staff, through the third quarter of fiscal year 2002.

PERCENTAGE OF BIA BUDGET CONTRACTED TO TRIBES

The Indian Health Service (IHS) recently testified that 52 percent of its budget is now administered directly by Tribes under the Indian Self-Determination and Education Assistance Act.

Question. What percentage of the total BIA budget is directly administered by Tribes under that Act?

Answer. About 50 percent of the total BIA budget is directly administered by Tribes/Consortia through Self-Governance funding agreements or self-determination contracts.

BUDGET GAMES

Tribal Self-Governance Compacting began in 1991 with 7 tribes and happily has now grown to include 85 funding agreements for 226 tribes. But the Budget Request notes that the funding increase for fiscal year 2003 is from "estimates of road construction funds from the Federal Highway Administration.

Question. Does this mean that the Self-Governance funding increase comes from a reduction in the Indian Roads Account?

Answer. No, the increase reflects estimates of road construction funds that will come from the Federal Highway Administration and be included in self-governance agreements. The Indian Reservation Roads program funds road maintenance, and is separate from road construction funds received from the Federal Highway Administration.

Question. Because I grew concerned about the administration of the Indian Reservation Roads program, I introduced legislation (S. 344) to reform the process. Can you provide the Subcommittee with your views of that bill?

Answer. The maintenance of Indian reservation roads is a high priority. Well maintained roads and bridges are critical to economic and community development on reservations. S. 344 is currently under review, and we are working with the administration to prepare our views on the bill for the Subcommittee. The Department looks forward to working with the Subcommittee to enact reforms that will improve the efficiency and effectiveness of the Indian Reservation Roads program.

ENCOURAGING TRIBAL CONTRACTING

One of the BIA's long term GPRA goals is to "By 2005, . . . promote Indian Self Determination by increasing Public Law 93–638 training and technical assistance by more than 200 percent and minimizing impediments to Tribal contracting, compacting and grants."

Question. How does the BIA actively encourage Tribes to consider entering into self-governance compacts or to enter into 638 contracts for BIA programs?

Answer. The BIA provides training and technical assistance to tribal leaders and staff as well as to BIA regional and agency staff on the procedures and mechanics of entering into 638 Self-Governance contracts. BIA is also willing and able to provide technical assistance on individual programs should tribes so request. In addition, the Office of Self-Governance as well as existing Self-Governance tribes/consortia are willing to provide technical assistance to other tribes who are interested in entering into a Self-Governance funding agreement.

TRUST IMPROVEMENT

Question. For the Office of the Special Trustee the Request includes $160.6 million—a 44 percent increase over the fiscal year 2002 enacted level, and includes $153.4 million for trust operations and services, a 29 percent increase over the fiscal year 2002 enacted level. In many ways the request is based on the High Level Implementation Plan (HLIP) which we understand is now "dead". So are these figures subject to change and when will we know the accurate funding levels that are needed?

Answer. While the overall trust business plan is being developed, ongoing trust reform efforts will continue. These include, but are not limited to: development of the business processes for all trust functions, which will lead to better services to all beneficiaries; development of the systems and architectures to support these

processes; continuing to process backlog probate cases throughout all regions; an assessment of the viability of use of the TAAMS title module; realignment of the data clean up priorities; expansion of the risk management program to assure consistent and effective operation of trust programs; and the clean up, storage and inventorying of trust records to maintain the vital historical documents needed as the trustee.

DOI officials and tribal government leaders are working through the issues on a true government-to-government basis to seek innovative solutions to some very intractable problems facing both tribes and DOI. As encouraged as the Department is about the progress to date, it is also true that the process of reaching agreement has occasionally been agonizingly slow, and it is clear that overnight, quick fixes are unlikely.

Nevertheless, the Department remains committed to changing the way business is done in Indian country and to using the resources Congress provides in the most efficient and effective way possible to carry out our trust duties. The Department hopes that the proposals formulated from the collaborative Task Force process will be more widely embraced and more enduring than changes imposed unilaterally.

The Task Force recommended that DOI establish an Undersecretary position within DOI that will be the focal point for all DOI Indian trust matters, regardless of which bureau or office has responsibility for the particular issue. In addition, the Task Force has agreed in principle to an office of Trust Accountability that will be responsible for ensuring that individual and tribal trust assets held by the federal government on behalf of individuals and tribes will be The results of the initial consultation effort were reported at a Congressional hearing on July 30, managed in a manner that meets the highest level of fiduciary trust responsibility. At the final consultation meeting in Arlington, VA. the Tribal leadership of the Task Force withdrew its request for the Under Secretary position in exchange for a broad trust legislation that could not be supported by DOI. DOI will continue with its efforts to realign responsibilities within DOI to accomplish as much as possible from the Task Force recommendations.

The Task Force will continue to review the remaining trust structure, including the difficult issue of regional and agency-level organization. The Department will continue to meet with tribes and tribal organizations in the future as trust improvements are implemented.

Question. Once the Department, in consultation with the Tribal Task Force, has finalized a plan for trust asset management reform, can we expect you to come back with a Reprogramming Request?

Answer. The Department expects that a reprogramming request will be submitted for the new trust organization once the plan is finalized and an appropriate level of detail is available.

EXPEDITING PILOT OF INDIAN LAND CONSOLIDATION

After hearings before the Indian Affairs Committee it became apparent there are internal administrative obstacles, such as friction between the BIA and the Office of Special Trustee, to expediting consolidation of Indian lands under the Pilot Program we launched years ago.

Question. Would the Department be willing to work with the Committee staff to come up with ways to expedite and leverage the money appropriated for the Land Consolidation program so that we can re-consolidate checkerboard Indian lands?

Answer. Yes, the Department is willing to work with the staff to expedite and leverage the money for land consolidations.

INDIAN LOAN GUARANTY PROGRAM

I am advised that the Indian Guaranteed Loan Fund has a 93 percent success rate and helps create jobs and increase private investment on Native American reservations.

Question. Is the Department interested in expanding this program?

Answer. The Indian Finance Act has not been substantially revised since 1974. Although the Act has been quite successful overall, it remains long overdue for increased lending limit authority levels to keep up with inflation over the past 25 years and to expand its future operation and programs. Changes to the Act have the potential to provide a real economic stimulus for many sectors of the Tribal economy, as individual tribal members and tribal governments can more effectively develop business opportunities suited to the increased populations that now exist on most reservations.

To that end, the President's budget proposes appropriation language to increase the Guaranteed Loan Program by $500,000 to implement the insured loan portion

of the Act. The benefits of the loan insurance aspect of the Act have not been fully realized. With insured loans, financial lenders would assume greater responsibilities in financing and servicing smaller-sized Indian businesses. Numerous, modest Indian business loan proposals currently being proposed that are suited to insured loans. The requested increase would generate about $7 million in additional loan subsidies.

Question. Would you support a proposal to enact an Indian Self-Determination Act Pilot to "out-source" the functions of the Guaranty Loan Program to private institutions that have expertise in lending to economically troubled areas?

Answer. The program has already been significantly outsourced. The current functions of the Guaranty Loan Program are federal functions that are not subject to competitive sourcing. The loan officer functions of client assistance, loan review and loan servicing have already been contracted to tribes under Public Law 93–638. However, loan approval and lender monitoring is a federal function that cannot be contracted out. Foreclosure and liquidation of trust assets held as collateral are also federal functions. The preparation of regulations to implement the loan program is not subject to contracting. This program has already been diminished to a very small staff of approximately 15 full time equivalent employees throughout the country, with many regions servicing several states and a large number of tribes with just one full- or part-time loan officer.

RESERVATION ROADS

Question. In light of the upcoming re-authorization of TEA–21, can you tell me the major challenges to the Indian Reservation Roads Program?

Answer. Increased funding is needed to allow meaningful participation of all Tribes in the program. The reauthorization of TEA–21 in 1998 included an increase of approximately 50 percent for states. This helped in the implementation of the apportionment formulas among all states. Tribal governments are faced with a similar dilemma. The road maintenance program funding (Tribal Priority Allocation) amount is disproportionately small in comparison to the Highway Trust Funded IRR program. The eligibility of heavy or major maintenance activities such as bridge repairs, restoration of paved surfaces, etc., under the IRR program would help to maintain these structures and reduce the need to reconstruct deteriorating roads and structures while assuring that IRR are kept safe and open.

Question. Does the IRR Program need funding and/or structural changes to improve its effectiveness?

Answer. The program could be improved with authority in place to use the national priority program of bridges' funds (Indian Reservation Roads Bridge Program) for preliminary engineering activities such as engineering design and planning. Currently the reserved $13 million a year can only be utilized for construction and construction engineering. Many deficient IRR bridge projects are delayed because other funds have to be approved and acquired before a project can be submitted to the Federal Highway Administration for approval and funding for construction.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

BIA

Question. The Bureau of Indian Affairs, through its Office of Indian Education Programs " OIEP", filed a single 470 application as a consortium on behalf of all 185 BIA funded schools in late 2001. What type and when was consultation with the schools and tribes on the OIEP's Master Technology Plan conducted?

Answer. The OIEP has two types of Technology Plans. The over-arching technology plan was developed with representatives from the OIEP and representatives in the OIEP school system (Bureau Funded, Contract, and Grant Schools). This technology plan sets the vision and direction for OIEP's education technology program. The technology plan used for eRate purposes (referred to as the "Master Technology Plan") is a nuts and bolts technology plan on how to implement the education technology plan. This plan was developed by the OIEP through the use of written consultation (in 2001/2002) procedures with Tribal Education Organizations and schools. The results of this written consultation process were incorporated into our education technology plan and formed the basis for the eRate application.

Question. Was a site survey of BIA's Master Technology Plan (MTP) completed?

Answer. The OIEP completed a representative sampling of 66 schools in early December 2001, in preparation of the eRate Technology Plan.

Question. How does the BIA's MTP fit in with the goals and objectives of the previous "Meeting of 100?"

Answer. The MTP supports the goals and objectives developed by the "Meeting of 100" by providing support for: early reading programs, enhanced use of technology to teach math and reading skills, and greater access to resources on Native cultures through the use of the Internet.

Question. Does the OIEP Master Technology Plan take into consideration new school construction?

Answer. Yes. Although the eRate technology Plan does not specifically deal with new construction, it does set standards for the following areas:

—Standardized Data Communications Equipment
—Standardized Voice Communications Equipment
—Standardized Wireless Communications Equipment

DROUGHT AND WATER

The State of New Mexico is experiencing severe drought conditions. Recently, New Mexico Governor Gary Johnson sent a letter to Secretary Veneman requesting Secretarial designation of disaster areas for all of New Mexico's counties.

The drought conditions have only added to the challenges of New Mexico and other Western states who suffer from a limited water supply. The economic impacts on many individuals, rural communities and businesses are likely to get worse. Additionally, severe drought conditions have only compounded the threat posed by catastrophic wildfire.

As many of you on this committee are aware, there was relatively no funding included in the Senate passed Supplemental to alleviate worsening drought conditions.

Question. If additional money is not made available, how will you address the water crises west-wide in the upcoming months?

Answer. While the Albuquerque Area Office has some substantial drought-related funding needs for supplemental water purchases, including contracts agreed to between Reclamation and the City of Albuquerque, the magnitude of the problems exceeds currently available resources. If there is no water available from willing parties for lease, as is the case on the Pecos River Basin, money can not solve the problem. Resources will have to be prioritized to mitigate the most serious problems.

DROUGHT AND MINNOW

Severe drought conditions in most of the west have added to the challenges already facing many states with regard to endangered species. Madame Secretary, I know that you are familiar with the plight of the silvery minnow and the Middle Rio Grande in New Mexico. New Mexico remains grateful for your efforts in getting the 3-year agreement signed and implemented last year. As you know, the District Court Judge handling that case recently issued a ruling on the matter.

Question. How is the Department of the Interior dealing with this current litigation?

Answer. The drought in the western United States is having a significant impact on many Department of the Interior programs. The Department is closely monitoring the situation in New Mexico with the intent to reduce the drought impacts.

This specific litigation began in 1999 when environmental groups represented by the Land and Water Fund of the Rockies (Plaintiffs) sued the Bureau of Reclamation and the Army Corps of Engineers for alleged violations of the Administrative Procedure Act (APA), the National Environmental Policy Act (NEPA), and the Endangered Species Act (ESA).

In an April 19, 2002 opinion, Chief Judge James A. Parker upheld a June 2001 Biological Opinion issued by the Fish and Wildlife Service. In that decision, however, Judge Parker also held that Reclamation had improperly limited the scope of its ESA consultation and that it had broad discretionary authority to use natural Rio Grande flows associated with the Middle Rio Grande Project and the San Juan-Chama Project for the silvery minnow. Therefore, Reclamation would have to consult over the exercise of that authority for the benefit of the silvery minnow if and when it reinitiated consultation.

Although the United States filed a protective notice of appeal and intervening parties filed notices of appeal, the Tenth Circuit dismissed the appeals for lack of jurisdiction.

Question. Does Interior plan to appeal this decision?

Answer. The Department of the Interior is still weighing its options regarding appeal.

When litigation on the Middle Rio Grande began, I brought all interested parties (federal agencies, environmentalists, state agencies and farmers) together with the intent that they reach an agreement on the issue rather than pursuing litigation.

This group, known as the ESA Workgroup was created at that time and has been receiving federal dollars to proceed with the project. In fiscal year 2002, the group received $11.2 million for the project. Many of these dollars were necessary in order to meet the requirements of the 3 year agreement and Biological Opinion signed last summer.

It is my understanding the Bureau of Reclamation has many commitments as a result of the Biological Opinion and the on-going litigation. I did notice you did not request money in your budget to help meet these commitments.

Question. Thus far, has the Bureau of Reclamation been able to comply with the requirements of the Biological Opinion?

Answer. Reclamation experienced a several week period where extremely dry conditions and insufficient bypass of water by the Middle Rio Grande Conservancy District caused flows to drop below target levels at the San Marcial gage. This resulted in drying of about 7 miles of river channel. Reclamation initiated informal consultation over these problems and worked with all parties to regain compliance with the Biological Opinion.

Question. Do you feel that the Bureau will still be in a position to meet it commitments and the Biological Opinion requirements following the recent ruling?

Answer. In spite of recent water leasing and water loaning transactions between the City of Albuquerque, Reclamation, and the Middle Rio Grande Conservancy District, meeting the requirements of the Biological Opinion through the end of the irrigation season may be difficult. The District is now estimating that it may use all of its newly acquired water by August. Without District irrigation water running down the river or without additional precipitation, it will be difficult for Reclamation to meet all of the Biological Opinion flow requirements with only the water that it has currently leased from the City.

PECOS RIVER AND COMPACT OBLIGATIONS

New Mexico has certain obligations under a United States Supreme Court decree to deliver water to Texas on the Pecos River. The Carlsbad Irrigation District is the most senior water user on the river. Once again the drought makes these water deliveries and even greater challenge. The State of New Mexico has taken steps to try and help with this situation.

Question. What is being done to ensure interstate-compact compliance in light of the drought and Bureau of Reclamation responsibilities?

Answer. While Reclamation has no direct responsibility for meeting Pecos River Compact obligations, we are an active participant on the Pecos River Basin Ad Hoc Committee, which was established by the State of New Mexico to come up with solutions for meeting the compact obligation.

Question. Is the Bureau of Reclamation working with the State of New Mexico and the beneficiaries of the Carlsbad project to prevent any under-delivery of water to the State of Texas?

Answer. Reclamation continues to work with the State and Carlsbad Irrigation District to find creative ways to get water to the state line for delivery. Collectively, we were successful in averting a shortfall last season. According to State estimates, this year may be much more difficult for New Mexico to meet its compact obligations, and we are currently working with the State and the District to start pumping wells in order to get water to the state line as we did last year.

We are also beginning negotiations on more permanent arrangements between the State and the District under which the State would purchase and retire irrigated lands within the district and use the appurtenant water to make compact deliveries.

Last year's budget request greatly reduced the amount for the on-going Pecos River Basin Water Salvage project. However, the fiscal year 2002 Appropriations bill provided additional funds to maintain this worthwhile project, which eradicates water-using salt cedar in an effort to increase the amount of water in the Pecos. The fiscal year 2003 budget request again reduces the amount for this project.

Question. Can you explain the rationale which led to reduced funding levels for this long term collaborative project with the State of New Mexico?

Answer. Due to the demands resulting from the extraordinary drought we are experiencing, Reclamation found it necessary to reprioritize available funding. Other efforts, such as leasing water from willing parties, are more effective means of providing wet water in the river.

SECURITY

Secretary Norton, since September 11th the Bureau, along with all other agencies, has focused its efforts in determining risk and threat assessments. With NM being a Reclamation state there are a number of dams and works that could be at risk.

Question. Can you tell me, in general terms, what efforts the Bureau has made since and how has the Bureau handled this new environment of heightened security?

Answer. Following the events of September 11, 2001, the Bureau of Reclamation (Reclamation) took immediate actions to ensure the safety of the public, their employees, and their facilities. Reclamation activated all emergency action plans and continuity of operation plans; initiated stationing armed law enforcement officers and security guards on around-the-clock patrols at all National Critical Infrastructure dams and other major dam and power plant facilities; and increased patrols and surveillance at all facilities.

Reclamation closed all visitor centers at dams and halted public tours until security assessments of tours and visitor centers were completed and recommended actions to increase security were implemented. The agency also provided security guidance on tourism and international visitors prior to re-initiating public tours. Most visitor centers have now been re-opened and limited tours re-started.

Reclamation's website was shut down until all potentially sensitive information could be screened and removed from the site if deemed a security risk.

Other threat response measures such as limiting traffic near facilities, inspecting vehicles, screening all visitors, increasing liaison with local law enforcement officials, and erecting security barriers were implemented. Reclamation also coordinated actions with Department of the Interior security experts, Interior bureaus with law enforcement authority, Office of Homeland Security, Interagency Forum on Infrastructure Protection, and other security and law enforcement organizations.

Reclamation contracted with expert security organizations such as Defense Threat Reduction Agency and Lawrence Livermore National Laboratories to conduct in-depth vulnerability assessments at the 55 most critical facilities (scheduled to be completed by the end of calendar year 2002). Assessments at all other of Reclamation's 252 high and significant hazard dams will be contracted over next two years. Regional Offices are implementing recommendations resulting from assessments in 30 or 60 days where feasible. A high level Security Assessment Team (which includes Sandia National Laboratories) reviews reports and meets with the Regional Director, Area Manager, and the Director of Security, Safety and Law Enforcement to analyze report recommendations and develop a decision document for programming long term actions for security improvements.

Reclamation also contracted with Sandia National Laboratories to perform an independent top-down review of the agency's security program, which will evaluate its effectiveness and make recommendations for improvement. The review is underway and scheduled to be completed by end of 2002.

Following enactment of Public Law 107–69 on November 12, 2001, Reclamation moved to implement its new law enforcement authority by publishing rules on public conduct on Reclamation lands in the Federal Register on April 17, 2002. Following review and approval by the Attorney General, regulations on the contractual use of non-Interior law enforcement officers to enforce Federal laws on Reclamation lands were published on June 4, 2002. Actions are underway to recruit permanent regional law enforcement officers and to finalize contractual arrangements with other Federal, state, tribal or local law enforcement organizations to complete implementation of the law enforcement program.

The Commissioner of Reclamation created the new Office of Security, Safety, and Law Enforcement to bring the functions of physical security, health and public safety, dam safety, and law enforcement under a single command.

WATER FUNDING AND MINNOW

I'm sure you are aware of the new agreement signed last Friday between the Bureau of Reclamation Albuquerque office and the City of Albuquerque. The agreement will allow the Bureau to purchase water from the City for the benefit of farmers and endangered fish. Four million dollars is needed for the Bureau to complete this purchase. The money was not included in the Supplemental.

Question. If this money does not get included, how do you plan to keep the agreement signed (or will you, under those circumstances)?

Answer. Without supplemental funding this priority commitment can only be maintained by a re-prioritization among competing needs within Reclamation's available funding.

Question. Do you feel the water under that agreement will satisfy the existing Biological Opinion and will it avoid future crises and further litigation?

Answer. Initially, when the agreement was being considered, most of the parties thought the amounts of water would be adequate. But now the Middle Rio Grande Conservancy District is advising other parties that even this additional amount of

water may be exhausted sometime in August. If the District runs out of water in August, it likely will be impossible for Reclamation to meet the Biological Opinion's flow requirements with the amount of water currently leased for the minnow.

The water under the Agreement will not necessarily avoid crises in the future if drought conditions continue. Should Reclamation predict that we would not be able to meet the flow recommendations contained in the Biological Opinion, we would have to re-consult with the Fish and Wildlife Service under the Endangered Species Act.

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

TRUST MANAGEMENT

Question. Can you please provide the Committee with an update of your efforts to reform the management of the Indian Trust funds and assets, including how the Department is abiding by the direction provided by the Senate Appropriations Committee to not reprogram any funds for the new Bureau of Indian Trust Asset Management (BITAM)?

Answer. To date, the Department is abiding by the direction of the Senate Appropriations Committee and has not reprogrammed any funds for a new trust organization. The following is a summary of some of the trust reform efforts underway within the Department. A copy of the Quarterly Reports to the Court, which provide more detailed information are provided to the Committee.

Reorganization

DOI officials have had several meeting with the Task Force. Three meetings were held in various locations to accommodate tribal requests. The Task Force recommended that a new position of Undersecretary for Indian Affairs be created in order to provide within DOI a high-level executive who would have direct line authority over all agencies that are engaged in delivering trust services or managing trust operations. DOI agreed with this request and this information was provided to Congress at a hearing in June 2002.

Unfortunately, subsequent to the June hearing, DOI was advised that the Tribal leadership of the Task Force withdrew its recommendation and consent to the Undersecretary proposal. The Task Force offered a substitute proposal, which included the office of an Undersecretary, but had several other conditions that were not acceptable to DOI and likely, would not be acceptable to Congress. To confirm that the tribes were in accord on this, a Task Force meeting was held in Alexandria, Virginia, in September. At that meeting, the tribes advised DOI that they planned to proceed with their own legislation and were not willing to agree to reorganization with an Undersecretary as a stand-alone legislative act. DOI will now take into consideration all that has been learned from the consultation sessions and proceed to complete its plan and provide a way of executing the plan through the present structure of the Department.

Trust Business Plan (Strategic Plan)

DOI continues work on the Trust Business Plan. The Task Force, the Special Trustee for American Indians and other trust-related managers within DOI approved the goals and objectives of the plan. The tasks for completing each objective are being developed and will be incorporated into the final plan. Each task will be defined by the "As-Is" business process review now underway or will be a new "To-Be" determined task by reengineering of an "As-Is" task. Each task will have an individual an assigned with appropriate training plan meeting the requirements of the task and performance standards and metrics to determine whether the tasks are being appropriately managed. Many of these lower-level tasks will, of necessity, not be defined until the "To-Be" business processes have been determined, and the policy, procedures and regulations, as required, are written and implemented. In addition, DOI will develop a plan that addresses the requirements set forth in the Court Orders of September 17, 2002, will be developed and submitted to the Court as requested.

Fractionation

Work on resolving fractionation of Indian lands has continued. DOI hosted a large group of regional, agency, central office, tribal and individual representatives to discuss the issue and develop options for managing or eliminating the problem. DOI is required to manage thousands of accounts that contain less than one cent and many thousands more that contain less than a dollar. The money expended on managing these kinds of accounts takes away resources needed to manage more produc-

tive properties. No private trustee would engage in such a practice as most private trusts are fee-generating businesses and there is not sufficient income from small dollar accounts to pay a fee. In many instances, several thousand individuals own a single tract of land. This makes the land very difficult to manage and, as a result, produces less income than might otherwise be available. The Indian Land Consolidation Act of 2000 is a step in the right direction. The impact of this Act has been reported previously. It is important that DOI continue to pursue land consolidation as a remedy on a nationwide basis.

Other Trust Reform Activities

The "As-Is" study being done by DOI with the help of EDS is scheduled to be completed by the end of calendar year 2002. All regions will have had an opportunity to complete an assessment of how trust business processes are done currently and will later have the opportunity to express ideas on how these processes can be improved. A special business process review time for self-governance tribes has been set aside for November 2002, at which time tribal trust business processes will be examined.

One of the major concerns of the Tribal Task Force has been whether DOI has the appropriate manpower and money to meet the requirements of the trust duties required of DOI. DOI has worked closely with the workforce planning coordinator assigned to the trust project to be certain that field personnel are aware of workforce planning tools available through the DOI and knowledgeable of how to use these tools.

Efforts are well underway to consolidate training for all areas of trust. Efforts are underway to develop a trust executive training program for all Bureau of Indian Affairs' superintendents and regional directors.

BIA SCHOOL PRIVATIZATION

Question. Can you please elaborate as to the reference of BIA school privatization being the "centerpiece" of the Administration's Indian school policy? Of the 185 schools the BIA manages currently, how many of them have been privatized?

Answer. Of the 185 schools the BIA manages, no schools have been privatized. There are 121 schools that are being managed through grant or contract status by Tribes. The requested $11.9 million encourages tribes to seek grant or contract status for the remaining 64 schools by increasing the funding levels for student transportation, school facilities and maintenance operations, and Administrative Cost grants; these programs total over $8 million of the requested funding. An additional $2 million is requested to fund the transition/displacement of personnel. The Administration believes schools are best operated by organizations that are closest to the communities being served—in this case the tribes themselves. In the event that tribes do not wish to operate the schools, the Bureau would like to bring in partners to help manage the schools and improve student performance as the Congress indicated was essential in their recent No Child Left Behind (NCLB) legislation. The Administration is seeking $3 million to contract with private education providers to assist in improving education in Bureau-operated schools.

TRIBAL COLLEGES

Question. Please justify the President' s budget request for tribal colleges, and specifically why it has been cut by $2 million less than Congress appropriated last year?

Answer. The President's fiscal year 2003 budget request for Tribally Controlled Community Colleges maintains a level of funding that has significantly increased since 1993.

Over the last 10 years funding for operating grants for TCCCs has increased by 65 percent, from $23 million in 1993 to $38 million proposed for fiscal year 2003. Over the same 10 year period the Indian Student Count (ISC) has increased by 35 percent, from 5,800 to 8,000, and per ISC funding is currently $4,700 compared to $3,600 in 1993. The ISC is calculated by dividing the total number of full and part-time credit hours provided by a college by 12, the number of credits an average full-time student would take. The operating grants are distributed to the TCCCs based on the ISC.

QUESTION SUBMITTED BY SENATOR MIKE DEWINE

Question. If the Senate were to provide the $14 million for administration expenses that was included in the President's fiscal year 2003 budget, would the Fish & Wildlife Service provide the administrative funds needed in order to continue the

partnership with the Great Lakes Fishery Commission to sustain the current level of sea lamprey control in the Great Lakes?

Answer. The Fish and Wildlife Service has a long-standing, important partnership with the Great Lakes Fishery Commission in the delivery of sea lamprey control on the Great Lakes. This effort has been enormously successful in reducing lamprey abundance, restoring lake trout, and protecting the $4 billion fishery. The Service is committed to maintaining this successful partnership.

The President's fiscal year 2003 budget request includes a program increase of $13 million in the General Operations activity. The increase will be made available to Service programs to implement the Secretary's Cooperative Conservation Initiative, an incentive-based, cost-share grant program that will be used to fund cooperative conservation challenge projects.

The types of projects that would qualify for funding are those that seek to restore natural resources through innovative means or practices, establish or expand habitat for wildlife, or collect information whose purpose contributes directly to the conservation of natural resources or protection of wildlife. Funding is for activities that encourage Service offices to reach out to new constituencies and promote innovative new conservation proposals, focusing on citizen-centered natural resource stewardship, utilization of innovative new ideas, and expansion and replication of existing successful activities. The President's budget also requests an additional $5 million for the National Wildlife Refuge System to implement this initiative.

Paying the administrative costs of the sea lamprey control program is not consistent with the intent of the Cooperative Conservation Initiative because sea lamprey control is not an incentive-based, cost-share challenge grant program. The sea lamprey program is funded through a reimbursable agreement with the Great Lakes Fishery Commission in the amount $6.3 million (fiscal year 2002). Administrative costs incurred by the sea lamprey program are $1.05 million, of which $493,100 will be recovered through the agreement with the Commission, resulting in a shortfall of $557,000. The Service redirected funds from other activities to recover administrative costs in fiscal year 2000–2002, but will be unable to provide this coverage in fiscal year 2003 and beyond. The shortfall in administrative cost recovery will rise to about $950,000 in fiscal year 2003 due to increased costs for leased space, and is expected to climb to $1.5 million by 2005.

CONCLUSION OF HEARINGS

Senator FEINSTEIN. I thank you very much. The subcommittee will stand in recess subject to the call of the Chair.

[Whereupon, at 11:44 a.m., Thursday, June 13, 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 2003

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

BUREAU OF LAND MANAGEMENT

PREPARED STATEMENT OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Chairman Byrd and members of the subcommittee: The Metropolitan Water District of Southern California (MWD) appreciates the opportunity to submit testimony for the record regarding the U.S. Department of the Interior's fiscal year 2003 budget. MWD is a public agency that was created in 1928 to meet the supplemental water demands of people living in what is now portions of a six-county region of southern California. Today, the region served by MWD includes 17 million people living on the coastal plain between Ventura and the international boundary with Mexico. It is an area larger than the State of Connecticut and, if it were a separate nation, would rank in the top ten economies of the world.

Included in our region are more than 225 cities and unincorporated areas in the counties of Los Angeles, Orange, San Diego, Riverside, San Bernardino, and Ventura. We provide nearly 60 percent of the water used in our 5,200-square-mile service area. MWD's water supplies come from the Colorado River via the district's Colorado River Aqueduct and from northern California via the State Water Project's California Aqueduct.

INTRODUCTION

MWD supports the continued funding contained in the President's Budget for the Bureau of Land Management's (BLM) Soil, Water, and Air Management and Range Management subactivities contained within the Land Resources activity of the Management of Land and Resources appropriation. Also, MWD supports the continued funding contained in the President's Budget for the Resource Management Planning subactivity contained within the Resource Protection & Maintenance activity of this appropriation. BLM intends to use a portion of the funds for watershed and water quality restoration in selected priority watersheds with a specific focus on the Colorado River Basin and other areas. MWD requests that Congress allocate $5.2 million for BLM's activities that control salt contributions from the lands it manages. MWD urges the Subcommittee to specifically mark $800,000 for the Colorado River salinity control program to focus BLM's efforts in this regard.

In addition, MWD requests funding for cost sharing of recreation facilities at the Diamond Valley Lake, which is located in Riverside County, California. The amount requested in fiscal year 2003 is $2 million in the BLM Construction Fund Account

for implementing Public Law 106–500. This would be a first increment of the $14 million authorized in 2001.

MWD supports funding of $42.2 million for reauthorization of the CALFED Program and a total of $26.4 million for Fish and Wildlife Service (FWS), the U.S. Bureau of Reclamation and the U.S. Geological Survey to support this program. We also urge support for the efforts of California, Arizona and Nevada, Native American tribes, and federal agencies to develop a Multi-Species Conservation Plan for the Lower Colorado River through appropriation of funds to the FWS Habitat Conservation Planning Program.

COLORADO RIVER SALINITY MANAGEMENT

The Colorado River is a significant component of the regional water supply and its relatively high salinity causes significant economic impacts on water customers in MWD's service area, as well as throughout the Lower Colorado River Basin. Furthermore, high salinity adversely affects the region's progressive water recycling programs and is contributing to an adverse salt buildup through infiltration into Southern California's irreplaceable groundwater basins. Reclamation estimates that water users in the Lower Basin are experiencing $330 million in annual economic impacts from salinity levels in the river and, without mitigation, impacts will progressively increase with continued agricultural and urban development upstream of California's points of diversion. Droughts will cause spikes in salinity levels that will be highly disruptive to southern California water management and economy. The Colorado River Basin Salinity Control Program (Salinity Control Program) has proven to be a very cost-effective approach to help mitigate the impacts of high salinity.

Due to geological conditions, the land within the Colorado River Basin is composed largely of soils heavily laden with salts. Large portions of these lands are federally owned, and are managed by the BLM for a variety of uses: recreation; road building and transportation; oil, gas and mineral exploration and production; and most significantly, grazing. As a result, man has induced and accelerated the natural erosion processes. When such soils and rocks heavily laden with salt are eroded, much of the resulting silt is carried along in the Colorado River and its tributaries—sometimes for long distances. Ultimately, the silt settles in the streambed or on the flood plain. The salts, however, are dissolved in the water and remain in the stream, appearing in the water supplies of downstream users. The accumulative nature of these salts causes more severe water quality impacts the farther downstream each succeeding use occurs.

The 1984 amendments to the Colorado River Basin Salinity Control Act direct the Secretary of the Interior to develop a comprehensive program to minimize salt contributions to the Colorado River from federally owned lands administered by the BLM. The rangeland management programs of the BLM have demonstrated that they can bring about some of the most cost-effective salinity control actions available. It is essential that implementation of BLM's salinity control program be accelerated to reduce economic impacts. The $5.2 million level of funding which MWD recommends for BLM's continued participation in activities that control salt contributions from BLM managed lands would be for immediate implementation of salinity control measures through improvements in rangeland management. MWD urges the Subcommittee to specifically mark $800,000 for the Salinity Control Program to provide BLM direction as to its intent.

DIAMOND VALLEY LAKE

With the recent completion of Diamond Valley Lake as a major water storage facility for 17 million people, the public's requirement for recreational facilities will need local, state and federal support. At the present time, MWD is working with local communities to secure funding for $58 million to be allocated as partial cost for constructing and maintaining a major trail system for pedestrian and non-motorized vehicles in the surrounding areas; along with a Western Center Museum for archaeological and paleontological discoveries.

MWD is requesting $2 million be appropriated in fiscal year 2003 and added to BLM's Construction Fund Account for purposes of carrying out Public Law 106–500, a law enacted in 2000 to provide federal cost sharing for facilities at Diamond Valley Lake. The reservoir is located in Riverside County, California. This $2 million is the first increment of a $14 million authorization in 2001 to provide federal assistance in the construction of the Western Center Museum for Paleontology and as many as 60–70 miles of multi-use trails. Many of these trails will be handicap-accessible and an interpretive program is planned. The draft trail plan also envisions

connections with a portion of the Southwest Riverside County Multi-Species Reserve.

CALFED REAUTHORIZATION

The San Francisco Bay and the Sacramento and San Joaquin Delta (Bay-Delta) Estuary serves as the hub of California's water system, fueling the State's trillion-dollar economy, supplying more than two-thirds of the State's 34 million residents with a portion of their drinking water and irrigating 45 percent of the nation's produce. Federal money for the Bay-Delta funds an array of critical improvements, including habitat restoration, watershed protection, fishery enhancement, water supply reliability and water quality improvement. Recognizing the importance of the Bay-Delta to California's economic and environmental health, the California voters approved a $1 billion general obligation water bond in November 1996 and a $2 billion bond in March 2000. These bonds contain monies for ecosystem restoration, watershed protection, water supply and water quality improvement, flood control, water recycling, and water use efficiency measures.

In total, MWD urges Congress to appropriate $42.2 million in fiscal year 2003 to fund the Bay-Delta related activities of federal agencies engaged in resolving the problems facing California's Bay-Delta. Specific to your Subcommittee on Interior, MWD urges you to appropriate a total of $26.4 million to fund the Bay-Delta related activities of the U.S. Bureau of Reclamation, FWS and the Geological Survey.

In 1996, Congress passed the California Bay-Delta Environmental Enhancement and Water Security Act (California Bay-Delta Act), which authorized $430 million over 3 years for ecosystem restoration and water management improvements in the Bay-Delta Estuary. From 1998 to 2000, Congress has appropriated $220 million, or approximately 50 percent of the original authorization. MWD urges your support for reauthorization of the California Bay-Delta Act, which includes the San Joaquin Water Supply and Exchange Program, a program of great importance to MWD.

LOWER COLORADO RIVER MULTI-SPECIES CONSERVATION PLAN

MWD is presently engaged in an innovative partnership with the FWS and other Department of the Interior agencies, as well as other water, power, and wildlife agencies, and Native American Tribes in the states of Arizona, California, and Nevada, to develop a Lower Colorado River Multi-Species Conservation Program (LCR MSCP). The program will address the conservation, enhancement, and recovery needs of a broad suite of more than 50 listed and sensitive species and their associated aquatic, wetland, and riparian habitats in the three states, while providing long-term regulatory certainty for all parties. An effort of this nature can only succeed through the development of innovative voluntary public-private partnerships.

The FWS Habitat Conservation Planning Program provides funds to support the development of habitat conservation plans that will conserve federally listed and other sensitive species and their habitats. MWD supports the appropriation of $63.1 million within the $91 million request for the Cooperative Endangered Species Conservation Fund, for Habitat Conservation Plan (HCP) land acquisition and planning assistance grants to support local efforts to protect habitat within or near areas covered by HCPs.

CONCLUSION

MWD urges you and your subcommittee to support these funding levels for the various programs we have addressed within the Department of the Interior budget. Thank you for your consideration of our testimony.

PREPARED STATEMENT OF THE COLORADO RIVER BASIN SALINITY CONTROL FORUM

In Support of $5,200,000 to assist in Colorado River Salinity Control, with $800,000 to be designated specifically to salinity control efforts with support for $34,683,000 for the Land Resources Subactivity: Soil, Water, and Air Management as requested by the President and also with support for the President's request for the funding of Subactivities Rangeland Management and Resource Management Planning.

This testimony is in support of funding for the Bureau of Land Management (BLM) for activities that assist the Colorado River Basin Salinity Control Program. The BLM budget, as proposed by the Administration, calls for the collection of "data and information about watershed, its processes, and its capabilities in order to attain water quality standards while meeting multiple uses of land and water." The BLM budget justification document also notes "Program success depends upon the

involvement of stakeholders at the local and national levels. Cooperative partnerships and involvement promote better watershed management which in turn protects water quality, state identified beneficial users of water and the health of aquatic systems." Further, the BLM states "with a stable funding level, (BLM) continues to implement on-the-ground projects, evaluate progress, and report salt-retaining measures in order to further the Plan of Implementation of the Federal Salinity Control program in the Colorado River Basin."

The seven Colorado River Basin States, through the Colorado River Basin Salinity Control Forum, have been trying to engage the BLM and to look for a partnership to be forged between the Basin states and the BLM as has been done with other federal agencies. This enhanced working relationship has been slow to develop. The BLM is currently preparing a report, required by Congress, that is to set forth its plan for salinity control. The Forum is encouraged by the words in the budget document. The Forum supports the funding request. Our analysis indicates that the BLM needs to specifically target the expenditure of funds in the amount of $5,200,000 for activities that help control salt contributions from BLM managed lands in the Colorado River Basin in fiscal year 2003.

Although the Forum has not been able to determine, to its satisfaction, how funds have been or will be spent, we are encouraged by recent efforts by the BLM. The Forum has requested that a salinity coordinator for the basinwide program be selected. This person would serve with the two full-time coordinators now in place for the USBR and the USDA. Salinity Coordinators in each of the state BLM offices have been identified.

The BLM has been charged by the Congress with preparing a special report as to how the Bureau is moving ahead with salinity control activities. It has been difficult in the past to determine how much funds and efforts were being expended by the BLM in the water quality program and they have been very general in their accounting for their accomplishments. The Forum hopes that when the BLM reports to the Congress as is required under S. 1211 (Public Law 106–459), which was signed into law November 7, 2000, that a better understanding of the BLM's efforts can be obtained. The success of the BLM in controlling erosion and, hence, salt contributions to the Colorado River and its tributaries is essential to the success of the Colorado River Basin Salinity Control Program and the adherence to water quality standards that have been adopted by the seven Colorado River Basin states and approved by the Environmental Protection Agency. Inadequate BLM control efforts will result in very significant additional economic damages to water users downstream. The Forum submits this testimony in support of adequate funding so that the BLM programs can move ahead at a pace that is needed to meet these water quality standards.

OVERVIEW

The Colorado River Basin Salinity Control Program was authorized by Congress in 1974. The Title I portion of the Colorado River Basin Salinity Control Act responded to commitments that the United States made, through a minute of the International Boundary and Water Commission, to Mexico with respect to the quality of water being delivered to Mexico below Imperial Dam. Title II of the Act established a program to respond to salinity control needs of Colorado River water users in the United States and to comply with the mandates of the then newly legislated Clean Water Act. Initially, the Secretary of the Interior and the Bureau of Reclamation were given the lead federal role by the Congress. This testimony is in support of funding for a portion of the Title II program.

After a decade of investigative and implementation efforts, the Basin states concluded that the Salinity Control Act needed to be amended. Congress revised the Act in 1984. That revision, while leaving implementation of the salinity control policy with the Secretary of the Interior, gave new salinity control responsibilities to the Department of Agriculture and to the Bureau of Land Management. Congress has charged the Administration with implementing the most cost-effective program practicable (measured in dollars per ton of salt removed). The Basin states are strongly supportive of that concept, in addition to proceeding to implement their own salinity control efforts in the Colorado River Basin.

Since the Congressional mandates of nearly two decades ago, much has been learned about the impact of salts in the Colorado River system. Reclamation recognizes that the damages to United States' water users alone is about $0.3 billion per year.

The Colorado River Basin Salinity Control Forum (Forum) is composed of Gubernatorial appointees from Arizona, California, Colorado, Nevada, New Mexico, Utah and Wyoming. The Forum has become the seven-state coordinating body for inter-

facing with federal agencies and Congress to support the implementation of the program necessary to control the salinity of the river system. In close cooperation with the Environmental Protection Agency (EPA) and under requirements of the Clean Water Act, every 3 years the Forum prepares a formal report analyzing the salinity of the Colorado River, anticipated future salinity, and the program necessary to keep the salinities at or below the levels measured in the river system in 1972.

In setting water quality standards for the Colorado River system, the salinity concentrations measured at Imperial, and below Parker, and Hoover Dams in 1972 have been identified as the numeric criteria. The plan necessary for controlling salinity has been captioned the "plan of implementation." The 1999 Review of water quality standards includes an updated plan of implementation. The level of appropriation requested in this testimony is in keeping with the agreed to plan. If adequate funds are not appropriated, state and federal agencies involved are in agreement that the damage from the high salt levels in the water will be even more widespread in the United States and Mexico.

JUSTIFICATION

The BLM is, by far and away, the largest land manager in the Colorado River Basin. Much of the land that is controlled and managed by the Bureau of Land Management is heavily laden with salt. Past management practices, which include the use of lands for recreation; for road building and transportation; and for oil, gas, and mineral exploration have led to man-induced and accelerated erosional processes. When soil and rocks heavily laden with salt erode, the silt is carried along for some distance and ultimately settles in the streambed or flood plain. The salts, however, are dissolved and remain in the river system causing water quality problems downstream.

The Forum believes that the federal government has a major and important responsibility with respect to controlling pick-up of salt from public lands. Congress charged federal agencies, including the BLM, to proceed with measures to control the salinity of the Colorado River, with a strong mandate to seek out the most cost-effective options. It has been determined that BLM's rangeland improvement programs can lead to some of the most cost-effective salinity control measures available. These salinity control measures may be more cost-effective than some now being considered for implementation by the Bureau of Reclamation and by the Department of Agriculture. They are very environmentally acceptable, as they will prevent erosion, increase grazing opportunities, increase dependable stream runoffs, and enhance wildlife habitats.

Through studying hundreds of watersheds in the States of Utah, Colorado, and Wyoming, consortiums of federal and state agencies, including the BLM, have selected several watersheds where very cost-effective salinity control efforts could be implemented immediately. In keeping with the Congressional mandate to maximize the cost-effectiveness of salinity control, the Forum is requesting that the Congress appropriate and the administration allocate adequate funds to support the Bureau of Land Management's portion of the Colorado River salinity control program as set forth in the Forum's adopted plan of implementation.

BLM has not had a history of always adequately reporting its efforts, the associated expenditures and its accomplishments with respect to Colorado River salinity control. Legislation passed in 2000, S. 1211, requires the BLM to report its program for salinity control to the Congress. The Forum supports this requirement.

PREPARED STATEMENT OF THE WILDLIFE SOCIETY

Dear Senators Byrd and Burns: The Wildlife Society appreciates the opportunity to provide comments on the proposed fiscal year 2003 budget for the Bureau of Land Management (BLM). In particular, we propose increases of $10 million for the Wildlife and Fisheries program, $5 million for the Threatened and Endangered Species program, and $3 million for Riparian Area Management. The Wildlife Society is the association of 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 their habitat on public and private lands.

The Bureau of Land Management (BLM) manages 264 million acres (48 percent) of the nation's public lands, making it the largest natural resource management agency in terms of acres managed. Yet its operating budget amounts to a funding rate of $3.73/acre, about $4–$16 less per acre than the three other largest Federal land and natural resource management agencies. BLM lands provide critical habitat for fish and wildlife and recreational opportunities for millions of visitors. The Wild-

life Society is concerned that the essentially static funding level in fiscal year 2003 will deprive the BLM of its ability to enhance management and programs, and present significant challenges to even maintain current levels of activity. Congress needs to increase BLM's operational budget to bring it into parity with the other Federal land management agencies.

Specifically, The Wildlife Society is concerned about the proposed reductions in the Wildlife and Fisheries and Threatened and Endangered (T&E) Species programs. The Wildlife and Fisheries programs help the BLM ensure sound management and protection of a diversity of wildlife, fish and habitats, while providing for recreational and commercial uses of the land. The Administration has proposed a spending level reduction of 9.8 percent for these programs in fiscal year 2003, from $37.429 to $33.755 million. If Congress supports this reduction, the BLM will be forced to continue running these programs at minimal funding and inadequate staffing levels.

Since 1992, the number of trained wildlife biologists employed by the BLM has declined from 385 to 320 (−20 percent), which translates to only 1 biologist per million acres of agency-managed land. At current staffing levels, the BLM is meeting approximately half of its identified programmatic needs on an annual basis for fish, wildlife, and threatened and endangered species. Given the increased emphasis in this budget on accelerating land use plan completion and expanding energy development on public lands, the Administration's proposed funding reduction and the BLM's staff shortages are likely to result in inadequate attention being given to fish and wildlife resources.

Energy companies, the Administration, and many in the Congress have said that restrictions on energy exploration, development, and operations on public lands must be removed, and that new areas must be opened to development—without specifying which ones. In the past, many economically and culturally important wildlife populations, such as mule deer, elk and pronghorn, were restored from overexploitation by sportsmen's dollars. It is simply unfair to expect American sportsmen and women to pay to recover wildlife populations a second time. The BLM must have the funds necessary to carry out the monitoring, evaluation, and eventual mitigation of any impacts that are identified from energy development. The Wildlife Society encourages Congress to restore $3.674 million to the Wildlife and Fisheries program, and to appropriate and additional $10 million for Wildlife and Fisheries Management, to provide for adequate staff and operation funds.

Lands administered by BLM provide habitat for hundreds of threatened and endangered species. Like other Federal agencies, the BLM is mandated by the Endangered Species Act to protect and restore threatened and endangered species and the habitat that they require. To this end, the President requested $21.288 million in fiscal year 2003 for the T&E Species Program, a $330,000 decrease from fiscal year 2002. The Wildlife Society believes the request falls short of addressing endangered species needs on BLM lands, where the number of listed and proposed species has doubled since 1990. The Wildlife Society recommends that Congress to restore $330,000 to the T&E species program, and add an additional $5 million to support recovery of T&E species.

Part of the wildlife, fisheries and T&E species program changes proposed in the Administration's budget result from shifts to fund the BLM's Challenge Cost Share (CCS) program. In fact, $5.5 million—over 60 percent—of the CCS funding originated from these programs. If it could be guaranteed that a comparable amount would be used for these same purposes under the CCS program, the net effect may not translate into an immediate reduction of program emphasis, but the long-term implications are just that. The Wildlife Society requests that funding for the CCS program not come from existing conservation programs.

The new Cooperative Conservation Initiative (CCI) launched by the Secretary of the Interior will provide $10 million to the BLM for natural resource conservation and restoration projects. The money will be allocated to field offices through competitive grants for "conservation", but The Wildlife Society is concerned that conservation programs for resources other than fish and wildlife (e.g. soil, water and air) will have a higher priority in the competition. Our concern is relevant particularly as accelerated energy development compromises fish and wildlife habitat in some regions.

The 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. Thousands of miles of riparian habitats along streams, rivers and wetlands in the West have been identified as severely degraded. Once restored, a healthy riparian zone provides vital fish and wildlife habitat, improves water quality, reduces soil loss and offers excellent recreational opportunities. The Wildlife Society is concerned that the Administration's $21.786 million budget request for Riparian Management,

a $1 million (4.5 percent) reduction from fiscal year 2002, is insufficient to meet identified management needs. Reducing funding for this program will result in the continued degradation of the environment, and the continued inflation of restoration costs. The Wildlife Society requests that Congress provide an addition $3 million for this program to restore vital riparian habitats.

The Wildlife Society supports the Administration's requested increase of $14.266 million for Resource Management Planning. These funds will expedite the development of 37 land management plans, a majority of which will address species issues in the BLM's 13 ecosystem initiatives.

Thank you for considering the recommendations of wildlife professionals. We remain available to work with you and your staff throughout the appropriations process, to ensure adequate funding for wildlife and habitat conservation.

UNITED STATES FISH AND WILDLIFE SERVICE

LETTER FROM JIM GERINGER, GOVERNOR OF WYOMING

STATE OF WYOMING,
Cheyenne, Wyoming, February 28, 2002.

Re Statement of Support for Fiscal Year 2003 Upper Colorado Region Endangered Fish Recovery Programs Funding

Hon. ROBERT C. BYRD, *Chairman,*
Hon. CONRAD BURNS, *Ranking Minority Member,*
Subcommittee on Interior and Related Agencies, Senate Appropriations Committee, U.S. Senate, Washington, DC.

DEAR CHAIRMAN BYRD AND RANKING MINORITY MEMBER BURNS: 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. We respectfully request support and action by the Subcommittee that will provide the following:

The continued allocation of $700,000 in "recovery" funds appropriated to the U.S. Fish and Wildlife Service (FWS) for fiscal year 2003 to meet its funding commitment to the Upper Colorado River Endangered Fish Recovery Program. This is the same amount that was appropriated in fiscal year 2002 for this program. Funding will be used for FWS' program management costs, population estimation, and monitoring/data management activities associated with this Recovery Program.

The continued allocation of $344,000 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 2003. If an additional $100,000 (total $444,000) were made available, the Service could achieve full production of endangered razorback sucker in 2003, in line with stocking needs to achieve recovery goals.

The allocation of $154,000 in "recovery" funds appropriated to the FWS to meet its funding commitment to the San Juan River Basin Recovery Implementation Program for needed research and monitoring and program management activities in fiscal year 2003.

During the 106th Congress, Public Law 106–392 was enacted which authorizes the Federal Government to provide up to $46 million of cost sharing for the remaining capital construction projects for the two recovery programs. Capital construction for these programs remains to be completed for additional hatchery facilities to produce endangered fish for stocking, restoring floodplain habitat and fish passage, regulating and/or supplying instream habitat flows, installing screens to prevent fish entrapment in canals, and removing and/or relocating nonnative fishes. The four participating states will contribute $17 million and $17 million will be contributed from revenues derived from the sale of Colorado River Storage Project (CRSP) hydroelectric power. Subsection 3(c) of the law 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. Each of the four participating states has appropriated non-federal cost

sharing funding. These facts demonstrate the strong commitment and effective partnerships that are present in both of these ongoing 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 funding. The support of your Subcommittee in past years is gratefully acknowledged and genuinely 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,

JIM GERINGER,
Governor of Wyoming.

PREPARED STATEMENT OF THE NEZ PERCE TRIBE

The Nez Perce Tribe requests the following funding amounts for fiscal year 2003, which are specific to the Nez Perce Tribe:

—$100,000 through the United States Department of the Interior, Bureau of Indian Affairs, Fish and Wildlife Program to support the fisheries efforts of the Nez Perce Tribe and to enhance coordination with private, state and federal entities in response to the 2000 Federal Columbia River Power System Biological Opinion.

—$600,000 (of a total $1.16 million joint appropriation request) through the Unites States Department of the Interior, Fish and Wildlife Service, Threatened and Endangered Species; Wildlife Services; Wildlife Services Operational Program Western Region for the continued operation of the Nez Perce Tribe's grey wolf recovery, monitoring, research and outreach programs in Idaho.

The Tribe urges support for the full and adequate funding of tribal programs through the Department of Interior fiscal year 2003 budget, with the specific request discussed below.

NEZ PERCE TRIBE DEPARTMENT OF FISHERIES RESOURCE MANAGEMENT FUNDING: BIA, $100,000

The Nez Perce Tribe requests $100,000 be added to its Bureau of Indian Affairs Public Law 93–638 contract for enhanced capabilities in its fish recovery effort. The Nez Perce Tribe's fisheries effort entails production, research, resident fisheries, habitat, and conservation enforcement. The Department of Fisheries Resources Management is responsible for implementing the Nez Perce Tribe's fisheries recovery effort throughout the Nez Perce Tribe's treaty territory in north central Idaho, northeast Oregon and southeast Washington.

The recently released Federal Columbia River Power System Biological Opinion (FCRPS Bi-Op) lists various action items to aid the survival of listed salmon and steelhead in the Columbia River Basin. Many of the action items will require intense coordination and monitoring. In particular, as a Columbia River Treaty Tribe, the Nez Perce Tribe will be required to meet various increased responsibilities in this effort and must be able to elevate our capacity to complete the necessary work to ensure salmon recovery in the Pacific Northwest.

Extensive coordination is already required with regulatory agencies such as the U.S. Fish and Wildlife Service and National Marine Fisheries Service. Moreover, the Tribe's efforts to enhance fish recovery in the region, such as the Tribe's successful coho reintroduction, require participation and coordination with local and state agencies, resource advisory committees, and industry-tribal partnerships to discuss ongoing water adjudication, and other issues directly and indirectly affecting fish recovery. Thus, while the Tribe already plays a leading role in Endangered Species Act coordination, interagency cooperation, and collaborative efforts with private entities and governmental agencies for restoration and other collaborative efforts leading to salmon and steelhead recovery, additional resources will be necessary to implement the requirements of the FCRPS Bi-Op .

A majority of the Tribe's fisheries effort is currently funded through the Bonneville Power Administration (BPA) in coordination with the Northwest Power Planning Council. This funding varies year-to-year depending upon Council priorities and the review of the Independent Scientific Review Panel. However, recent initiatives have required the Department to work outside the traditional BPA funded programs.

The Tribe's extensive fishery recovery and management program is supported by the forest products industry, organized labor, businesses, and environmental organizations throughout Idaho and the Northwest. The Lewiston, Idaho and Clarkston, Washington Chambers of Commerce jointly passed a resolution advocating for increased funding for fish recovery efforts, specifically identifying tribal leadership in the effort. Members of the state legislature and local government have also spoken in support of the Tribe's fish production effort.

The Nez Perce Tribe urges Congress to appropriate $100,000 through the United States Department of the Interior, Bureau of Indian Affairs, Fish and Wildlife Program to support the fisheries efforts of the Nez Perce Tribe and to enhance coordination with private, state and federal entities in response to the 2000 Federal Columbia River Power System Biological Opinion.

NEZ PERCE TRIBE'S NORTHERN ROCKY MOUNTAIN WOLF RECOVERY AND MONITORING PROGRAM FUNDING: USFWS, $600,000

The Nez Perce Tribe requests that Fish and Wildlife Service allocate $600,000 for wolf recovery efforts by the Nez Perce Tribe, specifically identified by a cooperative agreement with the Fish and Wildlife Service as $400,000 for continuing efforts of previous years and $200,000 for expanded year-round, on the ground staffing efforts (approximately $80,000), operations (approximately $100,000), and equipment (approximately $20,000) to report activities electronically twice per month, hold informational public meetings in affected communities, and accomplish additional collaring, tracking of movements and locations, documenting new packs, and establishing a system of special effort to notify landowners, grazing permittees, agencies, and others who have particular needs for the information gathered.

The Nez Perce Tribe has been the primary entity responsible for the day-to-day managing of wolf recovery in Idaho. During the wolf recovery, the Tribe has, in a very professional and successful way, provided such services as wolf monitoring, communications with affected and interested parties, and research. Yet, more effort is needed. The near tripiling of the population demonstrates the success of the program, but will also demand more effort of the Tribe during the remainder of its contract with the Fish and Wildlife Service. Furthermore, the Governor of Idaho has invited the Tribe into negotiations to determine a significant role for the Tribe after the responsibility for wolf management shifts to the State of Idaho, which will extend the need for adequate funding and lends importance to establishing an adequate base for funding now.

This $600,000 appropriation request is part of a larger appropriation package prepared in consultation and negotiation with the State of Idaho Office of Species Conservation, U.S. Fish and Wildlife Service, and interested private organizations such as the Idaho Cattleman's Association for a total amount of $1.16 million in order to create a wolf recovery program in the state of Idaho that anticipates imminent delisting by adequately funding the coordinated and shared responsibilities of the Nez Perce Tribe, State of Idaho, and Fish and Wildlife Service.

The Nez Perce Tribe requests that Congress support wolf recovery post-delisting by fully funding this unique multi-government and interagency joint appropriation request. At a minimum, however, the Nez Perce Tribe requests that Congress appropriate the $600,000 which is necessary for the Nez Perce Tribe to adequately monitor the expanding wolf population in Idaho and provide accountability to local citizens affected by wolf recovery activities.

PREPARED STATEMENT OF THE PACIFIC NORTHWEST PARTNERSHIP

Chairman Byrd and Members of the Subcommittee: The Pacific Northwest Partnership, a coalition of water user organizations in the states of Oregon, Washington, and Idaho would like to offer the following testimony with regard to funding for the Fish Restoration and Irrigation Mitigation Act (FRIMA) (Public Law 106–502). Last year Congress provided $4 million for this program for the U.S. Fish and Wildlife Service to undertake the work that was envisioned by the passage of that Act. We are greatly concerned that funding was not included in the Administration's fiscal year 2003 Budget request for the U.S. Fish and Wildlife Service to continue with this program. We are requesting that the full $25 million per year that was expected under the legislation be provided for this program as your Subcommittee undertakes its efforts on the fiscal year 2003 Appropriations bill for the Department of the Interior.

As the water user associations representing those states who would benefit and be the major users of the program, and who are currently under Federal mandates from the U.S. Fish and Wildlife Service and the National Marine Fisheries Service

to correct the problems associated with our diversions, our request for the full $25 million is critical if we are to prevent a "Klamath-type" occurrence from taking place elsewhere in our region. The water users were at the forefront in advocating for the passage of this legislation since there were no other comprehensive programs available to help us address our needs.

FRIMA established this new program within the U.S. Fish and Wildlife Service to plan, design and construct fish screens, fish passage devices, and related features to mitigate impacts on fisheries associated with irrigation system water diversions by local governmental entities in the Pacific Ocean drainage of our states. We have been waiting for implementation of this Act as well as the plans for using the $4 million that was provided for the program for this present fiscal year. We have districts that are ready to go to construction to address diversion problems with their systems and have identified cost shares from state and local government programs. We believe the full $25 million could be used for construction of projects in our three states in fiscal year 2003.

Each participating state, to our knowledge, is assigning $150,00 to administrative and staff costs and $850,000 to projects. Nothing has occurred on the ground. The entire fiscal year has passed while the agency decided how to pursue the program. A year's planning effort was unnecessary as we already have existing state programs that could have implemented the Act.

On behalf of our coalition, we appreciate your consideration of our request and look forward to having construction underway in the near future as was intended when the legislation was passed in the 106th Congress. Whatever money is made available, we still believe it is important to have language in the Committee Report stipulating it is for construction rather than agency staffing and administrative costs under Public Law 106–502.

PREPARED STATEMENT OF DEFENDERS OF WILDLIFE

Defenders of Wildlife has substantial concerns about the Administration's fiscal year 2003 budget and makes recommendations regarding these concerns and funding in the following priority areas.

FISH AND WILDLIFE SERVICE ENDANGERED SPECIES FUNDING

In its fiscal year 2002 budget request, the Administration requested a rider that would have significantly impacted the ability of citizens to secure protection for species under the Endangered Species Act (ESA) and that most likely would have led to extinction of many species awaiting listing. We are extremely grateful that the Subcommittee wisely rejected this damaging language.

Fortunately, the Administration's budget does not repeat the request for this rider. However, despite the fact that the ESA is one of our nation's most important environmental laws, the budget request continues to grossly under fund the four main FWS accounts for ESA implementation: Listing, Recovery, Consultation, and Candidate Conservation. The total request is $125.7 million, virtually level with last year's enacted amount.

Our highest priority for ESA funding is listing. The Administration's own FWS Budget Justifications acknowledge a substantial listing backlog that cannot be addressed due to insufficient funding: "86 final listing rules and 12-month petition findings beyond their statutory deadlines; 249 candidate species for which the Service has determined that listing is warranted; about 33 petitions from the public not yet acted upon; and about 180 past 'not prudent' or not 'determinable' critical habitat findings that need reconsideration and new findings." Given this considerable backlog, it is unconscionable that the Administration continues to request grossly insufficient funding for the ESA listing account. Species awaiting protection include the Washington ground squirrel, the southern Rocky Mountains population of the boreal toad, and the Gunnison sage grouse. The Administration has requested only $9.077 million for listing for fiscal year 2003, yet FWS has estimated it needs about $24 million per year over a 5 year period to deal with the current listing backlog. We tremendously appreciate the $2.6 million fiscal year 2002 increase provided by the Subcommittee and urge a $16 million increase for fiscal year 2003.

At the same time, FWS is desperately short of funding needed to recover species. Due to lack of funding for recovery actions, more than 200 currently listed species could become extinct sometime in the next 5 years even though protected under ESA. These include the Columbia Basin pygmy rabbit, the Mississippi gopher frog, Attwater's greater prairie chicken, and a number of Hawaiian birds and plants. Moreover, there have been reports that a substantial amount of recovery funding is often diverted to the Consultation program. While consultation is a critical compo-

nent of ESA implementation, recovery funding ought not to be siphoned off to pay for it. The journal *Bioscience* (February 2002, Vol. 52, No. 2) recently published a study, "The Endangered Species Act: Dollars and Sense" by Julie K. Miller, J. Michael Scott, Craig R. Miller, and Lisette P. Waits, that found a statistically significant relationship between species status and amount of recovery funding spent; based on this analysis the study found that at least $650 million per year is needed for effective recovery activities. Yet the Administration proposes $60.2 million, a $3.4 million cut for recovery. We understand that FWS believes it could realistically spend an additional $50 million per year in recovery with current staffing and we urge the Subcommittee to provide such an increase and to take steps to ensure that meager recovery funding is not diverted to consultation.

LAND, CONSERVATION, PRESERVATION, AND INFRASTRUCTURE IMPROVEMENT FUND (LCPII)

We thank the Subcommittee for providing the dedicated $1.32 billion fiscal year 2002 level for the historic Land, Conservation, Preservation and Infrastructure Improvement Fund, keeping the momentous commitment made at the end of the 106th Congress when LCPII was established. We also appreciate the Subcommittee's refusal to dismantle and consolidate LCPII programs as requested by the Administration in fiscal year 2002. Unfortunately, the fiscal year 2003 request again threatens LCPII by cutting the $1.44 billion dedicated fiscal year 2003 level for the Interior appropriations subcommittee by $120 million and by eroding the original purpose of LCPII through: (1) cutting existing programs such as the Land and Water Conservation Fund by $88 million, State and Tribal Wildlife Grants by $25 million, and the Cooperative Endangered Species Fund by $5 million; (2) substantially increasing the level in the fund for maintenance—originally intended to be complementary to amounts provided for maintenance under regular appropriations; (3) adding the new $100 million Cooperative Conservation Initiative; and (4) adding in the Forest Stewardship program, formerly funded under Forest Service Operations at $50 million. Defenders urges the Subcommittee to provide the full dedicated funding level of $1.44 billion for fiscal year 2003 and to again protect the integrity of LCPII programs.

Land and Water Conservation Fund.—The Administration claims to request full funding for the Land and Water Conservation Fund (LWCF) at $900 million but instead is simply repackaging as LWCF other important programs already included under LCPII, such as State and Tribal Wildlife Grants and the Cooperative Endangered Species Fund, significantly undermining LWCF. Ostensibly, the LWCF request is $909 million, but only $486 million of this is for authorized LWCF purposes—$336 million for land acquisition in National Wildlife Refuges, Parks, Forests and Bureau of Land Management lands and $150 million for state LWCF. Federal land acquisition is reduced by 22 percent below the fiscal year 2002 level and by 26 percent below the fiscal year 2001 level. To further dilute the federal LWCF, the budget says it will prioritize use of the funds as much as possible for easements and land exchanges rather than outright purchase. While the Subcommittee for the most part did not acquiesce to the Administration's fiscal year 2002 request to undermine LCPII and LWCF, it did place several non-LWCF programs under LWCF.

Defenders urges Congress to maintain the integrity of LWCF by reversing this action and rejecting the Administration's proposal to fund even more conservation programs from it. We recommend a total of $660 million for authorized LWCF purposes for fiscal year 2003—$515 million for federal LWCF and $145 million for the states. LWCF funding should increase to its full authorized $900 million level as LCPII ramps up to its full level by fiscal year 2006.

State and Tribal Wildlife Grants Program.—Defenders is extremely grateful for the Subcommittee's leadership and interest regarding the State and Tribal Wildlife Grants program and its critically important planning requirement. State and Tribal Wildlife Grants for the first time provide states and tribes with badly needed funds to develop and implement comprehensive, map-based state-wide wildlife and habitat conservation plans. These plans are blueprints to help states strategically and cost effectively conserve declining species and their habitats before listing under ESA is necessary. States are already making excellent use of this program. For example, the Washington Department of Fish & Wildlife (WDFW) in cooperation with The Nature Conservancy and Washington Natural Heritage program is using State and Tribal Wildlife Grants to craft plans for Washington's 9 ecoregions—together these will add up to a statewide plan that will help prevent further declines of species like the Gunnison sage grouse and Columbia Basin pygmy rabbit, while guiding state land acquisition, growth management, and private landowner incentive programs. Yet the Administration's budget slashes State and Tribal Wildlife Grants by

$25 million below its fiscal year 2002 enacted level. Defenders urges a total of $150 million for the State and Tribal Wildlife Grants Program for fiscal year 2003, an increase of $75 million.

Cooperative Conservation Initiative and Landowner Incentive Grant Programs.—The Administration is proposing $100 million for its new Cooperative Conservation Initiative. While potentially innovative in concept, it is vaguely defined and should not be funded at the expense of mandated activities and existing programs that are crying for funds. Moreover, the Administration has yet to release information on how its new Landowner Incentive programs, funded at $50 million for fiscal year 2002, will be implemented, yet it has requested an increase of $10 million. Defenders is also concerned about reports that grant awards may be subject to a cumbersome process requiring recommendations from a panel of outside interests. Defenders is opposed to funding the CCI and the $10 million increase for the Incentives programs.

FISH AND WILDLIFE SERVICE NATIONAL WILDLIFE REFUGE SYSTEM OPERATIONS AND MAINTENANCE

The National Wildlife Refuge System (NWRS) is an American treasure that will pass a landmark when it celebrates its centennial in 2003. Defenders continues to be a leader in the Cooperative Alliance for Refuge Enhancement (CARE), a diverse coalition of 20 organizations working to substantially increase funding for the System. CARE's goal for the Refuge System's Operations and Maintenance (O&M) budget is $700 million—$560 million for Operations and $140 million for Maintenance—the funds to accomplish its mission as it embarks on its second century of wildlife conservation. The Administration has requested a substantial $56.5 million increase, a historic start to this goal. However, we have significant concerns with aspects of the request. About half of the increase is diverted from needed land acquisition for the Refuge System and more than half of the increase will go to maintenance. The bulk of the need is for operations funding to address protection of wildlife, management and restoration of habitat, public outreach, and the need for an additional 1,350 staff—nearly 200 refuges have no staff on site. In addition, only $12 million of the $25.8 million increase in operations will go for high priority staffing and mission critical projects; yet the total unmet need is $315 million. Defenders and the CARE group greatly appreciate the Subcommittee's past support and urge an fiscal year 2003 increase of at least $100 million for Refuge O&M—"100 for 100"—as a first step toward our goal; we further recommend that the bulk be directed toward operations where the need is greatest.

BUREAU OF LAND MANAGEMENT (BLM): RESOURCE PROTECTION AND ENERGY DEVELOPMENT

Under the Bureau of Land Management, the Administration is requesting a $10.2 million increase to expand energy and mineral development on public lands including expedited permitting and increased leasing, energy related rights of way, and further development on Alaska's North Slope—including plans for drilling in the pristine Arctic National Wildlife Refuge. The budget also includes assumptions of lease sale receipts from the Arctic Refuge in 2004. The Administration is requesting a $14 million increase for BLM Land Use Plans, some of which are for national conservation areas, but some for "nationally significant energy development areas." At the same time, other important programs such as Threatened and Endangered Species Management, Riparian Management, and Rangeland Management are cut. Defenders urges rejection of the requested $10.2 million increase for expansion of energy and mineral development which includes plans for drilling in the Arctic Refuge. Instead, 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 multi-species conservation approach across large landscapes; Rangeland Management to help improve the health of grazing lands; and Recreation Resources Management to prevent off-road vehicle damage.

FOREST SERVICE

An extremely damaging proposal in the Forest and Rangeland Research budget devotes $37.8 million to Presidential initiatives but requests only $1.8 million in new funding, resulting in diversion of $35.9 million from existing research. Wildlife, Fish, Water and Air Research (WFWAR) is already grossly underfunded for critical research on threatened, endangered and sensitive species (TE&S), watersheds, wetlands, grasslands, and forests. WFWAR funding will be slashed by 17.7 percent or

$9.1 million; hardest hit will be Wildlife Habitat research, cut by more than 23 percent. Yet the WFWAR program is in desperate need of $10 million in increases for research on TE&S species for which little information exists such as bats, forest carnivores, plants, amphibians, molluscs, and crayfish. We urge rejection of the proposed cut and instead a $10 million increase to WFWAR for important research on TE&S species.

We urge significant reductions for Forest Products and Timber Road Construction, unneeded timber industry subsidies, and redirection of funds to recovery from prior timber sales, including to ecosystem restoration and Road Decommissioning (requiring removal of the $15 million cap on decommissioning). Congress should also direct that National Fire Plan money be spent in the urban-wildland interface and on long-overdue fire plans for forests, which will make future fire-fighting efforts less costly and wasteful. Congress should limit Fire Plan money to non-commercial removal of small-diameter trees which create unnatural fire risks, and prohibit this money from being spent on any removal of commercial trees, which are the most fire-resistant and should remain for fire reduction. And more Fire Plan money should go to Cooperative Fire Protection to protect homes directly.

Congress should reject the setting of arbitrary timber targets at 2 billion board feet per year, and instead insist that the Forest Service manage for the health and sustainability of the land, letting outputs be a byproduct of good land management, not a goal in and of themselves. Congress should reject any proposals to fund or authorize stewardship contract projects, which the have potential to decrease accountability and vastly increase logging subsidies. And we urge Congress in the strongest possible terms to reject the "charter forests" proposal to remove management of national forests from the Forest Service, which would circumvent public participation and environmental laws, increase logging and other extractive activities, and devolve public lands to private hands.

UNITED STATES GEOLOGICAL SURVEY: BIOLOGICAL RESEARCH DIVISION (BRD)

BRD scientists provide critical information about fish, wildlife and plants and their habitats, and detect trends in our environment over time. This research is vital in detecting and responding to environmental problems and in sustainable management of natural resources, yet the budget proposes a 3.6 percent cut to BRD. Instead, the Administration should be proposing increases. When adjusted for Facilities and Science Support, the fiscal year 2003 request is about $185 million, well below the fiscal year 1994 inflation adjusted level of $220 million. We urge the Subcommittee to provide at least a $10 million increase over the fiscal year 2002 enacted level for BRD as a first step in reaching the $220 million level. We also continue our strong support for the Gap Analysis Program, a collaborative effort among states and more than 500 business, non-profit, and government organizations to map the biological resources of all the states in the United States.

BOTANY ON BUREAU OF LAND MANAGEMENT AND FOREST SERVICE LANDS

Nationwide, BLM employs only 1 botanist per 4 million acres the Forest Service only 1 botanist per 1.5 million acres, a serious problem preventing proper management of native vegetation. One full-time series 430 botanist should be employed for each Forest Service Ranger District and for each 500,000 acres under BLM management.

PREPARED STATEMENT OF THE OCEAN CONSERVANCY

The Ocean Conservancy 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 2003 Interior and Related Agencies Appropriations bill.

The Ocean Conservancy (TOC) strives to be the world's foremost advocate for the oceans. Through science-based advocacy, research, and public education, we inform, inspire, and empower people to speak and act for the oceans. TOC is the largest and oldest nonprofit conservation organization dedicated solely to protecting the marine environment. Headquartered in Washington DC, TOC has regional offices in Alaska, California, Florida, and Maine.

CORAL REEFS

Coral reefs are rightly known as "the rainforests of the sea," and are among the most complex and diverse ecosystems on earth. Coral reefs provide habitat to almost one third of marine fish species, serve as barriers to protect coastal areas, and pro-

vide an estimated $3 billion annually in economic benefits to the country from recreational tourism and fishing. Coral reefs are also extremely fragile and face serious threats from overutilizaiton and pollution around the world.

The Department of the Interior serves on the Interagency Coral Reef Task Force and is responsible for implementing the National Action Plan to Conserve Coral Reefs. Unfortunately, its budget of $9 million is grossly inadequate to properly manage, monitor and protect the over two million acres of coral reefs under its jurisdiction. TOC respectfully requests that the subcommittee consider increasing the Department's coral reef budget to $15 million in fiscal year 2003 as follows:

National Park Service.—From $3.6 million to $5 million, to improve management and protection of special reef areas, including the Dry Tortugas National Park in the Florida Keys, the U.S. Virgin Islands, Biscayne National Park in Florida, and parks in Hawaii and the Pacific Islands.

Fish and Wildlife Service.—From $1.25 million to $2.5 million in recognition of the 2003 Refuge Centennial to increase protection, monitoring and management of coral reefs within the National Wildlife Refuge System, including the refuges in the Florida Keys and newly established units at Palmyra and Kingman atolls.

U.S. Geological Survey.—From $3.5 million to $4.5 million to support research and monitoring of biological and environmental conditions, including activities in the U.S. Virgin Islands, fishing impacts and the role of marine protected areas, and causes of coral diseases.

Office of Insular Affairs.—From $0.5 million to $3.0 million to support desperately needed coral reef initiatives in U.S. territories in the Caribbean and Pacific.

FISH AND WILDLIFE SERVICE

Endangered Species Program

Listing and Critical Habitat

The Fish and Wildlife Service (FWS) continues to face a backlog of species needing listing and critical habitat designation. TOC respectfully requests the subcommittee fund endangered species listing and critical habitat programs at $24 million in fiscal year 2003, $15 million above fiscal year 2002 enacted levels.

Over the last 8 years, the Northern sea otter has declined seventy percent. As few as 6,000 sea otters remain in the entire Aleutian Chain in Alaska. Despite the significant population decline and the FWS's designation in 2000 of the Northern sea otter as a candidate for listing, no funds are currently directed to list or recover this species. TOC requests the subcommittee specifically identify funds in fiscal year 2003 to list and recover the Northern sea otter.

Consultation Program

Each year, FWS reviews more than 62,000 federal actions under Section 7 consultations. TOC requests that the subcommittee increase funding by $10 million to $55.5 million in fiscal year 2003 to ensure timely completion of these consultations.

Recovery Program

TOC is extremely concerned about the Administration's proposed $3.4 million cut to the endangered species recovery program. We urge the committee to reject this cut and support a significant increase in fiscal year 2003. Within this increase, TOC respectfully requests the committee specifically identify funds to recover sea turtles and the Southern sea otter.

Sea Turtles

All species of sea turtle species found in U.S. waters, including Pacific populations of leatherbacks, loggerheads and green turtles, are listed as endangered or threatened under the Endangered Species Act. Adequate funding for the protection of their habitat, including nesting beaches, is critical to their survival. While we greatly appreciate this committee's past support for sea turtle conservation, additional funds are needed, especially for international efforts by FWS. To address the needs of these migratory, flagship species, we request that the subcommittee earmark funding for sea turtle conservation by providing a line item appropriation of $486,000 in fiscal year 2003 for domestic conservation and an additional $486,000 for international conservation.

Southern Sea Otters

The southern sea otter was listed as threatened under the ESA in 1977. The current population of over 2,100 individuals represents a nine percent decline since 1995. More than 5 years of necropsy data indicates that nearly 40 percent of otters examined had an infection at the time of death. TOC respectfully requests funding to produce an epidemeology plan and conduct a health assessment workshop to re-

duce this source of mortality. In addition, sufficient funds are needed to implement the southern sea otter recovery plan.

Manatee Law Enforcement

TOC urges the subcommittee to continue funding manatee law enforcement at $1 million in fiscal year 2003. Heightened law enforcement efforts are necessary to protected the endangered Florida manatee and curtail motor-boat caused mortalities. Watercraft mortalities represent the single largest identifiable cause of death for Florida manatees each year. Past funding has enhanced compliance with manatee protection speed zones and has increased the number of National Wildlife Refuge System officers patrolling Florida waters. We greatly appreciate the $1 million provided by this subcommittee in fiscal year 2002 and request a renewed commitment of $1 million in fiscal year 2003, $0.5 million above the Administration's request, to promote recovery and minimize human caused mortalities.

National Invasive Species Act—Ballast Technology Demonstration

Nonindigenous species infestations degrade natural resources of virtually every U.S. waterway and coastal area. Free of natural predators, alien species which become established in our waters often out-compete native organisms, destroy habitat and alter physical/chemical conditions in our coastal waters. Invasive species are regarded as a leading cause of diminished biodiversity and cost our economy millions of dollars each year. The leading vector of unintentional introductions of aquatic pest species is the discharge of ballast water by oceangoing vessels.

The National Invasive Species Act (Public Law 104–332) authorizes $2.5 million for the FWS to eliminate this source of aquatic invasives. While we appreciate the subcommittee's support of $0.25 million in fiscal year 2002, we urge the full $2.5 million be provided in fiscal year 2003 to help develop and demonstrate environmentally sound ballast water treatment technologies.

U.S. GEOLOGICAL SERVICE

National Water Quality Assessment Program

Over the past 50 years, nitrogen and phosphorus inputs into U.S. waters from human activities on land have increased up to 20 times their previous levels, and the rate of increase is accelerating. This has had a number of adverse impacts on our coastal water quality. Algae blooms are depleting oxygen levels, killing fish and other aquatic organisms. Dead zones are increasing in size and quantity.

At the present time we cannot effectively assess the extent of our water quality problems or the effectiveness of our programs to address these problems because only 32 percent of our estuaries and 5 percent of our ocean waters are monitored. National Water Quality Assessment Program (NWQAP) is one of the few federal programs charged with systematically monitoring the status of the nation's water quality, evaluating trends, and assessing the sustainability of this critical resource. Data from NAWQA is absolutely essential if we are to make progress in reducing the impacts of excess nutrients in the marine environment.

According to a recent National Research Council report, "NAWQA has produced not only an unprecedented volume of quality data for use in the scientific community, but also unbiased information that is being used by decision makers, managers, and planners at all government levels. NAWQA has also assumed a vital leadership role, helping to improve environmental monitoring in many agencies from federal to local, both by its example and by technical assistance to others."

We request that the subcommittee reject the Administration's proposed budget cut of nine percent for NAWQA and restore full funding in fiscal year 2003.

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 moratoria protects the East and West coasts of the United States, Alaska's Bristol Bay, and parts of the Eastern Gulf of Mexico off Florida. TOC applauds the subcommittee's continued support of this language and strongly supports its continued inclusion in fiscal year 2003.

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. We greatly appreciate your past support for these programs and your consideration of our fiscal year 2003 requests.

PREPARED STATEMENT OF THE WILDLIFE SOCIETY

The Wildlife Society appreciates the opportunity to submit comments regarding the fiscal year 2003 budget for the U.S. Fish and Wildlife Service (FWS). In particular we recommend $150 million for State and Tribal Wildlife Grants; $50 million for the North American Wetlands Conservation Fund; a $6.6 million increase for Migratory Bird Management; restoration of $3.4 million for endangered species recovery efforts; a $43.5 million increase for operations and maintenance of the National Wildlife Refuge System; a $15 million increase for the Partners for Fish and Wildlife Program; and a $4 million increase for Neotropical Migratory Bird Grants. The Wildlife Society is the association of professional wildlife biologists dedicated to responsible wildlife stewardship through science and education. The Society is interested in all aspects of federal programs that affect wildlife and habitat.

STATE AND TRIBAL WILDLIFE GRANTS

The Wildlife Society believes that funding assistance for state wildlife agencies is one of the highest priority needs for wildlife conservation at this time. For this reason we are particularly concerned about the budget reductions proposed for state-administered fish and wildlife programs. The Administration's fiscal year 2003 budget request for State Wildlife Grants is $60 million, a 29 percent reduction from the $85 million appropriated in fiscal year 2002. This will severely limit the ability of state agencies to proactively manage species of concern through long-term conservation projects. The Wildlife Society recommends that $150 million be appropriated for State Wildlife Grants in fiscal year 2003, apportioned to state fish and wildlife agencies under the distribution formula used in fiscal year 2002. In addition, we recommend a 25 percent state match and 75 percent federal match for both planning and implementation projects. This will make it feasible for states to equitably allocate funds to both planning and implementation projects, instead of shifting the balance away from implementation projects that currently require a 50 percent state match.

NORTH AMERICAN WETLANDS CONSERVATION FUND

In the North American Wetlands Conservation Act of 1989, Congress authorized an annual appropriation of $50 million for this important conservation program; however, full funding has never been achieved. This cooperative program has been one of the government's most successful non-regulatory, incentive based programs, and has shown unprecedented success in restoring wetlands, waterfowl and other migratory bird populations. The Wildlife Society recommends that Congress appropriate the full $50 million authorized for the North American Wetlands Conservation Fund in the fiscal year 2003 budget.

MIGRATORY BIRD MANAGEMENT

The Wildlife Society is concerned about the level-funding request for the Migratory Bird Management program in fiscal year 2003. We believe that the FWS should continue to place a high priority and budget emphasis on migratory birds. Inflation and increased operating costs have absorbed enhanced funding in recent years. The Wildlife Society recommends appropriation of additional funds totaling $6.6 million for Migratory Bird Management, to meet program objectives for migratory bird conservation in the future. We recommend these funds be allocated as detailed below.

The FWS can cooperate with State fish and wildlife agencies to begin implementation of the Colonial Waterbird Conservation Plan, Shorebird Conservation Plan and the Partners in Flight Plan. These plans will provide for proactive management actions to avoid listing wildlife populations as threatened or endangered. The Wildlife Society recommends an increase of $3 million in the Administration's request for FWS Migratory Bird Management to address these conservation plans.

The fleet of aircraft used by FWS for waterfowl surveys is getting perilously old and outdated. It is only a matter of time before one or more of these aircraft fail and lives are lost. It costs approximately $1 million to replace one plane, and the FWS needs desperately to replace 9 of the aircraft used for the waterfowl surveys. The Wildlife Society recommends an increase of $2 million in the Administration's request for FWS Migratory Bird Management to begin replacing these hazardous aircraft.

The joint ventures implemented under the North American Waterfowl Management Plan have been extremely successful at recovering migratory bird populations in North America. Despite the additional $420,000 requested in fiscal year 2003 for these projects, several joint ventures lack the funds necessary to implement vital restoration projects for waterfowl and other migratory birds. The Wildlife Society

recommends an increase of $1.6 million in the Administration's budget request for FWS Migratory Bird Management to fund existing and new Joint Ventures.

ENDANGERED SPECIES PROGRAM

The Wildlife Society supports the Administration's requested budget increases for Endangered Species candidate conservation ($1.06 million), listing ($77,000), and consultation ($2.27 million). However, we are concerned about the reductions in the Endangered Species Act Recovery Program. Endangered species recovery efforts can result in significant benefits to species through state management efforts. Delisting of recovered species needs to receive priority attention. The Wildlife Society recommends that Congress restore the $3.4 million reduction in recovery efforts in the FWS budget request.

NATIONAL WILDLIFE REFUGE SYSTEM

The Wildlife Society supports the plan offered by the Cooperative Alliance for Refuge Enhancement (CARE) to substantially reduce the Operation and Maintenance (O&M) backlog of the Refuge System by 2003. Increases in the O&M budgets during the past several years have allowed the FWS to significantly reduce the Refuge System's maintenance backlog. However, the operations budget remains disconcertingly low, hampering FWS's ability to oversee maintenance projects and conduct daily operational work on refuges. We appreciate the Administration's O&M backlog request of $376.5 million in fiscal year 2003, a $56.5 million increase over fiscal year 2002, but this amount falls far short of CARE's goal. The Wildlife Society recommends an increase of $43.5 million over the Administration's O&M budget request to successfully meet the FWS's Refuge System mission of fish, wildlife and habitat conservation.

PARTNERS FOR FISH AND WILDLIFE

The Partners for Fish and Wildlife program (PFW) is one of the few programs administered by the FWS that uses partnerships with landowners, state wildlife agencies, and conservation organizations to improve wetlands, uplands, riparian areas and other habitats on private land. This program is highly effective and popular with farmers and ranchers, but the demand for PFW far exceeds the appropriated funds. More than 2,000 landowners who have submitted proposals to implement conservation on their lands have been turned away due to insufficient funding. These unmet needs are likely to increase with the Administration's proposed reduction of $7.3 million in the PFW program. At least $15 million in additional funds are needed to complete proposed projects, which, if implemented, would restore more than 150,000 acres of upland habitat, 950 miles of riparian vegetation along steams and rivers, and 3,000 wetland basins on private land. The Wildlife Society recommends an increase of $15 million over the Administration's budget request for the PFW program.

NEOTROPICAL MIGRATORY BIRD CONSERVATION

The Wildlife Society is concerned about the Administration's proposal to zero funding for Neotropical Migratory Bird Conservation. Many migratory bird populations are experiencing long-term declines, but very little is known about their biology and migratory behavior. The Wildlife Society recommends $4 million to collect the necessary information to maintain viable populations of these species throughout their historic range.

Thank you for considering the recommendations of wildlife professionals. We look forward to working with you and your staff throughout the appropriations process.

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 great importance to The Humane Society of the United States (HSUS) and its 7.3 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 2003 budget.

TRAPPING ON NATIONAL WILDLIFE REFUGES

National Wildlife Refuges should not permit commercial and recreational trapping with inhumane traps. The National Wildlife Refuge System (NWRS) is the only category of federal lands specifically set aside for the protection and benefit of wildlife.

If we can't protect wildlife from commercial exploitation by cruel means on National Wildlife Refuges, where can we provide protection for these creatures?

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 permit some trapping. 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."

During fiscal year 2001, recreational trappers visited 80 units of the NWRS a total of 40,696 times (number of trapper visits per unit ranged widely from 4 to 9,563). "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 2001. However, most of the 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 2001, the U.S. Fish and Wildlife Service recorded over 36 million visits by non-consumptive users to the 485 refuges open to the public. Clearly, an elimination of recreational trapping on the NWRS would have at most a negligible effect on the millions of Americans who use and enjoy the refuges every year.

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 gangrene 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 the elements, or predators. An animal may suffer for several days before a trapper returns to check a trap.

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. A number of studies conducted by professionals from management agencies reveal that for every target animal caught in a steel-jawed leghold trap, there are from one to ten non-target animals caught. This is an unacceptable level of by-catch.

Voters in Arizona, California, Colorado, Massachusetts, and Washington have approved ballot measures to ban leghold traps. New Jersey and Florida have also banned the use of these traps, and many other states have severe restrictions on their use, including Connecticut and Rhode Island. A May 1999 national poll conducted by Peter Hart Research Associates, Inc., revealed that 84 percent of respondents oppose the use of steel-jawed leghold traps on National Wildlife Refuges. There are dozens of wildlife refuges in Arizona, California, Colorado, Massachusetts, New Jersey, Washington, and Florida. There have been no adverse impacts on those refuges from the statewide bans.

Neck snares are similarly inhumane and indiscriminate. Coyotes, foxes, and other animals trapped in neck snares often die slowly over hours or days by strangulation, as evidenced by necropsy data. 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. While some researchers have found that neck snares are more selective than leghold traps, their use nevertheless results in the capture and injury or death of a significant number of non-target animals. For example, of 91 deer (non-target animals) captured by neck snares in one study, 47 died in the snares.

In 1999, the House of Representatives approved an amendment 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 the use of these traps for the 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. Unfortunately, the Senate rejected an identical amendment offered by Senator Robert Torricelli, and the Conferees chose not to include any restrictions on trapping in the fiscal year 2000 Interior Appropriations Act.

We urge the Committee to incorporate the language of the Farr amendment in the Fiscal Year 2003 Interior Appropriations Act. It is a sensible, humane, and nar-

rowly 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 steel traps or neck snares. It would ban those two devices only for commercial and recreational purposes. We urge your favorable consideration of this language approved by the House.

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 $10 million over the Administration's request for U.S. Fish and Wildlife Service Law Enforcement Operations and Maintenance.

The Law Enforcement Division is currently undergoing a 3-year rebuilding effort designed to bring the number of Special Agents to 253. These Special Agents investigate domestic and international wildlife crime and monitor wildlife trade. In addition to field agents, the Division of Law Enforcement is charged with the responsibility of inspecting shipments at ports of entry. Wildlife inspectors play an invaluable role in stopping wildlife smuggling by inspecting wildlife shipments to ensure compliance with laws and treaties.

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 an additional $7 million in fiscal year 2003. This increase will allow the lab to add scientists and staff, expand and improve its physical location, and continue its valuable work.

PROTECTION FOR WALRUSES

We urge this subcommittee to appropriate $500,000 in fiscal year 2003 to fund much-needed research on the Pacific walrus. 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.

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. Congress has authorized a combined total of $30 million for the five programs that constitute the MNSCF. Last year, Congress demonstrated its commitment to the Fund by appropriating $7 million for the five programs. Unfortunately, the Administration requested only $5 million for fiscal year 2003. We ask that you continue to support these highly threatened mammals and birds in fiscal year 2003 by appropriating $2 million each for the African Elephant Conservation Fund, the Asian Elephant Conservation Fund, and the Great Ape Conservation Fund, $3 million for the Rhinoceros and Tiger Conservation Fund, and $5 million for the Neotropical Migratory Birds Conservation Fund, for a total of $14 million.

Although there are severe threats to the long-term survival of African and Asian 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 very concerned about previous 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 to meet the demand of the public display industry—

under the guise of conservation for these endangered animals. We would like to see grants made to projects that are consistent with the spirit of the law.

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 go through the BLM's Wild Horse and Burro Adoption Program.

During fiscal year 2002, the Bureau of Land Management's Wild Horse and Burro Program received a substantial increase to their annual operating budget. This increase is to be used to implement BLM's 4-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 short- and long-term viability of these populations. To adequately address these concerns, the BLM should carry out a programmatic environmental impact analysis that examines 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 individual wild horse and burro populations and on the overall health of the wild horse and burro population on public lands.

With the strong support of The HSUS and this committee, BLM-sponsored research has produced a one-shot, 1-to-2-year contraceptive vaccine for wild horses. The BLM is moving toward applying this vaccine, known as PZP, as a humane, cost-efficient tool 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 2003 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.

It is because of the current pressure on wild horses and burros from decreasing habitat and mad cow disease that we urge this committee to once again include the following standard language in the fiscal year 2003 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 National Environmental Policy Act review (a programmatic Environmental Impact Statement). 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 FRIENDS OF BACK BAY

I am Molly Brown from Virginia Beach, Virginia. I am the President of Friends of Back Bay, a group of over 400 dedicated volunteers who are committed to the protection of the Back Bay National Wildlife Refuge. Located in southeastern Virginia Beach, Back Bay National Wildlife Refuge was established on February 29, 1938, as a 4589-acre refuge and breeding ground for migratory birds. We thank Congress for their continued support of this project.

The Director of the U.S. Fish and Wildlife Service approved a Refuge boundary expansion on May 7, 1990. The expansion area includes 6,340 acres of important wildlife habitat. To date the Fish and Wildlife Service has been able to acquire 4,313 acres. The Virginia Division of Natural Heritage has identified 14 natural areas within the Back Bay watershed, nine of which are within the Refuge boundary.

These areas contain rare plant and animal communities, some of which are found nowhere else in Virginia. The Refuge annually supports tens of thousands of migratory birds including neotropical migrants, other songbirds, waterfowl, shore birds, wading birds and raptors. Submerged aquatic vegetation has begun to make reappearance in Back Bay, due in part to land protection efforts of the Service. Various wintering waterfowl (widgeons, green-winged teal, and gadwall) have wintered in Back Bay this year. This recent acquisition had been zoned to accommodate 3,000 homes; however, thanks to Congress, this area has been protected forever as a portion of the Back Bay National Wildlife Refuge.

The Back Bay National Wildlife Refuge is truly a diversified ecosystem. The Refuge is the first undeveloped area south of the mouth of the Chesapeake Bay. The first successful bald eagle nest on Back Bay in over 30 years occurred on newly acquired Refuge lands in 1994. For the past 8 years, 13 eaglets were fledged from this nest. Again this year the eagles are nesting. Furthermore, additional adult Bald Eagles have been observed on the Refuge, as well as other area of the City of Virginia Beach. Also, loggerhead sea turtles nest on the Refuge beaches at the northern limit of their nesting range. Four loggerhead nests were successfully located and protected in 2001 and sea turtle management on the Refuge received significant media coverage during the summer. Peregrine falcons and piping plovers continue to use Refuge habitats during migration. Finally, owl research continues to be conducted on the Refuge. So far they have banded and studied the eastern screech, great horned, common barn and saw-whet owls.

The threat to the Back Bay watershed continues. The primary threat is conversion of existing farmland and woodland into residential, commercial and recreational uses. The city of Virginia Beach Comprehensive Plan projects an estimated 100,000 additional residents in the Back Bay watershed. Current proposals include condo development, mineral extraction and golf course development. The present expansion of a grocery store and a strip mall in the area puts further pressure on the Back Bay watershed. As development restrictions are relaxed, land values are escalating and may soon be out of reach for conservation purposes.

Since the metropolitan area of Southeastern Virginia is one of the fastest growing urban areas in the nation, natural havens such as the Back Bay National Wildlife Refuge are increasingly important to its 1.5 million inhabitants. A survey of 500 registered voters conducted in 2000 by the City of Virginia Beach and Trust for Public Lands revealed that 86 percent believed that it is important to protect the Back Bay. This in part led the City of Virginia Beach to adopt the Virginia Beach Outdoors Plan in February 2001. This plan is an initiative to preserve open space for physical and visual enjoyment. The Refuge provides public recreation, e.g. hunting, fishing, bird watching, photography and environmental education. Visitation at the Refuge is over 100,000 per year. Environmental education is a major public use, with over 5,000 schoolchildren utilizing the area in 2001. From the Refuge's visitor center, students can observe seven different habitats. These habitats are necessary for the survival of a wide variety of wildlife. In keeping with our environmental education opportunities, a group of local volunteers have worked with the Refuge staff to put the Back Bay Refuge on the Internet. This will enable people world wide to access information about the Back Bay ecosystem.

Furthermore, the Back Bay Refuge is now part of the Charles Kuralt Trail, which includes eleven refuges in Virginia and North Carolina. Back Bay is designated for the osprey and has a handicap accessible trail to view these magnificent "fish hawks".

The acquisition of lands on the west side of Back Bay, that are contiguous with Refuge property, will provide a more complete wildlife habitat unit that can be managed with the existing Refuge staff. In addition, in 1997 the Fish and Wildlife Service purchased a 17-acre tract on the west side of the Bay that is now serving as a new environmental education center for the Back Bay Refuge. This is helping to introduce school children and other interested citizens to the ecology of freshwater marshes and forested wetlands. The location of this facility is closer to the people and reduces the travel time by forty minutes.

With money appropriated in fiscal year 2002, the Fish and Wildlife Service has purchased 210 acres from willing sellers. In August 2000, the City of Virginia Beach contacted the Refuge and asked the U.S. Fish and Wildlife Service if they would help protect a wetland area that was slated to be developed. A private development group had plans to build 215 condominium units on what is known as Lotus Creek but was willing to suspend their construction to entertain a buyout offer from the City. The Service worked with the City to develop an agreement that had the Service purchase the Lotus Creek property from a willing seller, and the Service and the City will exchange property of like value to enable improvements to the existing Sandbridge Road. This project will protect the Black Gut Natural Area, one of the

most biologically sensitive areas of the Refuge, help prevent flooding in this part of the City, improve water quality in Back Bay and provide a safe scenic highway through a beautiful area that has been targeted for ecotourism improvements. We are hopeful that Congress will allocate additional funds to continue this important program.

The enclosed map depicts the tracts where the Fish and Wildlife Service is currently negotiating with willing sellers. The two properties in the inserts are the Lehtonen (northern insert) and the R&L Development Corp. (southern insert) properties. These are the highest priority acquisitions for the Refuge.

The Lehtonen tract is 61 acres of prior converted cropland. Mr. Lehtonen purchased the property several years ago with the intention of turning it into a horse farm. Later his interest turned to developing 3 to 5 acre farmettes. This property is located in what locals call the "Gateway to Sandbridge". The road adjacent to this property to the north is Sandbridge Road. To the east is Newbridge Road. Sandbridge Road and Newbridge Road are part of what planners from the Hampton Roads Planning District Commission and the City of Virginia Beach call the "Green Sea Scenic By-way" which stretches from the beach community of Sandbridge on the east to the Great Dismal Swamp on the west. Several locations along the proposed Green Sea Scenic By-way have been included in the Commonwealth of Virginia Birding Trail. The Fish and Wildlife Service envisions this as the site of a relocated Refuge headquarters and visitor contact station. The headquarters relocation is necessary to protect the office from severe storm weather on the barrier beach. Developing a visitor contact station at the site will allow visitors to get oriented to the Refuge, the Bay, birding trail and canoe launches, and other Refuge properties as they begin their journey, as opposed to getting the explanation of what they missed if they drive to the only orientation location which is the existing contact station at the beach headquarters site. The Refuge does not want to see this important area developed as a golf course/residential community, which is a viable alternative for the owner.

The second property is an 83.6-acre farmland. A swamp and marsh site that sits at the mouth of Muddy Creek. This tributary of Back Bay is one of the major contributors to nutrient and sediment pollution to the Bay. The Refuge has actively pursued this acquisition for over a decade. Recent circumstances have caused the aging owners of this property, acting through a trustee, to express an interest in selling. Acquisition will help the Refuge meet its goal to preserve and protect valuable wetlands on the west side of the Bay and promote improved water quality in the Bay. Without additional funding, acquisition will cease and habitat will be lost to housing. In order to continue the Back Bay Refuge expansion project, we respectfully request $2.0 million for fiscal year 2003.

I wish to extend my appreciation for the funding that you have appropriated through fiscal year 2002. This money has purchased 4,313 acres of the proposed 6,340-acre expansion. This means that this project is 68 percent completed in 11 years. Also, this project is ranked twenty eighth on the U.S. Fish and Wildlife Service's LAPS list and is in the President's budget. Thank you for the opportunity to comment on this important project.

PREPARED STATEMENT OF THE SOCIETY FOR ANIMAL PROTECTIVE LEGISLATION

The Society for Animal Protective Legislation (SAPL) urges the Senate Committee on Appropriations' Subcommittee on Interior and Related Agencies to appropriate an additional increase of $10 million for the United States Fish and Wildlife Service Division of Law Enforcement, an additional $7 million for the Clark R. Bavin National Fish and Wildlife Forensics Laboratory, $10 million for certain funds under the Multinational Species Conservation Fund, and request protection for wild horses.

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 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, and Wild Bird Conservation Act. These vital special agents recently have been involved in a variety of wildlife trade cases involving illegal shipments of caviar, elephant ivory, shahtoosh, live reptiles, African finches, bear viscera, live turtles and turtle eggs, and many others. In fiscal year 2001, there were over 8,500 cases conducted by the Division of Law Enforcement. 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.

Unfortunately, while illegal wildlife trade is increasing, the Fish and Wildlife Service's Law Enforcement Division is not fully funded and, therefore, is hampered in its efforts. Neither Delaware nor Rhode Island has a single special agent. Many other states have one agent unreasonably expected to perform all the work statewide: Connecticut, Indiana, Iowa, Maine, New Hampshire, Vermont, and West Virginia. A full complement of Special Agents is critical to contend with the major criminal efforts of organized poachers, smugglers and dealers who are greedily exerting pressure on wildlife, which ultimately will drive many species to extinction.

The amount proposed in the President's budget would not adequately meet the basic needs of the Division, which is currently undergoing a rebuilding effort to get back to the number of authorized Special Agents it needs—253. The Service is expected to have only 237 agents by the end of fiscal year 2002 due to retirements. We urge an additional $9 million appropriation to enable the Service to hire 16 additional law enforcement special agents to bring the total to the desired 253. This money will not only enable the new hires that are necessary for the Division to carry out its vital work, 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). Currently, the proposed budget only allows for $162,100 per agent.

Additionally, the illegal wildlife trade on the internet is a burgeoning problem that the Service is ill-equipped to address. We urge an additional $1 million appropriation to enable the Service to begin addressing this internet wildlife trafficking problem.

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.

The laboratory has begun an important and significant rehabilitation and expansion project. We respectfully urge the Committee to appropriate an additional $7 million in fiscal year 2003 toward the continuation of this rebuilding project. Additional security measures are required to ensure the security of the laboratory. $765,000 would enable the renovation of the entrance to the laboratory including bullet-resistant glass and walls, renovation of the evidence control area, and addition of Mylar coating on windows to reduce shattering in the event of explosions nearby. There is a vital need to construct a new Level III biocontainment area which would include storage space for hazardous waste, evidence, etc. This project requires $6,235,000. This new containment facility would enable the forensics laboratory staff to handle dangerous necropsy and toxicology work safely. Again, the Clark R. Bavin National Fish and Wildlife Forensics Laboratory is the only one of its kind and is a model for the world to follow. Every effort must be made to fund the laboratory sufficiently to enable it to function adequately.

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 Act, the Asian Elephant Conservation Act, the Rhinoceros and Tiger Conservation Act, and, most recently, the Great Ape Conservation Act, are vital tools to prevent these species from declining further and, in some cases, going extinct. The Administration Budget for fiscal year 2003 provides for total funding of $5 million for implementation of these funds. The Society for Animal Protective Legislation respectfully requests that this amount be increased to a total of $10 million, or $2.5 million per fund.

The African Elephant Conservation Act has provided important funding for elephant conservation projects across Africa. For decades, poachers and smugglers exploiting the global ivory trade have targeted African elephants. Increasingly, elephants are at great risk not only for ivory, but also for their meat, which is consumed as "bushmeat," and are increasingly involved in human—elephant conflicts. Vital conservation projects that have received funding under this Act include: immunocontraception research as a means of non-lethal population control, anti-poaching assistance, acoustic monitoring of forest elephants, and programs exploring the interrelationships of humans, people, and the protection of their crops. As the

human population in Africa continues to expand, and elephants remain under constant threat for a renewed worldwide ivory trade, additional funding is sorely needed.

The Asian Elephant Conservation Act has funded similar projects in Asia where the highly endangered Asian elephants barely cling to existence. The Asian elephant Conservation Act has recently provided valuable grants to the Forest Department of Assam for construction of anti-poaching camps, to the Wildlife Protection Society of India for investigative work into the poaching of elephants in India and the illegal ivory trade, and to the Wildlife Trust of India to provide elephant reserve field staff with anti-poaching equipment.

The Rhinoceros and Tiger Conservation Act provides essential financial assistance to protect the world's remaining five rhino species and tiger subspecies. Rhinos have been historically poached 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. Funding under this Act recently 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, rhino translocations, and studies of the illegal trade in tiger parts. Without these projects and others in the future, these species will likely disappear within our lifetimes.

The Great Ape Conservation Act appropriately recognizes 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 highly endangered ape species. Additionally, grant money could help establish collaborative projects to assist people in the range states of these animals to find alternative sources of protein and address other issues of land competition between wildlife and people.

Together the money appropriated under the Multinational Species Conservation Fund may establish or finance the operations of programs that directly and indirectly contribute to the survival of entire species.

THE WILD HORSE AND BURRO ACT

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."

SAPL is 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 recently 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.

However, 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 significant difference on 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.

Earlier this year Congresswoman Connie Morella along with many of her colleagues 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 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. ABC News re-

cently reported that hundreds a year are still being slaughtered for human consumption.

Congress must act quickly to ensure that our wild horses do not quietly disappear at the hands of a few self-serving individuals. SAPL, therefore, supports the President's language included in the fiscal year 2003 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."

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. Yet Region 3 continues to struggle to meet the needs in the region. The UMRBA strongly supports additional funding to enable the Fish and Wildlife Service to fulfill its responsibilities in the Upper Mississippi River Basin.

Refuges and Wildlife.—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 Grafton, Illinois. This includes the Upper Mississippi River National Wildlife and Fish Refuge (NWFR), Mark Twain NWR, and Illinois River NWFR. 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 the proposed increase of $56.5 million for Refuge Operations and Maintenance in the President's fiscal year 2003 budget, as a minimum. In fiscal year 2002, funding for the three refuges along the Upper Mississippi and Illinois Rivers totaled $14.786 million, nearly two-thirds of which was for special flood-related repair needs. Yet there continues to be a significant routine maintenance backlog and a critical need for additional personnel to address law enforcement, biological needs, floodplain forest management, technical assistance to private landowners, environmental education, and other refuge management needs.

The UMRBA has watched with concern the inability of refuges to provide funding for the Operation and Maintenance (O&M) of projects that the Corps of Engineers constructs under the authority of the Environmental Management Program (EMP). We are pleased that in fiscal year 2002, approximately $150,000 was allocated for this purpose. However, this amount is less than half of the expected need. Fully funding EMP project O&M needs is vital to ensuring that these habitat restoration and enhancement projects are fully operational and provide lasting environmental and public use benefits.

The UMRBA also supports the fiscal year 2003 budget request of $71.1 million for Fish and Wildlife Service land acquisition. We are pleased that this includes $250,000 for acquisition of 190 acres for the Upper Mississippi River NWFR. We are aware of interest in increasing this amount and that $1 million is needed to satisfy all current interested willing sellers.

Ecological Services.—Funding from the Ecological Services account supports the field offices in Rock Island (IL), the Twin Cities (MN), and Marion (IL) that provide most of the ecological services work on the Upper Mississippi River (UMR) and tributaries, including work on threatened and endangered species, environmental contaminants, and habitat conservation. In fiscal year 2002, 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 urges Congress to provide additional funding for the following specific UMR efforts: $200,000 to support work on aquatic nuisance species; $300,000 to support water quality efforts, including nutrient studies, biocriteria for water quality standards, superfund investigations, and consultation on state water quality

standards; $700,000 for habitat restoration in UMR watersheds; $400,000 to support mitigation activities associated with federal navigation and flood control projects; $600,000 for needs related to the Endangered Species Act, including work on freshwater mussels and large river fishes; and $100,000 for administrative support of the Upper Mississippi River Conservation Committee.

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. Fish stocking is done from the National Fish Hatchery in Genoa, Wisconsin and fish health concerns are addressed by the Fish Health Center in Onalaska, Wisconsin.

The UMRBA supports the important work done by these offices and thus supports the funding proposed in the President's budget for the Fisheries account in fiscal year 2003. Approximately $700,000 is being provided for fisheries work on the Upper Mississippi River in fiscal year 2002. However, needs are continuing to increase. Fish passage at Mississippi River locks and dams for interjurisdictional species such as paddlefish and sturgeon is a growing concern. In addition, the Fisheries Operational Needs System (FONS) has a backlog of 42 projects totaling $3.6 million. Unfunded projects include those related to large migratory species such as paddlefish, aquatic nuisance species such as Asian carp, and the endangered Higgin's Eye mussel.

U.S. GEOLOGICAL SURVEY

The USGS budget for fiscal year 2003 is proposed to be cut by nearly $47 million, of which 60 percent ($28 million) would come from reductions in the USGS Water Resources Division (WRD). The WRD cutback of 13.6 percent from fiscal year 2002 would have debilitating effects on this country's water data and science programs. Also of concern is the assertion in USGS budget documents that "the first and most important customers of USGS science are the land and resource management bureaus of the Department of the Interior." This view of the USGS role is inconsistent with its history, current role, and the vision for its future put forth in last year's report of the National Research Council (NRC). As this nation's premier natural science agency, USGS must certainly continue to serve as the science arm of the Department of the Interior. But as the NRC recognizes, "USGS also has significant responsibilities in support of other government agencies, states and local governments, tribes, industry, academic institutions, and the public."

The states of the Upper Mississippi River basin are deeply troubled that the fiscal year 2003 budget cuts proposed for USGS will compromise its ability to provide timely and unbiased scientific information about complex natural systems. There are several specific research and monitoring programs in the Water Resources Division (WRD) and Biological Resources Division (BRD) that are of particular interest to the UMRBA.

Water Resources.—The USGS Hydrologic Monitoring, Assessments and Research budget is proposed to be cut by 16 percent in fiscal year 2003, eliminating the USGS Toxic Substances Hydrology program and transferring funding instead to the National Science Foundation (NSF) for a research grant program. 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 Herbicide Project," is helping to identify factors that affect dispersal of agricultural chemicals in surface and ground waters from point of application 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. A general NSF research grant program is not an appropriate substitute for the management-relevant research done by the USGS under its Toxics Program. The USGS must maintain its own capacity to provide unbiased scientific information in support of federal, state, and local government programs. Given the important work underway in the USGS Toxic Substances Hydrology Program, UMRBA urges Congress to restore the $13.9 million proposed cut and retain the toxics research program in USGS.

The UMRBA continues to support funding for the National Water Quality Assessment (NAWQA). 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. Under the President's fiscal year

2003 budget, NAWQA funding would be reduced by $5.8 million, or 9 percent from the fiscal year 2002 funding level. This decrease will result in the termination of 6 of the 42 study units. While USGS has not yet identified which 6 units will be cut, the effects of the budget reduction will likely be felt throughout the NAWQA program. Such modifications are antithetical to the very purpose of NAWQA—i.e., providing a picture of the nation's overall water quality through the cyclical assessment of representative waterbodies. The Upper Mississippi River Basin includes four NAWQA study units (Upper Mississippi, Eastern Iowa, Lower Illinois, and Upper Illinois).

The UMRBA is also deeply concerned about the proposed 14.6 percent reduction ($2.1 million) in funding for the National Streamflow Information Program (NSIP). This would be a devastating setback to recent efforts by USGS and its many federal, state, and local partners to bolster our nation's network of gages. 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 640 stream gages operated by USGS in the five UMRBA states. Over recent years, 80 gages have become inactive in the five states, many as a result of funding cutbacks. The fiscal year 2003 proposed funding cuts will mean the loss of another 9 gages in the five basin states. The loss of gages means the loss of the historical record that is needed for managing our nation's water resources. Rather than cutting the gaging program further, we should be moving toward implementing the network enhancements proposed in the USGS plan for the National Streamflow Information Program. Toward that end, UMRBA recommends that, at a minimum, NSIP funding be restored to fiscal year 2001 and 2002 levels of at least $14 million.

Finally, the UMRBA supports proposed funding of $64.3 million for the Federal/State Cooperative Water Program. The Coop Program is an essential tool in meeting state and local science needs. Cooperators generally match every $1.00 in federal funds with $1.50, demonstrating the value they place on the program. In 2000, there were 173 cooperators in the five basin states.

Biological Resources.—The President's fiscal year 2003 budget proposes a 3.6 percent reduction for USGS' Biological Resources Division. Among the cuts of particular concern to the UMRBA are a reduction of $500,000 in Amphibian Research and Monitoring, including work being done at the Upper Midwest Environmental Sciences Center (UMESC) in Wisconsin and the Columbia Environmental Research Center (CERC) in Missouri; a $748,000 reduction in the Mark Twain National Forest Mining Study; a $300,000 reduction in the pallid sturgeon study; and a $499,000 reduction in ballast water research. The UMRBA urges that funding for these studies be restored.

PREPARED STATEMENT OF THE FRONTERA AUDUBON SOCIETY

Frontera Audubon Society requests a total of $5 million from the Land and Water Conservation Fund (LWCF) in fiscal year 2003 for purchase of lands by the U.S. Fish and Wildlife Service for the Lower Rio Grande Valley National Wildlife Refuge in Texas.

The Lower Rio Grande Valley contains the Nation's most valuable lands for protecting biological diversity. The cost of purchasing land and water rights, while still relatively low, is rising. Now is the time to commit substantial funds to completing the "wildlife corridor" intended to protect this biological treasurehouse.

Permanent protection of wildlife habitat in the Lower Rio Grande Valley National Wildlife Refuge will also improve life for the growing number of people residing in the Valley. By providing a sound foundation for expanded nature tourism, an enlarged refuge can ensure economic diversification, as well as improve the quality of life for residents and visitors in all socio-economic levels and perpetuate the region's immense biological heritage.

The biological richness of the Lower Rio Grande Valley has been well documented in Fish and Wildlife Service documents and the testimony we have submitted in past years. The Valley is home to half of all bird species found in the United States. Sixty of the bird species live in no other part of the country. The 300 species of butterflies outnumber any other part of the country except the Florida Everglades. In addition, there are more than 200 species of mammals, reptiles, amphibians, and fish and 1,200 species of plants.

The threats to this biological treasurehouse are also well known: rapid development. The McAllen-Edinburg-Mission and Brownsville-Harlingen-San Benito metropolitan areas have been among the ten fastest-growing metropolitan areas nationwide for the past several years.

As a consequence of the combined biological values and rising threats to them, the Lower Rio Grande Valley National Wildlife Refuge has consistently ranked among the Fish and Wildlife Service' highest priorities for land acquisition.

When completed, the Lower Rio Grande Valley National Wildlife Refuge will protect nearly half of a planned 285,000 acre wildlife protection network—the "Wildlife Corridor"—that reaches 275 miles along the Rio Grande River. Other lands and waters in the corridor are managed by state, county, and private conservation organizations as well as the Laguna Atascosa NWR. The entire planned complex will protect a modest 10 percent of the valley's area.

Lands acquired for the refuge all come from willing sellers.

Appropriation of $5 million for fiscal year 2003 would allow purchase of approximately 10,000 acres in 2002–2003. This funding is critically important to protecting the highest priority wildlife habitats in the Nation.

The Lower Rio Grande Valley National Wildlife Refuge protects valuable remnants of eleven biotic communities. Land acquisition lags badly for four of these habitat types; purchases should focus on these. Top priority should be placed on the Chihuahuan thorn forest biome., also called Falcon Woodland, where less than 1 percent of the desired total acreage has been bought. This forest has great biological importance as a unique riparian zone and ecotone between the river and desert scrub. Birds found there include brown jay; green, ringed, and belted kingfishers; and ferruginous pygmy owl.

Two other under-represented habitat types are also found in Starr County—Upper Valley flood forest (43 percent of the targetted acreage acquired) and ramaderos (38 percent of the goal). A third is the Sabal palm forest in Cameron County (30 percent of the goal).

Acquiring land in Starr County is difficult for a variety of reasons, especially the complicated land titles. This is one explanation for the delay in spending funds appropriated to the Refuge. Other reasons have been slow processing of appraisals in the Regional office and disagreements about what prices to offer for lands that do not carry full water rights. The Regional director and his deputy are fully committed to finding solutions to the latter two problems, so we expect purchases can move ahead in the coming year—as long as funding is appropriated.

The investment in land acquisition at the Lower Rio Grande Valley NWR is quickly recouped by the increased economic activity stimulated by just one group of recreationists—birders.

Tourism is the third largest industry in Texas. Nature tourism is a rapidly growing segment of this industry. More than 65 million people nation-wide watch birds for recreation. Texans stand to benefit from increased birding and other recreational opportunities in the Valley because Texas is already the number one birding destination in the United States and the Rio Grande Valley is the number one birding destination in the state. More than 200,000 people watch birds or other wildlife in the Lower Rio Grande Valley every year. These visitors spend more than $100 million and create or sustain more than 2,000 jobs. It has been calculated that each rare bird sighting accounts for approximately $100,000 per year in spending locally.

Other public and private entities are committed to building up nature tourism in the Valley. In 1999, the Texas Parks & Wildlife Department issued a "sustainable ecotourism strategy" for the Lower Rio Grande Valley [1] that was developed in partnership with local communities. The TP&WD and local Chambers of Commerce inform visitors about prime wildlife sites, including those incorporated in the Great Texas Coastal Birding Trail. TP&WD will soon open the World Birding Center. At the Center's three main interpretation sites—at Mission, Brownsville, and Weslaco—and seven satellite sites, visitors will learn more about how best to enjoy the many natural and cultural treasures of the Valley. It is estimated that 100,000 visitors would stop at one or more units of the World Birding Center; and that they would generate $56 million in local expenditures, $1.7 million in local tax revenues, and over 930 new jobs. Another benefit would be distributing the economic gains more widely among towns in the Valley.

The Lower Rio Grande Valley needs the economic stimulus that nature tourism provide. The region is economically depressed, with unemployment chronically near 20 percent and a high proportion of residents living below the poverty level. Agriculture, which formerly dominated the economy, is in decline due to a prolonged drought, freezes that have discouraged the citrus industry, and other factors.

Paradoxically, the rapid expansion of housing, manufacturing, transshipment facilities, and other urban infrastructure are not solving the economic problems.

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[1] David R. Heil, T.L. Eubanks, M. Lindsay. World Birding Center. A Sustainable Ecotourism Strategy for Lower Rio Grande Valley of Texas. July 1, 1999. Economic Development Administration Grant #08–29–03147.

Furthermore, the increased recreational opportunities provided by the Lower Rio Grande Valley National Wildlife Refuge will contribute to a better quality of life for everyone. Already, the Refuge has opened 40,000 acres to the public for recreation; more will be opened as the management funding is appropriated. In addition to birding and canoeing, these acres are available for public hunting of deer, feral hogs, nilgai, and white-winged doves.

Completion of the Lower Rio Grande Valley NWR is critical to providing the open space and wildlife viewing opportunities underlying the ecotourism economic development strategy.

NATIONAL PARK SERVICE

PREPARED STATEMENT OF THE WILDERNESS SOCIETY

Mr. Chairman, The Wilderness Society (TWS) would like to thank you for the opportunity to provide recommendations and comments on the fiscal year 2002 Department of the Interior Appropriations bill. On behalf of the more than 200,000 members and supporters of TWS, I would like to focus our discussion on funding for the Land Conservation, Preservation and Infrastructure Improvement Fund, the historic bipartisan agreement formulated by this committee, and other appropriations issues related to the land management agencies.

LAND CONSERVATION, PRESERVATION AND INFRASTRUCTURE IMPROVEMENT FUND

Fiscal year 2003 represents the third year of the six-year funding agreement provided by the Land Conservation, Preservation and Infrastructure Improvement Fund (LCPII). This innovated conservation spending agreement was set up to provide dedicated funding for a broad menu of programs that address contemporary threats to our nation's natural and cultural heritage—loss of open space, wildlife habitat, wildlands, and cultural treasures threatened by uncontrolled urban sprawl and development. Over the past 2 years Congress has seen fit to honor its commitment to provide full funding for these conservation needs. We once again call upon the leadership of the Interior Appropriations Committee to provide and the dedicate amount of $1.44 billion to these accounts which includes a $120 million increase for fiscal year 2002 for these programs.

One of the most important funding priorities for The Wilderness Society is the Land and Water Conservation Fund. We strongly recommend the federal side of LWCF should be allocated $515 million in fiscal year 2003 to ensure each agency has enough funding for all of their acquisition needs. TWS recommends $120 million for Fish and Wildlife Service acquisitions for important wetlands, fish and wildlife habitat, and recovery of listed, endangered and threatened species. $148 million is need for National Park Service acquisition program. We believe this funding should be used only for acquisition of park land and not be passed through to states for their land acquisition projects. This has the serious effect of reducing the Park Service's ability to address their inholding needs. Furthermore, we recommend $85 million for critical habitat associated with wilderness, national monuments and other areas of importance management by the Bureau of Land Management. Finally, we recommend $160 million for acquisition of critical lands by the U.S. Forest Service. The state-side matching grant program of LWCF programs is recommended at $145 million.

Two other accounts that TWS strongly supports are the Forest Legacy Program, administered through the Forest Service, and the Urban Park and Recreation Recovery Program (UPARR). Forest Legacy provides grants to states to help private landowners preserve some of the more than half a million acres of working forest lands lost each year to development. TWS recommends $100 million for Forest Legacy for fiscal year 2003, an increase of $35 million over the previous year. UPARR addresses the needs of inner city recreation through grants and technical assistance to urban communities and is recommended at $35 million in fiscal year 2003, an increase of $5 million.

AGENCY APPROPRIATIONS RECOMMENDATIONS

The Carhart Wilderness Training Center is a United States federal government inter-agency training center devoted to training federal and state land managers who have wilderness management responsibilities. The Carhart Center addresses challenges in wilderness management, training, and education identified by wilderness managers all across the country. This vital training tool helps the dedicated men and women who work for our land management agencies receive the necessary

training and knowledge of how to effectively steward our national wilderness. Additionally, the center ensures that recent developments and tested practices in wilderness management are shared throughout the ranks of federal wilderness agencies. The Carhart Center is facing extreme underfunding in fiscal year 2003. TWS strongly recommends that all four of the land management agencies contribute adequate funding for the center to avoid drastic cuts in their facilities and training programs. Cuts would include reducing the number of courses the center can offer, eliminating opportunities for workstudy students, and reduction in basic administrative and office services. We strongly recommend that language associated with the Interior Appropriations bill directs each agency within the Department of Interior to contribute $180,000 and the Forest Service to contribute $235,000 to the Carhart Center for a total appropriation of $775,000 to support their critical funding needs.

U.S. FOREST SERVICE

The Forest Service manages more than 191 million acres of lands, including national forests, grasslands, and monuments, and 35 million acres in the National Wilderness Preservation System. These lands provide endless recreational opportunities for millions of Americans. Outdoor recreation contributes more to the U.S. economy than any other use of the National Forest System, producing 31 times more jobs and 38 times more economic benefits than logging. Despite the value of the land, many important conservation programs are chronically underfunded while programs that harm our national forests have traditionally received too much funding. TWS recommendations focus on three important accounts within the agency. Wildlife, Fish, Watershed and Atmospheric Sciences Research is recommended for a $25 million increase, bringing its total request to $76 million, $285 million for the Recreation, Heritage, and Wilderness Program is also recommended, an increase of $40 million, as well as $200 million for the Wildlife and Fisheries Habitat Management Program, an increase of $68 million.

A serious concern with the proposed fiscal year 2003 President's budget is a major reduction in the Forest Service Research and Development account. The President proposes $243.1 million for this program, which falls $24 million short of the necessary level for adequate funding. The President's funding recommendation will have the impact of significantly redirecting both funding and personnel in the Forest Service Research Program. Specifically, 16 research work units will be terminated, 10 regional locations will be closed, and 275 people will lose their positions. TWS strongly believes this program should be adequately funded at $292.1 million in fiscal year 2003 to prevent the further erosion of scientific capability within the FS.

TWS strongly oppose the creation of Charter Forests and their inclusion in the legislative language associated with the Interior appropriations bill. Our national forests are a cherished part of America's natural landscape and social fabric. Under a charter forest or trust arrangement, local interests and concerns would take priority, and non-local viewpoints would take a back seat. We believe that federal management of our public lands ensures the necessary accountability for their condition, but the plan to denationalize by creating charter forests would result in the exclusion of the public from the decision-making process. This proposal would result in the Forest Service surrendering its management responsibilities to local interests. It would effectively repeal a federal management policy that goes back more than 100 years and is codified in both the National Forest Management Act and Federal Land Planning Management Act. Turning control over to individual interests or individual states would fragment management discretion and reduce environmental safeguards.

FISH AND WILDLIFE SERVICE

The National Wildlife Refuge System passes a significant milestone when it celebrates its 100th anniversary in 2003. Unfortunately, the Refuge System is suffering under nearly $2 billion backlog in operations and maintenance. TWS acknowledges the committee's faithful and consistent efforts to improve funding for the system and we continue our collaborative work with the Cooperative Alliance for Refuge Enhancement to this end. We recommend $700 million for the Operations and Maintenance Program, an increase of $384 million, to carry out necessary repairs, new staff positions, and the development of Comprehensive Conservation Plans. We also strongly recommend funding the Endangered Species Program at $275.7 million, an increase of $150 million, to facilitate the Listing Program, Candidate Conservation, and Recovery Program.

NATIONAL PARK SERVICE

TWS continues to recommend the formation of a Wilderness Branch within NPS, as they are the conservators of the greatest amount of wilderness in the world. A $6 million budget would allow this new program to add among other things Wilderness Coordinators in each region, a full-time coordinator in each of the 75 parks with wilderness status and a much needed Director of Wilderness. TWS is grateful for the President's continued support of the National Resource Challenge, but an increase of $31 million is needed in this fourth and critical year of this program to bring its funding level to $80 million. We further recommend a $12 million to fund Rivers, Trails and Conservation Assistance Program, an increase of $4 million, and a total request of $4 million for the Soundscape Program. This program, which was established by Public Law 106–181, mandates the NPS to preserve and/or restore the natural soundscapes within the parks, as natural sounds are an intrinsic element of the park environment. This important new mandate has been plagued with profoundly insufficient funds, and must be fully supported to protect the natural resources of our parks. Park Operations is one area where significant increases are needed in order to adequately protect park resources. As a member of the steering committee for American for Our National Parks, we recommend an additional $280 million over the enacted fiscal year 2002 levels in park operations to protect the natural and cultural resources of the National Park System, bringing the NPS total budget to $1.76 billion.

BUREAU OF LAND MANAGEMENT

The Bureau of Land Management's 264 million acres of federal land are no longer valued solely for the resources extracted from them, but are being utilized by a much broader audience including recreation enthusiasts and those seeking solitude from the fast pace of the growing urban environments. BLM's National Landscape Conservation System (NLCS) was established to preserve and designate new areas to assure proper stewardship of the cultural and environmental values within these designations. Operational funding for this program is critically needed to provide basic visitor needs and to ensure resource protection in the 15 new National Monuments, 14 National Conservation Areas, 148 Wilderness Areas, 36 segments of Wild and Scenic River, and the 11 Scenic and Historic National Trails managed by BLM. Funding for NCLS operations in fiscal year 2002 was not increased from fiscal year 2001 despite the increased workload from the 19 newly established designations. To address resource protection and encourage scientific research, $70 million is needed in fiscal year 2003 for continued success. The BLM has a remarkable opportunity to highlight its new emphasis on land conservation through adequately funding the National Landscape Conservation System.

Resource Management Planning will continue to become an increasingly important program that provides management direction for emerging national issues such as urban growth and collaborative involvement. A significant increase in funding is required to ensure effective public participation and outreach for new planning starts. TWS recommends an increase of $50 million for Resource Management Planning in fiscal year 2003, an increase of $10 million.

Additionally, we encourage an increase of $15 million for the Integrated Weed Management Program, to fund the program at $24 million total, which stops the spread of invasive weeds that are causing the greatest accelerating adverse long-term health of the public lands.

PREPARED STATEMENT OF THE NATIONAL AUDUBON SOCIETY

Mr. Chairman, on behalf of over 1 million members and supporters of Audubon, thank you for the opportunity to testify on our recommendations for funding of specific programs and projects at the Department of the Interior and U.S. Forest Service that further our mission to protect birds, other wildlife, and their habitat.

EVERGLADES RESTORATION

We urge the Subcommittee to support the following funding needs for fiscal year 2003:

National Park Service Land Acquisition Assistance to the State of Florida should be increased by $20 million over the Administration's request to a total of $40 million in fiscal year 2003.—The Administration's request of $20 million amounts to only one percent of the estimated $1.8 billion cost to acquire the remaining lands needed for restoration. Approximately $1 billion of land should be acquired by the year 2006 in order to keep CERP implementation on schedule. While the State of Florida has

the primary responsibility for land acquisitions, the State needs federal assistance to acquire these lands quickly. South Florida continues to develop at a rapid pace and the price of real estate is increasing just as rapidly. If the purchase of the parcels targeted for acquisition is delayed due to lack of funding, the land needed to restore the Everglades may not be available or might only be available at a cost far exceeding the anticipated price. The integrity of the entire CERP rests on land acquisition.

We urge the Committee to fund USGS and NPS Everglades science programs at $13.13 million. We are concerned by the $1 million reduction of the U.S. Geological Survey's (USGS) budget for ongoing Everglades studies. Such proposed cuts would affect critical Everglades studies regarding the sheet flow of water across the Everglades, water quality, the levels of nutrients, mercury, and other contaminants, and the complex interaction of groundwater and surface water in South Florida. Research that directly supports implementation and monitoring of project effectiveness is vital to the success of CERP.

The budget must continue adequate funding for previously authorized programs whose performance assumptions have been included in the CERP. It is crucial to the successful and timely implementation of CERP that all components of the Modified Water Deliveries project be adequately funded and completed on schedule in 2003.

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. For fiscal year 2003, the DOI appropriations portion of LCPII should receive of $1.44 billion, an increase of $120 million for these programs.

Land and Water Conservation Fund (LWCF)

A critical component of the LCPII is the Land and Water Conservation Fund (LWCF). We urge this Committee to appropriate the full $900 million authorized for the (LWCF). Each year, we lose millions of acres of valuable habitat while bird and wildlife populations continue to decline. We must halt and reverse these destructive trends in order to provide a sound and reliable ecological infrastructure with which our nation can protect birds and other wildlife for future generations. Incorporating input from our 27 state offices and more than 500 chapters, we have developed a list of Audubon's priorities for funding under the LWCF for fiscal year 2003 which will follow this testimony.

State Wildlife Grants

The Administration's request of $85 million (for combined State and Tribal grants) short-changes the important conservation goals of the State Wildlife grants program. Audubon supports an increase in fiscal year 2003 of $70 million to $150 million. At a minimum, last year's funding level of $80 million for State Wildlife Grants should be maintained. We also urge the Committee to include $5 million for Tribal grants in addition to the above fiscal year 2003 so that this important work takes place everywhere our precious biological heritage is imperiled.

U.S. FISH AND WILDLIFE SERVICE (FWS)

National Wildlife Refuge System

As we approach the 100th anniversary of the National Wildlife Refuge System, Congress has before it an historic opportunity to celebrate a century of conservation while addressing the needs of a natural treasure that has been historically neglected and underfunded. Although the Refuge System has enjoyed renewed attention from Congress in recent years, it still faces a backlog of nearly $2 billion in unmet operations and maintenance needs. Hundreds of refuges have no staff and no visitor center, no signs, brochures or restrooms, no way to serve the public and no aid for resident wildlife populations. As a result, the Refuge System is largely unequipped to address a range of serious threats. Limited water supplies, invasive species, and water pollution threaten birds and wildlife on refuges across the country. Some of these refuges are failing to protect bird species that are federally-listed as threatened or endangered, or are listed on Audubon's Watch List of species that could be headed for extinction.

We urge you to appropriate an additional $100 million over the fiscal year 2002 budget for refuge operations and maintenance, as a down payment toward the long-term goal of eliminating the enormous backlog of needs facing our nation's refuges.

We urge the Committee to ensure that this additional funding does not come at the expense of the FWS land acquisition budget.

Neotropical Migratory Bird Conservation Act

The Neotropical Migratory Bird Conservation Act (NMBCA) should be funded at the fully authorized amount of $5 million for fiscal year 2003. The NMBCA restores and conserves the wintering habitats of neotropical migratory birds, thus helping to ensure that our songbirds will safely return to our backyards each spring. Of the 800 bird species known to occur in the United States, approximately 500 migrate among countries, the large majority of which are the neotropical migrants that winter in Latin America and the Caribbean.

Many neotropical migratory bird populations, once considered common, are in decline. Some have declined to the point that their long-term survival in the wild is in jeopardy. The primary reason for the decline in the populations of those species is habitat loss and degradation. Because neotropical migratory birds range across numerous international borders each year, their conservation requires the commitment and effort of all countries along their migration routes. The NMBCA established a fund which supports partnership programs to enhance habitat in the Caribbean and Latin America where neotropical migrants spend their winters. We strongly urge full funding of $5 million for NMBCA for fiscal year 2003.

Migratory Bird Management (MBM)

The FWS is responsible for the conservation, protection, and enhancement of populations and habitats of the nation's migratory birds. The FWS Migratory Bird Management (MBM) budget has been essentially flat for the last 10 years; any increases to the budget have been absorbed by salary increases and inflation. The FWS needs more employees, particularly biologists, to carry out its responsibilities to more than eight hundred species of migratory birds. Unfortunately the President's budget for fiscal year 2003 proposes to cut Migratory Bird Management by over $300,000. The actual cut to MBM is over $1 million when one includes the Duck Stamp Program that has been newly transferred to MBM at a cost of $575,000, and inflation and salary increases.

The FWS currently lacks reliable information on the status and distribution of the majority of migratory bird species. Increased funding is needed to enhance MBM's ability to conserve, protect and enhance populations and habitats of the nation's migratory birds by expanding the scientific basis for addressing migratory bird issues. This is critical to the successful implementation of on-the-ground management activities for the conservation of priority habitats for Birds of Conservation Concern and other migratory bird species and will allow the Service to better allocate its resources towards effective conservation initiatives.

We urge the Committee to increase funding for MBM by $14.9 million, for a total of $43.5 million, with funding broken down in the following categories: Landbirds: $10M; Shorebirds: $7.5M; Waterbirds: $5.0M; Waterfowl: $11M; and Survey Aircraft: $10M.

BUREAU OF LAND MANAGEMENT (BLM)

Managing for At-Risk Species and Habitats

We urge the Committee to increase the President's budget request for BLM Threatened and Endangered Species Programs to $38 million.

—Wildlife Habitat Management Activity will work to implement the executive order of Migratory Bird Conservation by enhancing migratory bird populations and their habitat. We urge that an additional $7 million be authorized for this program.

—Threatened and Endangered Species Management programs need an additional $6.1 million for direct conservation and management of at-risk species.

—Riparian Area Management focuses on improving and restoring critical components of migratory bird habitat in the western United States. This program desperately needs an additional $6.3 million.

These funds will give the agency the ability to implement some 200 necessary recovery activities for listed species, and to conserve other species to avoid the listing of new species. Many of the species found on BLM land are birds, which the Wildlife Habitat Management, the Threatened and Endangered Species Management, and the Riparian Management programs work to conserve.

U.S. GEOLOGICAL SURVEY (USGS)

Biological Research Division

Audubon urges the Committee to appropriate $207.4 million, a total increase of $36 million, to the USGS for the Biological Research Division. Funding at current levels for the BRD, let alone the Administration's proposed $6 million cut, is not fully adequate to meet the science needs of the Interior agencies and the complex, interrelated natural systems they must manage.

We recommend an increase of $6 million for the North American Bird Conservation Initiative (NCBCI). This program provides a framework for cooperation of partners involved in numerous plans for the conservation of neotropical migratory birds and other species. NABCI is critical to the support of bird conservation through regionally based, biologically-driven, landscape-oriented partnerships. The USGS helps meet these needs, and in particular, provides the scientific information necessary to support decision-making in avian conservation.

We recommend an increase of $12 million for the Invasive Species program. Invasive species endanger the survival of native species and ecosystems. The United States is particularly vulnerable to invasions due to its great variety of climates and habitats. According to a recent Cornell University study, invasive species cost the United States more than $138 billion annually. The USGS has an historic opportunity to lead federal efforts to combat invasive species. Several USGS activities are needed, including the development of an information system to track invasives; methods for early detection and monitoring of invasions; models for predicting invasions and identifying vulnerable habitats; research on specific species and their detection, eradication and containment; and a comprehensive assessment of invasive species on DOI lands.

U.S. FOREST SERVICE (USFS)

International Programs

Audubon strongly urges the Committee to increase the total budget for International Programs to $10 million. Projects under the Migratory Bird Conservation program work to protect, conserve, and restore the wetland and forest areas that the 300 species of birds which migrate to the Caribbean and Latin America rely on as critical habitat. Unfortunately, many of these birds are experiencing rapid population declines due mainly to the loss of that habitat throughout North and South America.

Several such species are currently listed under the ESA, but all face severe risks, including the Kirtland's Warbler, Swallow-Tailed Kite, Cerulean Warbler, Bicknell's Thrush, and the Mountain Plover. Without a vital increase of $3 million, to $4.2 million, Migratory Bird Conservation will not have the resources needed to assure that the federal government's interest in the stability of migratory bird populations is protected. Without such additional assistance, migratory bird species will likely continue to decline and may face extinction.

Wildlife, Fish, Watershed and Atmospheric Sciences Research (WFWAR)

We urge the Committee to give specific consideration to the importance of WFWAR, one of the four main components of the FS R&D program, which is grossly under-funded in the President's budget. Funding levels of $76 million will enable the Forest Service to carry out its crucial conservation research mission and to conduct critically important scientific research on threatened and endangered species, watersheds, wetlands, grasslands, and forests.

Thank you for providing us with this opportunity to testify on the budget requests for the Interior Department and U.S. Forest Service.

LAND AND WATER CONSERVATION FUND PRIORITIES, FISCAL YEAR 2003

Priority	State	Audubon request
Fish and Wildlife Service:		
Kenai National Wildlife Refuge	AK	$8,500,000
Don Edwards National Wildlife Refuge	CA	17,000,000
San Diego National Wildlife Refuge	CA	10,000,000
Stewart McKinney National Wildlife Refuge	CT	8,280,000
Archie Carr National Wildlife Refuge	FL	1,000,000
Florida Panther National Wildlife Refuge	FL	15,000,000
Lake Wales Ridge National Wildlife Refuge	FL	500,000
Pelican Island National Wildlife Refuge	FL	1,500,000
Savannah National Wildlife Refuge	GA	4,000,000

LAND AND WATER CONSERVATION FUND PRIORITIES, FISCAL YEAR 2003—Continued

Priority	State	Audubon request
Upper Mississippi National Wildlife & Fish Refuge	IL	2,000,000
Patoka River National Wildlife Refuge	IN	3,000,000
Marais des Cygne National Wildlife Refuge	KS	160,000
SE Louisiana National Wildlife Refuge Complex	LA	2,500,000
Wallkill River National Wildlife Refuge	NJ	3,000,000
Bitter Lake National Wildlife Refuge	NM	2,500,000
Bosque del Apache National Wildlife Refuge	NM	1,475,000
Wertheim National Wildlife Refuge	NY	1,000,000
Erie National Wildlife Refuge	PA	240,000
Lower Rio Grande Valley National Wildlife Refuge	TX	1,500,000
Dungeness National Wildlife Refuge	WA	500,000
Nisqually National Wildlife Refuge	WA	2,000,000
Ridgefield National Wildlife Refuge	WA	9,500,000
National Park Service: Great Sand Dunes National Park	CO	10,000,000
Forest Service: San Bernadino National Forest	CA	10,000,000

PREPARED STATEMENT OF THE GREATER YELLOWSTONE COALITION

As you prepare the fiscal year 2003 Interior Appropriations bill, we respectfully request an increase to the operating budget for the National Park Service by $172 million above the President's request; $280 million above the enacted fiscal year 2002 level.

Specifically, we request that you provide increased funding for the operations of Yellowstone National Park. America's first national park and its three million visitors each year are suffering from the impacts of insufficient funding:

NATURAL RESOURCES

The Park Service is unable to monitor Yellowstone's nonnative species, including lake trout. This fish is threatening the survival of the park's native cutthroat trout as well as the 42 bird and mammal species, including grizzly bear, that depend on the native trout for food. Recently introduced New Zealand mud snails are colonizing Yellowstone's waters at a rapid rate—endangering native aquatic species and the animals that depend on them. Yellowstone has never received sustained funding to minimize threats posed by invasive aquatic species. We ask that the Committee secure $400,000 in funding for this critically important program.

VISITOR EDUCATION

Expedition Yellowstone! is the park's residential education program, designed for students in grades 4–8 in Montana, Wyoming and Idaho. Due to funding limitations, the program currently serves less than .5 percent of eligible students. Yellowstone does not advertise the program, because the park already must turn away 66 percent of the classes that apply. Funding is needed to staff the program and to create appropriate educational facilities.

CULTURAL RESOURCES

Although less than 3 percent of Yellowstone has been inventoried for archeological sites, more than 1,100 sites have been documented in the park. These sites, representing more than 11,000 years of human presence, are at risk from natural erosion and vandalism. Yellowstone's archeological program has never received base funding and many sites have been irreparably damaged before they could be studied. $300,000 is needed to fund the park's archeology program.

As caretaker of our nation's most valued resources, the Park Service manages 385 sites throughout the country. It is responsible for more than 83 million acres of land, and protecting and preserving 168 threatened or endangered species, more than 80 million museum objects, 1.5 million archaeological sites, and 26,000 historic structures. The awe-inspiring natural, cultural, and historic attributes of these special places draw nearly 300 million visits annually.

While the operating budget of the national parks has increased in recent years, it has failed to keep pace with need. Research has shown that the Park Service's annual operating budget falls at least $600 million, or a third, of what is needed to operate the parks effectively and protect resources, and to provide a top-quality experience for visitors.

An increase of $280 million in the Park Service's operating budget this year is a critical step toward meeting the mission of the Park Service to preserve unimpaired the natural and cultural resources and values of the National Park System for the enjoyment, education, and inspiration of this and future generations.

On behalf of the Greater Yellowstone Coalition, I urge your support for increasing the operating budget of the National Park System so that our children—and our children's descendants—can enjoy the irreplaceable national treasures of Yellowstone National Park, and the entire National Park System.

PREPARED STATEMENT OF THE NATIONAL PARKS CONSERVATION ASSOCIATION

The National Parks Conservation Association (NPCA) is the only national nonprofit conservation organization that advocates exclusively for the national parks. Through public education, advocacy, and citizen outreach, NPCA works to protect, preserve, and enhance America's National Park System for present and future generations.

NPCA is pleased to share its views regarding the programs in the Department of Interior's budget that affect national park resources and requests that this statement be included in the hearing record for the fiscal year 2003 Interior and Related Agencies appropriations bill. We appreciate the opportunity to share with you our priorities for funding and we respectfully request the Committee consider these views as you shape the fiscal year 2003 budget.

NATIONAL PARK SERVICE OPERATIONS

A top priority for NPCA in the budget of the National Park Service is to significantly increase funding for the operations of the Park Service. NPCA is requesting an increase of $280 million over the current fiscal year 2002 spending levels, $172 million above the President's request, for a total of $1.81 billion in fiscal year 2003 for the operation of the National Park System.

As you know, the Park Service has a tremendous responsibility as caretaker of some our nation's most valued natural, cultural, and historic resources, managing 385 sites throughout the country. The operations budget of the NPS is critical to enable the Park Service to meet its mission to preserve unimpaired the natural and cultural resources and values of the National Park System for the enjoyment, education, and inspiration of this and future generations. As the President's fiscal year 2003 budget justifications states, "The primary source of funding for accomplishing this mission is the park operating base. The park-operating base allows the core mission responsibility of the parks to be accomplished."

While Congress has regularly increased the operating budget of the Park Service, it has failed to keep pace with increased needs of the parks. During the past 4 years, a series of detailed park studies by NPCA and the National Park Service have revealed an average 32 percent shortfall in operations funds needed to enable the Park Service to fulfill its mission and operate the parks effectively. This figure translates to a shortfall of approximately $600 million for the entire National Park System. An increase of $280 million in the park's operating budget this year represents a reasonable and manageable amount, and a critical step toward fulfilling the mission of the Park Service.

NATURAL RESOURCES CHALLENGE

NPCA strongly supports the Administration's continued commitment to fund the Natural Resources Challenge—a multi-year program to preserve and protect the natural resources of the national parks. This program calls for expanded natural resources inventory programs to give the Park Service critically needed information for resource management within the parks. NPCA requests an increase of $31 million above enacted fiscal year 2002 level, for a total of $80 million in fiscal year 2003 to keep the Challenge on tract to meet its 5-year $100 million goal.

Land Acquisition

Mojave National Preserve, CA.—We request $2 million, $1 million above the President's fiscal year 2003 budget, is requested to purchase approximately 4,000–6,000 of the nearly 150,000 acres of privately held lands in the Preserve. Established in 1994 by the California Desert Protection Act, Mojave National Preserve encompasses 1.6 million acres of unique landscapes at the intersection of the Mojave, Sonoran, and Great Basin deserts, including the world's largest forest of Joshua Trees and the famous 500-ft high Kelso Dunes. Almost half of the park is designated wilderness, allowing for the preservation of a wide variety of plant and wild-

life species, including tortoises and bighorn sheep and more than 200 species of birds.

Obed Wild and Scenic River, TN.—We request $1.5 million in fiscal year 2003 to acquire approximately 1,000 acres of inholdings within the Obed Wild and Scenic River corridor in Tennessee. The Obed is one of the few free-flowing streams of its type remaining in the entire six-state Cumberlands region, and is the only National Wild and Scenic River in Tennessee. Significant development pressure has emerged as a primary threat as private landowners consider increasing offers for their property.

Petrified Forest National Park, AZ.—We request $5 million in fiscal year 2003 as a down payment to complete the purchase of private lands next to the park from willing sellers. The Arizona delegation is expected to introduce legislation this year to expand the boundaries of Petrified National Forest. A significant portion of lands within the proposed expansion area currently are in private or state ownership. Acquiring this land of nationally significant paleontological, archeological and scenic resources is important to the long-term protection of these valuable resources.

Valley Forge, PA.—We request $8 million in fiscal year 2003 to begin the purchase a portion of the approximately 300 acres within the park boundary that remains privately-owned and threatened by development. This is $6 million above the President's request.

Established on the 4th of July, 1976, Valley Forge National Historical Park preserves, protects, and maintains the cultural and natural resources associated with the encampment of Gen. Washington's Continental Army. Spanning over 3,400 acres, Valley Forge NHP preserves the history of the American Revolution through 190 historic structures and more than 600 archeological sites, various wetlands, grasslands, woodlands, and wildlife, including over 200 species of birds and several state-listed rare plants.

NATIONAL UNDERGROUND RAILROAD NETWORK TO FREEDOM

$1 million is requested in fiscal year 2003 for the National Underground Railroad Network (UGRR) to Freedom program. $500,000 is requested for operations of the program, and $500,000 for National Underground Railroad to Freedom Grants.

The National Underground Railroad Network to Freedom program, authorized by Congress in July 1998, incorporates the broadest range of elements possible to tell the story of the Underground Railroad. It is comprised of a diverse collection of historic sites, facilities and programs that have a verifiable association to the Underground Railroad. The grant program, which was authorized by Congress on October 11, 2000, amends the National Underground Railroad Network to Freedom to grant the Secretary of the Interior authority to make grants in accordance with this section for the preservation and restoration of historic buildings or structures associated with the Underground Railroad, and for related research and documentation to sites, programs, or facilities that have been included in the national network. The grant program was authorized at $2.5 million.

The Park Service has already begun to accept UGRR sites and programs in to the Network to Freedom. Many of the sites and structures of the UGRR have been lost to time, ignorance, and circumstance, and a vast number of the remaining site are in imminent danger of being lost to us forever. Most of these sites are in traditionally African-American neighborhoods, which were more subject to urban renewal and so may not have retained their historical integrity. The UGRR grant program is critically needed to enable the National Park Service to address these needs and preserve these important places for future generations.

NATIONAL PARK MARINE RESERVES MONITORING

We request $3.2 million in fiscal year 2003 to implement a long-term monitoring program in the Dry Tortugas, Biscayne and Virgin Islands National Parks and Buck Island National Monument. Marine reserves are being established to save our ocean resources, such as coral reefs. A long-term monitoring program is critical to the management of these marine reserves. The data this monitoring program would produce is critically needed to augment other data collected at National Marine Sanctuaries, and to help manage, evaluate, and design current and future Marine Protected Areas.

PREPARED STATEMENT OF GREATER YELLOWSTONE COALITION; WESTERN NATIVE TROUT, TROUT UNLIMITED; FEDERATION OF FLY FISHERS; NATIONAL PARKS CONSERVATION ASSOCIATION; AMERICAN WILDLANDS; MONTANA COUNCIL TROUT UNLIMITED; WYOMING COUNCIL TROUT UNLIMITED; MONTANA WILDLIFE FEDERATION; AND WYOMING WILDLIFE FEDERATION

On behalf of the undersigned fishing and conservation groups, I am writing to ask for your assistance in protecting one of Yellowstone National Park's most treasured natural assets—the native cutthroat trout fishery in Yellowstone Lake and the Upper Yellowstone River.

As you may be aware, Yellowstone National Park biologists discovered in 1994 that non-native lake trout were illegally introduced into Yellowstone Lake in the mid-1980s. A blue ribbon panel of scientists subsequently convened by the park determined that if the lake trout population was allowed to expand unchecked, the lake's native cutthroat trout population would likely decline by 90 percent. Not only would this have catastrophic ecological impacts—42 bird and wildlife species have been found to depend on the lake's cutthroat trout as an important seasonal food source—but it would also have significant economic impacts on nearby gateway communities such as Gardiner and West Yellowstone, Montana where sportfishing generates millions of dollars in revenue and helps to sustain hundreds of jobs. A 1994 economic study found that the cutthroat fishery in Yellowstone Lake and its tributaries was worth an estimated $36 million. If that fishery were to crash due to the lake trout invasion, it would result in a staggering economic loss of $640 million over 30-years.

Currently, the Park Service is doing everything it can to keep Yellowstone Lake's lake trout population in check. Last year, the park purchased a commercial fishing boat that has allowed park crews to implement an aggressive lake trout gillnetting program. This program, which costs approximately $100,000 per year to run, has proven very successful at removing lake trout. The goal of the program is to reduce the lake trout population by half each year. Unfortunately, because it would be impossible to ever totally eradicate lake trout from Yellowstone Lake, this program must continue indefinitely.

The reason we are writing you now is because the funding that Yellowstone National Park has used for lake trout control expires in September 2002, and President Bush has not requested money for this program in his 2003 budget. Consequently, we respectfully ask that you help to secure funds for this critically important program. An appropriation of $400,000 would allow the park to redouble its efforts to protect Yellowstone Lake's valuable cutthroat fishery for the next 4 years.

If you would like me to send you any informational materials in addition to the enclosed report to the Director of the National Park Service, please let me know. Likewise, please don't hesitate to contact me if you have any questions. Thank you in advance for helping to protect this priceless piece of America's natural heritage.

PREPARED STATEMENT OF THE PARTNERSHIP FOR THE NATIONAL TRAILS SYSTEM

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 22 national scenic and historic trails for fiscal year 2003 through these appropriations:

—*National Park Service*.—$10.901 million for the administration of 17 trails and for coordination of the long-distance trails program by the Washington Park Service office.

—*USDA Forest Service*.—$2.689 million to administer four trails and $750,000 for portions of 13 trails managed through agreements with the Park Service and Bureau of Land Management; Construction: $1.8 million for the Continental Divide Trail, $600,000 for the Florida Trail and $862,000 for the Pacific Crest Trail.

—*Bureau of Land Management*.—$900,000 to administer the Iditarod National Historic Trail, $587,000 to administer the Camino Real de Tierra Adentro National Historic Trail, and $4.03 million for the portions of 9 trails managed through agreements with the Park Service and Forest Service; $385,000 for the Iditarod Trail interpretive center feasibility study.

—We ask that you appropriate $7.5 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 $2.5 million (approximately $830,000) for the other 16 national scenic and historic trails it administers.

—We ask that you appropriate $1.253 million to the National Park Service National Center for Recreation and Conservation to support an 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*.—$5 million to acquire land for the Pacific Crest Trail, $6 million to acquire land for the Florida Trail, $5.6 million to acquire land for the Appalachian Trail in Georgia and Tennessee, $1 million to acquire land for the Lewis & Clark Trail in Idaho and Montana;

—*to the Bureau of Land Management*.—$1 million to acquire land for the Pacific Crest Trail, $584,000 to acquire easements for the Continental Divide Trail in Wyoming, $2 million to acquire land for the Lewis & Clark Trail in Idaho and Montana, $800,000 to acquire land for the Juan Bautista de Anza Trail in Arizona, $200,000 to acquire sites along national historic trails in Wyoming;

—*to the Park Service*.—$4 million to acquire land for the authorized interpretive site for the Ice Age National Scenic Trail;

—$3 million to the State of Wisconsin to match state funds to acquire land for the Ice Age Trail.

NATIONAL PARK SERVICE

We request $1.253 million to fund the first year of a 5 year interagency effort to develop a consistent GIS for all 22 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 $10.901 million we request for Park Service operations includes increases for many of the trails that will continue the progress and new initiatives made possible by the $975,000 funding increase provided for nine of the trails in fiscal year 2001. $224,000 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 $280,000 will enable the Park Service to begin managing the two new national historic trails—Ala Kahakai and El Camino Real de Tierra Adentro—the latter administered cooperatively with the Bureau of Land Management. These funds will provide full-time management and support projects for each of these trails.

We request an increase of $50,000 for the Overmountain Victory Trail to enable the Overmountain Victory Trail Association to continue and expand the first comprehensive survey of historically significant sites along the trail and plan for their preservation. An increase of $52,000 will fund interpretive projects and the trail corridor study along the Potomac Heritage Trail in Washington, D.C. The increase of $249,000 requested for the Appalachian Trail will strengthen Park Service law enforcement capability and its collaborative resource management programs with the Appalachian Trail Conference.

We request an increase of $325,000 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. We also request an increase of $112,000 to expand cooperative interpretation with schools and Latino communities along the Juan Bautista de Anza Trail. An increase of $250,000 for the Trail of Tears will enable the Park Service to work cooperatively with the Trail of Tears Association to protect the Trail's critical historical and cultural heritage sites and interpret them for visitors. The $150,000 increase we request for the interagency Salt Lake City Trails office will enable the Park Service to collaborate with CALTRANS to mark the California and Pony Express Trails auto routes and with the BLM and Forest Service to revise the feasibility studies for these and Oregon and Mormon Pioneer Trails.

We request $2 million to 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 $780,000 we request will give them that ability for the first time while also providing greater support for the 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 Ice Age Park & Trail Foundation has pioneered in using a Geographic Information System (GIS) to map and record the many natural and cultural resources comprising the 1,200 mile Ice Age Trail. This work has been supported by private and Park Service funding and equipment and office space provided by the Wisconsin Department of Natural Resources. The $999,000 we request will enable the Park Service to expand this GIS capability to 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 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 $7.5 million in Challenge Cost Share funding to the Park Service for fiscal year 2003 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 $2.5 million for the national scenic and historic trails to continue the steady progress toward making these trails fully available for public enjoyment.

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 $2.689 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 3 years, to close several major gaps in the Florida National Scenic Trail. The Florida Trail Association is building Trail across Eglin Air Force Base, in the Ocala National Forest, Big Cypress National Preserve and along Lake Kissimmee, adding about 100 miles to the completed Florida Trail. The Partnership requests an additional $600,000 for trail construction in fiscal year 2003 by the Forest Service on these and other segments of the Florida Trail and an additional $600,000 to support a land acquisition team to continue purchasing land to close gaps in the Trail.

The Continental Divide Trail Alliance, with Forest Service assistance and funding from the outdoor recreation industry, surveyed the entire 3,200 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 $500,000 to plan 190 miles of new trail and $1.8 million to build or reconstruct 160 miles of the Continental Divide Trail and 3 new Railheads in fiscal year 2003.

A Forest Service lands team is working with the Pacific Crest Trail Association and the Park Service National Trail Land Resources Program Center to map and acquire better routes for the 300 miles of the 2,650 mile Pacific Crest Trail located on 227 narrow easements across private land or on the edge of dangerous highways. We request $250,000 to continue the work of the lands team and $114,000 for Optimal Location route planning. We also request $862,800 for new trail construction

and reconstruction of fire-damaged bridges along the PCT by the Forest Service and the Pacific Crest Trail Association in fiscal year 2003.

BUREAU OF LAND MANAGEMENT

While the Bureau of Land Management has administrative authority only for the Iditarod and El Camino Real de Tierra Adentro 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 2003 $900,000 for the Iditarod National Historic Trail, $587,000 for El Camino Real de Tierra Adentro National Historic Trail and $4,030,000, 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 $2 million for construction of the California Trail Interpretive Center in Elko, Nevada, $100,000 for maintenance of the Pacific Crest Trail, and $385,000 for a feasibility study for the Iditarod Trail interpretive center.

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 #2. The funding we request for the Florida and Pacific Crest National Scenic Trails will continue acquisition underway by the Forest Service. The first tracts to help close gaps in the Florida Trail have been acquired with LWCF money provided in previous years. Necessary Optimal Location Planning and appraisal work have been completed for acquisition to begin in earnest for the Pacific Crest Trail. The requested funding for the Appalachian National Scenic Trail will help complete its protection in Tennessee and Georgia.

The $584,000 requested for the Bureau of Land Management to acquire easements for the Continental Divide National Scenic Trail will help close the remaining major gap in the Trail in Wyoming.

The National Park Service has acquired the first of the several parcels that comprise the authorized interpretive site for the Ice Age National Scenic Trail with previous year's LWCF funding. The money requested for fiscal year 2003 will fund purchases now under negotiation with willing sellers.

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 millions of dollars to help conserve the resources of the Ice Age National Scenic Trail. With fiscal year 2001 LWCF funding, matched more than 2:1 by State funds, Wisconsin has purchased 5 parcels and now has another 16 parcels under appraisal or option to purchase. The requested $3 Million Land and Water Conservation Fund grant to Wisconsin will continue this very successful Federal/State partnership for protecting land for the Ice Age Trail.

The essential funding requests to support the trails are detailed in Attachment #2.

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 2001 the trail organizations channeled 621,615 hours of documented volunteer labor valued at $9,566,652 to help sustain the national scenic and historic trails. This is a 5 percent increase over the volunteer labor reported for 2000. The organizations also applied private sector contributions of $6,652,079 to benefit the trails. These contributions are documented in Attachment #1.

ATTACHMENT 1.—CONTRIBUTIONS MADE IN 2001 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	186,475	$2,869,850	$4,200,000
Continental Divide Trail Society	[1] 1,500	23,085	.....
Continental Divide Trail Alliance	[1] 30,700	472,473	420,000
Florida Trail Association	59,496	915,643	167,000
Ice Age Park & Trail Foundation	70,364	1,082,902	314,615
Iditarod National Historic Trail, Inc.	[1] 17,900	275,481	[1] 75,000
Heritage Trails/Amigos De Anza	.....	.....	.....
Juan Bautista De Anza Trail	.....	.....	.....
Anza Trail Coalition of Arizona	3,041	46,801	.....
Lewis & Clark Trail Heritage Foundation	[1] 28,733	442,201	223,330
Mormon Trails Association	8,236	126,752	12,700
Iowa Mormon Trails Association	[1] 2,003	30,826	[1] 6,000
Natchez Trace Trail Conference	[1] 2,883	44,369	[1] 3,000
National Pony Express Association	23,115	355,740	118,621
Pony Express Trail Association	4,799	73,856	20,785
Nez Perce Trail Foundation	[1] 1,350	20,776	.....
North Country Trail Association	26,325	405,142	225,461
Oregon-California Trails Association	50,021	769,823	303,902
Overmountain Victory Trail Association	9,963	153,330	12,195
Pacific Crest Trail Association	40,005	615,677	352,370
Potomac Trail Council	[1] 2,350	36,166	66,900
Santa Fe Trail Association	[1] 19,500	300,105	68,200
Trail of Tears Association	32,856	505,654	62,000
Totals	621,615	9,566,652	6,652,079

[1] Estimate.

ATTACHMENT 2.—PARTNERSHIP FOR THE NATIONAL TRAILS SYSTEM, REQUESTED FISCAL YEAR 2003 APPROPRIATIONS FOR THE NATIONAL TRAILS SYSTEM

Agency/trail	Fiscal year 2002 cong. approp. request	Fiscal year 2003 admin. request	Fiscal year 2003 partners request	Project/programs possible with increased funding
Park Service:				
Ala Kahakai	$180,000	$180,000	$180,000	Begin preparation of Comprehensive Management Plan for new trail;
Appalachian	1,042,000	1,045,000	1,294,000	Increased law enforcement and resource management by NPS Park staff and increased support for volunteer-based trail and land management guided by ATC;
Natchez Trace	26,000	26,000	250,000	Planning & building new trail & bridges; backlog maintenance with NTTC & SCA;
El Camino Real	.....	.....	100,000	Begin collaborative management of new trail with Bureau of Land Management;
California	201,000	201,000	351,000	Four Trails interagency MOU collaboration field trial; Enhance Four Trails GIS database; Mark and interpret additional auto tour routes with California DOT;
Ice Age	499,000	500,000	999,000	Trail corridor and acquisition planning and GIS mapping; Support for Trail construction, maintenance and resource management by IAP&TF & local agencies;
Juan Bautista de Anza	188,000	188,000	300,000	Coordination of Trail site protection, interpretation & development projects with local agencies & organizations; Outreach to schools and Latino communities;
Lewis & Clark	1,731,000	1,734,000	3,734,000	Planning, coordination & support for local Bicentennial projects and "Corps II";
Mormon Pioneer	128,000	128,000	128,000	Four Trails interagency MOU collaboration field trial; Enhance Four Trails GIS database; Interpret additional auto tour routes;
North Country	550,000	550,000	780,000	Assistance to States to establish new trail segments and to preserve continuity and scenic integrity of the Trail; Increased trail construction and management by NCTA
Oregon	215,000	215,000	215,000	Four Trails interagency MOU collaboration field trial; Enhance Four Trails GIS database; Interpret additional auto tour routes;
Overmountain Victory	136,000	136,000	186,000	Fulltime trail administration; new route signs & interpretive exhibits; mapping Trail sites for protection inventory, and archaeology in Cherokee County, North Carolina;
Pony Express	181,000	181,000	181,000	Four Trails interagency MOU collaboration field trial; Enhance Four Trails GIS database; Interpret additional auto tour routes;
Potomac Heritage	198,000	198,000	250,000	Assistance to local agencies & organizations for planning & educational projects;
Santa Fe	[1] 590,000	[1] 594,000	919,000	Cultural resource preservation, design & distribute interpretive media with partners;
Selma to Montgomery	261,000	261,000	261,000	Comprehensive management plan developed and trail interpretation begun in collaboration with citizen support organizations & local agencies;
Trail of Tears	248,000	248,000	498,000	Preserve & interpret critical Trail sites & provide new visitor facilities with TOTA;
NTS–Washington Office	220,000	220,000	275,000	Program coordination and special projects funding
National Trails System	6,594,000	6,605,000	10,901,000	Total National Trails System operations funding
Challenge Cost Share	[2] 6,980,000	[3] 6,980,000	7,500,000	$5 M for Lewis & Clark; one-third of remaining $2.5 M for rest of National Trails System

ATTACHMENT 2.—PARTNERSHIP FOR THE NATIONAL TRAILS SYSTEM, REQUESTED FISCAL YEAR 2003 APPROPRIATIONS FOR THE NATIONAL TRAILS SYSTEM—Continued

Agency/trail	Fiscal year 2002 cong. approp. request	Fiscal year 2003 admin. request	Fiscal year 2003 partners request	Project/programs possible with increased funding
Interagency GIS Pilot Project	([4])	.....	[5] 1,253,0005	Development of GIS for National Trails System starting with Ice Age, Florida, Appalachian, Oregon-California, Mormon Pioneer & Pony Express Trails;
BLM:				
Iditarod Trail	516,000	266,000	900,000	Coordination and support for collaborative management with other Federal agencies, Iditarod Trail organizations and State of Alaska; bridges and cabins;
El Camino Real	465,000	587,000	587,000	Collaborative trail planning ($172,000) and management with National Park Service;
Continental Divide	455,000	455,000	455,000	Marking 230 miles of CDT in Wyoming; Interagency management collaboration;
Pacific Crest	65,000	65,000	65,000	PCT maintenance in California; Interagency management collaboration;
Juan Bautista de Anza	160,000	160,000	160,000	Interpretive exhibits for Anza Trail at Painted Rock, Arizona;
California	150,000	150,000	150,000	California Trail resource inventories in Wyoming and California;
Lewis & Clark	2,765,000	2,765,000	2,765,000	Lewis & Clark Bicentennial preparations in Idaho and Montana;
Mormon Pioneer	65,000	65,000	135,000	
Nez Perce	40,000	40,000	90,000	Lewis & Clark Bicentennial preparations in Idaho and Montana;
Oregon	130,000	130,000	130,000	Interagency management collaboration;
Pony Express	80,000	80,000	80,000	Archaeology at Little Sandy and Dry Sandy Pony Express Stations, Wyoming and marking 120 miles of Pony Express Trail in Nevada;
National Trails System	4,891,000	5,013,000	5,517,000	Total National Trails System operations funding.
Iditarod Trail	.....	.....	385,000	Feasibility study for Iditarod Trail Interpretive/visitor Center.
Construction of:				
California Trail Interpretive Center—NV	2,000,000	.....	2,000,000	Continued funding for construction of California National Historic Trail interpretive center in Elko, Nevada.
Pacific Crest Trail	.....	.....	100,000	Annual maintenance of sections of the Pacific Crest Trail on BLM land.
Forest Service:				
Continental Divide	370,000	.....	870,000	Assumption of 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 $500,000 for planning 190 new miles of CDT; $250,000 for land acquisition team and $114,000 Optimal Location Planning for PCT; $600,000 for land acquisition team for Florida Trail;
Florida	300,000	.....	900,000	
Pacific Crest	695,000	.....	584,000	
Nez Perce Trails	335,000	.....	335,000	
Total Forest Service	[6] 1,700,000	1,000,000	2,689,000	

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.	650,000	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, make improvements and provide liaison for collaborative management of the North Country Trail with National Park Service;
Continental Divide Trail	1,000,000	.....	1,800,000	Trail construction projects along the Continental Divide Trail: 80 miles of new trail, 82 miles of trail reconstruction and 3 new Trailheads;
Florida Trail	500,000	.....	600,000	Trail construction projects in Eglin Air Force Base, Ocala National Forest, Big Cypress National Preserve and along Lake Kissimmee;
Pacific Crest Trail	.....	.....	862,800	Trail construction projects along the Pacific Crest Trail, including reconstruction of fire and storm damaged bridges and structures in California and Washington;
National Trails System	3,850,000	1,350,000	6,701,800	Total: National Trails System funding
Nat. Forest System Trail Maintenance	40,434,000	.....	.....	Trail maintenance throughout the National Forest System.
Nat. Forest System Trail Construction	26,955,000	.....	.....	New trail construction and trail re-construction throughout the National Forest System.
Nat. Forest System Capital Improvement & Maintenance—Trails.	70,075,000	73,000,000	100,000,000	Trail maintenance and new trail construction throughout the National Forest System.

LWCF for trails	Fiscal year 2002 cong. approp.	Fiscal year 2003 admin. request	Fiscal year 2003 Partners request	Projects possible with LWCF appropriation
LWCF grant—FS Pacific Crest	$2,000,000	$3,000,000	$5,000,000	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—BLM Pacific Crest	.....	.....	1,000,000	BLM acquisition of lands in California to preserve the continuity and scenic integrity of the Pacific Crest Trail.
LWCF grant—FS Florida	4,000,000	500,000	6,000,000	USDA—Forest Service acquisition of lands to protect 62 miles of threatened Florida Trail corridor and connect trail segments across private land between National Forests, St. Marks Wildlife Refuge & Eglin Air Base and in central Florida.
LWCF grant Ice Age—Wisconsin [7]	.....	.....	3,000,000	Assistance provided to State of Wisconsin to protect threatened Ice Age Trail corridor and connect trail segments across private land in Dane, Chippewa, Columbia, Polk, Portage, Walworth, Washington, Waupaca and Waushara Counties.
LWCF grant—NPS Ice Age	3,000,000	.....	4,000,000	NPS will purchase one interpretive site for the Ice Age Trail.
LWCF grant—FS Appalachian	.....	5,600,000	5,600,000	USDA—Forest Service acquisition of part of Rocky Fork Tract (''Tennessee Mountains'')—Cherokee NF—and Springer Mountain (Little Glover) Tract (''Georgia Mountains'')—Chattahoochee N.F.
LWCF grant—BLM Continental Divide	320,000	536,000	584,000	BLM acquisition of easements for the Continental Divide Trail in Wyoming.
LWCF grant—FS Lewis & Clark	1,500,000	1,000,000	1,000,000	USDA—Forest Service acquisition of land along the Lewis & Clark Trail in Idaho and Montana.
LWCF grant—BLM Lewis & Clark	1,000,000	2,000,000	2,000,000	BLM acquisition of land along the Lewis & Clark Trail in Idaho and Montana.

LWCF for trails	Fiscal year 2002 cong. approp.	Fiscal year 2003 admin. request	Fiscal year 2003 Partners request	Projects possible with LWCF appropriation
LWCF grant—BLM National historic trails	.....	200,000	200,000	BLM acquisition of land to protect sites along national historic trails in Wyoming.
LWCF grant—BLM Juan Bautista de Anza	.....	800,000	800,000	BLM acquisition of land at Sears Point Area of Critical Concern along the Juan Bautista de Anza Trail in Arizona.
Total	11,820,000	13,636,000	29,184,000	

[1] Includes $261,000 for operations of Santa Fe Park Service office, not related to the Santa Fe Trail.
[2] Includes a $2 million increase over fiscal year 2001 funding earmarked for Lewis & Clark Bicentennial projects. One-third of the remaining funds (about $664,000 of $1.987 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] Congress tells NPS to report on progress of GIS development and future funding needed by January 31, 2001 and to request increased GIS funding for fiscal year 2002.
[5] Funding request reflects budget detailed in Park Service GIS report delivered to Congress in January 2002.
[6] Appropriation includes: $1.5 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 and $200,000 for maintenance of the Pacific Crest Trail.
[7] This would be a grant to the State of Wisconsin to be matched at least 1:1.

PREPARED STATEMENT OF THE BIG SKY BREWING CO.; INTERNATIONAL WILDLIFE FILM FESTIVAL; NORTHERN ROCKIES ETHNOBOTANY CENTER; AND THE MOUNTAIN VIEW VENTURES

Last year an event of unprecedented terror occurred on our soil. It shook the confidence of air travelers significantly. It also added instability to an already uncertain national economy. Prior to the events of September 11, 2001, I was involved with a committee to create a new National Park Unit, whose headquarters would be in Missoula, Montana. The Ice Age Floods National Geologic Trail has been being researched and discussed for over a decade by many dedicated individuals. The final Study of Alternatives and Environmental Assessment for the Ice Age Floods was printed and released in February 2001, and given to Secretary Norton the first week of September. The events of September 11 have probably changed the time-table for any new unit of the National Parks. However, our current Parks are in desperate need of repair and renovation. America is probably going to see a significant increase in domestic travel for the next few years, in part because of September 11, the Bicentennial of the Lewis and Clark Expedition, and the general aging of the Baby Boom generation. Our parks need help right now to be able to withstand the onslaught and President Bush promised to rebuild the National Parks in May of 2001.

"My administration will make a major investment in our national parks to preserve the legacy of protection for future generations. We will spend $5 billion over 5 years to clean up the backlog in maintenance, and make our parks more inviting and acceptable to all citizens."——President George W. Bush, in announcing the National Parks Legacy Project. Giant Forest Museum, Sequoia National Park, California, May 30, 2001.

I am committed to doing what I can to see to it that the people hold him to his promise. The idea that we can't have "guns and butter" is an excuse that came from America's past. Two generations ago that was the case, it is not now. Rather than give big corporations further tax relieve, the President and his cabinet need to put the people of America first. Congress needs to hold the President accountable on his promise to the people that he will put a real and significant effort into rebuilding America's recreational resources. This, too, is in the best interest of the American people during a time of crisis.

President Bush has shown himself not to be humble as he promised during his campaign, he has chosen to go forward against popular opinion and refuse to support International Treaties, both military and otherwise. He has a tenuous at best hold on the Senate and House with regards to domestic affairs. I urge everyone on Capitol Hill to support a full commitment to reinvesting in America's recreational landscape. America's National Parks are the cornerstone of conservation. The Republican Party has abandoned it conservative roots in favor of Corporate Politics. Theodore Roosevelt dedicated the Northern Entrance to the World's first National Park in Gardiner, Montana in 1903. Richard Nixon signed the Endangered Species Act in 1973. The best thing that George W. Bush can do right now to restore faith is rebuild the parks that his Party worked to create.

I join hundreds of millions of Americans every year in visiting at least one of our National Park units. I urge you to ask the President to uphold his campaign promise and fund the National Parks to allow them to continue to be the best in the World. America deserves this reinvestment in its cultural and social fabric.

I hope that you understand that the majority of people want the parks protected and that you will vote the will of the people.

PREPARED STATEMENT OF AMERICANS FOR NATIONAL PARKS

Americans for National Parks is a growing coalition of people who care deeply about these awe-inspiring places. Today, we have 175 members, including nonprofit organizations, private businesses, government municipalities, and trade associations, working together to encourage Congress and the administration to address the needs of the National Park System.

Americans for National Parks is pleased to share its views regarding the programs in the Department of Interior's budget that affect national park resources and requests that this statement be included in the hearing record for the fiscal year 2003 Interior and Related Agencies appropriations bill. We appreciate the opportunity to share with you our priorities for funding and we respectfully request the Committee consider these views as you shape the fiscal year 2003 budget.

Americans for National Parks requests an increase of $280 million over the current fiscal year 2002 spending levels, $172 million above the president's request, for

a total of $1.81 billion in fiscal year 2003 for the operation of the National Park System.

As you know, the National Park Service has a tremendous responsibility as caretaker of our nation's most valued natural, cultural, and historic resources—managing 385 sites throughout the country. How many among us have explored a rocky trail at Zion? Looked for finbacks surfacing beyond Acadia's Bass Harbor Light? Camped in Yosemite; discovered the ruins at Mesa Verde; paddled the Chattahoochee River; or watched the sun set over a forest of saguaro cactus?

How many? Nearly 300 million each year! Americans do love our national parks. But the parks are in jeopardy, struggling to operate with only two-thirds of the funding needed.

While Congress has regularly increased funding for the Park Service, the budget has failed to keep pace with need. The experience of millions of park visitors, as well as the plants, wildlife, and cultural and historical artifacts preserved in our national parks, is threatened by insufficient funding.

At Acadia National Park, in Maine, for example, despite the best efforts of park staff, endangered species go unmonitored, education programs have been cut, and private vehicles crowd the narrow roadways and cause parking problems and pollution. All because the park's annual budget is half the required amount.

Examples of the dire needs of the national parks can be found across the system: At Great Smoky Mountains National Park, a small staff of preservationists is struggling to preserve the park's many historic structures. One out of every four schools is denied access to Gettysburg's educational programming. The Grand Canyon—one of the geological wonders of the world—does not have a geologist on staff. The Cascades frog is disappearing from Lassen National Park. Historic structures and archaeological sites are deteriorating at Mount Rainier and Glacier national parks. And many of the Civil War-period and early twentieth-century buildings at Harper's Ferry National Historical Park in West Virginia are in need of significant restoration to ensure their preservation and visitor safety.

During the past 4 years, the National Parks Conservation Association and the National Park Service have completed a series of detailed studies in more than 40 parks that have revealed that the operating budget of the Park Service falls one third short of need. This figure translates to a shortfall of more than $600 million annually. An increase of $280 million represents a reasonable and manageable amount and is a critical step toward fulfilling the mission of the Park Service to preserve these precious places unimpaired for future generations.

As the President's fiscal year 2003 budget justification states, "The primary source of funding for accomplishing this mission is the park operating base. The park-operating base allows the core mission responsibility of the parks to be accomplished."

The national parks inspire all who treasure the best of our nation to stand up as stewards for their protection. Please support a $280 million increase for our national parks, because there's just too much to lose.

PREPARED STATEMENT OF THE ASSOCIATION OF NATIONAL PARK RANGERS

I write to you today as President of the Association of National Park Rangers, a professional association of over a thousand rangers and other park professionals from the National Park Service. Our organization, now in its third decade, is neither a union nor a lobbying organization, but a voice in support of effective management of the National Park System and its professional employees. We provide information and insights into issues pertaining to the National Park Service to the public, the Congress and other interested parties.

It has come to our attention that your subcommittee will soon be reviewing the fiscal year 2003 appropriations for the National Park Service, and that there is a real prospect for a substantial increase in the operating budget for the agency, possibly an addition of $172 million above the President's request. We strongly endorse such an increase, and have joined the other 175 organizations allied under the Americans for National Parks initiative in asking that you and your colleagues add this sum to the NPS budget. As the only organization in that alliance comprised wholly of professionals from the National Park Service, we are in a unique position to truly understand the serious impacts of years of chronic operational funding shortfalls on the day-to-day operations of the Service, and, consequently, on the natural and cultural assets under its charge.

Although there have been modest increases to the Service's operational account (ONPS) over past years, they have not kept up with inflation, increased park and programmatic responsibilities, and substantial increases in personnel costs. In many

of our parks, personnel costs now run from 85 to 90 percent, and in some smaller units run as high as nearly 100 percent. That means that there is little or no money for equipment or training or materials, and, more seriously, that managers are forced to come up with money for non-personnel costs by leaving positions open or lapsed—a practice that's come to be known as "management by lapse." As time goes on, more and more positions are left open. Since old responsibilities continue and are augmented by new programs and initiatives, the net result is more and more work being laid on fewer and fewer people. The cumulative impact is that we now have a seriously stressed workforce that finds it increasingly difficult to keep up with tasks assigned to it.

Funding of basic operations is not glamorous and is therefore often overlooked. This same rule applies to funding cyclic maintenance and infrastructure repairs, but, as you know, the Congress and Administration are now taking steps to rectify the serious maintenance backlog in the parks. We vigorously applaud your efforts and those of President Bush in taking this long-needed step toward resolving a serious problem. But we also need to adequately fund the operation of the National Park Service. We can not adequately protect and perpetuate our parks or provide services to our visitors without sufficient funding and staffing.

The national parks are more than just areas for recreation and refreshment. They contain and perpetuate America's priceless natural and historic legacy, our collective heritage. At a recent meeting of Americans for National Parks, Senator Fred Thompson spoke about the importance of the parks. He said that he believed that many things the Federal government oversees could be better done by the states, but added that we should fully support those undertakings which we have collectively agreed are our shared responsibility. Among those undertakings, he said, is the National Park Service.

The employees of the National Park Service are an extraordinarily dedicated group of women and men who put their hearts and souls into their work. They do a great deal with the resources they've been given, but are stretched very thin and are beginning to fray at the edges. It's time that they received more support.

Thank you for your leadership and commitment to our national parks. We stand ready to provide whatever support you deem appropriate or necessary.

LETTER FROM BRIAN SCHERF

APRIL 5, 2002.

Hon. ROBERT BYRD, *Chairman,*
Hon. CONRAD BURNS, *Ranking Member,*
Senate Interior Appropriations Subcommittee

DEAR CHAIRMAN BYRD AND RANKING MEMBER BURNS: As you prepare the fiscal year 2003 Interior Appropriations bill, I respectfully request an increase to the operating budget for the National Park Service by $172 million above the President's request; $280 million above the enacted fiscal year 2002 level.

Specifically, I am requested that you provide increased funding for the operations of Big Cypress National Preserve in Florida. The Preserve's sensitive natural resources have been ravaged by 23,000 miles of off-road vehicle trails. The Preserve requires half a million dollars in additional funding to implement it's new Off-road Vehicle Management Plan for fiscal year 2003.

As caretaker of our nation's most valued resources, the National Park Service manages 385 sites throughout the country. It is responsible for more than 83 million acres of land, and protecting and preserving 168 threatened or endangered species, more than 80 million museum objects, 1.5 million archaeological sites, and 26,000 historic structures. The awe-inspiring natural, cultural, and historic attributes of these special places draw nearly 300 million visits annually.

While the operating budget of the national parks has increased in recent years, it has failed to keep pace with critical needs. Research has shown that the Park Service's annual operating budget falls at least $600 million, or a third, of what is needed to operate the parks effectively and protect resources, and to provide a high quality experience for park visitors.

An increase of $280 million in the Park Service's operating budget this year is a critical step toward meeting the mission of the Park Service to preserve unimpaired the natural and cultural resources and values of the National Park System for the enjoyment, education, and inspiration of this and future generations.

I urge your support for increasing the operating budget of the National Park System so that our children—and our children's descendants—can enjoy the irreplace-

able national treasures of Big Cypress National Preserve, and the entire National Park System.

Sincerely,

BRIAN SCHERF.

PREPARED STATEMENT OF PARKWATCH

We respectfully request an increase in the fiscal year 2003 Operating Budget for the National Park Service (NPS) by $172 million above the Administration's request, which is $280 million above the enacted level for fiscal year 2002.

While our nation faces other important funding needs, shortchanging the NPS operating budget now will cause escalating costs in the future. Though the budget has increased in recent years, it has failed to keep pace with increases needed to sufficiently protect valued natural, cultural and historic resources, and to provide the expected quality of visitor experiences.

Adequate Congressional funding in this and succeeding years will reduce the need for increased fees, which always exclude from our public parks those who can least afford to pay. And adequate funding will insure that forces abroad in the land with the intent of privatizing and commercializing our precious heritage shall NOT take their success from weak Congressional funding of our parks.

An increase of $280 million this year is a reasonable and manageable amount, a small price to pay for keeping these priceless assets protected and affordable. We urge your support so that these irreplaceable national treasures shall be available for the enjoyment of future generations.

PREPARED STATEMENT OF BOB JOVICK

Thank you for your past support of the national parks—I know this has been a particular concern of Senator Burns as we Montanans have seen a deterioration of conditions at Glacier and Yellowstone National Parks.

Please support an increase of $172 million in the park's operations budget for the next fiscal year beyond what is recommended in the President's budget.

The infrastructure has attracted attention, but the operations side of the budget was especially strained even before the recent national security participation that has been added to park operational concerns. A recent article in Montana discussed that rangers from Glacier and other parks helped in security assignments at the Olympics—this is well and good but illustrates the added pressures.

There is no geologist in Yellowstone, largely due to budget pressures—many vacancies go unfilled.

I traveled all the way to Washington DC and met with a well informed staff member about 3 weeks ago to help provide information on this need. Senator Burns's office was as busy as a bee and I was happy to see a number of Montanan's on visits.

Thank you for your support.

PREPARED STATEMENT OF AMERICAN RIVERS

This year, American Rivers was joined by over 600 local, regional and national conservation organizations[1] from all 50 states in calling for significantly increased funding for the following programs in the Interior Appropriations bill. I urge that these requests be incorporated in the Interior Appropriations bill for fiscal year 2003.

WILD AND SCENIC RIVERS

The Wild and Scenic Rivers (WSR) Act protects free-flowing rivers with remarkable scenic, recreational, geologic, fish and wildlife, cultural, or other similar values. Four Department of Interior agencies are responsible for administering designated rivers, conducting studies to determine if rivers qualify for WSR designation, and developing wild and scenic river management plans: the Bureau of Land Management, U.S. Forest Service (USFS), National Park Service, and U.S. Fish and Wildlife Service. Unfortunately, none of these agencies receives sufficient funding to ade-

[1] These groups have endorsed "The River Budget 2003", a report of national funding priorities for local river conservation. A list of groups endorsing the River Budget can be viewed at http://www.americanrivers.org/riverbudget/default.htm

quately protect our nation's WSR System and to ensure that it represents a broad diversity of river types. Although 84,500 stream miles are potentially eligible for designation, only 160 rivers covering 11,292 miles are currently designated. With increased funding, these agencies could better manage and protect designated rivers. Following are our requests for the four agencies responsible for the WSR program:

The National Park Service.—NPS manages 36 WSRs and is responsible for studying rivers both in National Park areas and outside of federal lands. Congress should appropriate $18.5 million to the NPS for WSRs. Of this total, $1.5 million should go toward partnership wild and scenic rivers, which are managed in partnership with state, local, and private entities.

The Bureau of Land Management.—BLM is responsible for managing 36 WSRs and evaluating some 200 segments for eligibility and suitability. Congress should appropriate $6.5 million to the BLM for WSR management and $2 million for completion of WSR studies.

U.S. Forest Service.—Of all four agencies responsible for WSRs, the USFS has responsibility for the largest number—97 in all. Currently, the USFS budget does not include funding for wild and scenic rivers, and up to 20 percent of USFS-managed WSRs lack adequate management plans. Congress should direct the USFS to create a special staff unit and budget for WSRs and should appropriate $9 million for USFS WSR management and $3 million for completion of WSR studies.

U.S. Fish and Wildlife Service.—The FWS manages nine WSRs and must study rivers located on national refuge lands for potential designation. Congress should appropriate $1,787,000 to FWS for WSR management, restoration and studies.

RIVERS, TRAILS AND CONSERVATION ASSISTANCE PROGRAM

The National Park Service's Rivers Trails and Conservation Assistance (RTCA) program has helped produce some of the best examples of conservation based on local-federal partnerships by providing communities with assistance to help revitalize riverfronts, protect open space, and build trails and greenways. Last year the RTCA program helped create more than 2,000 miles of trails, protect over 500 river miles, and preserve almost 50,000 acres of open space. The RTCA is a good taxpayer value because its projects help leverage substantial local funding. Last year the committee recognized RTCA's achievements by providing an increase of $335,000, but in conference these increases were rejected. If funded at $15 million, RTCA could expand to assist approximately 250 additional projects in some 25 new and currently underserved locations. Congress should fund the RTCA program at $15 million in fiscal year 2003.

OPERATIONS AND MAINTENANCE OF THE NATIONAL WILDLIFE REFUGE SYSTEM

Many of 93 million acres within the National Wildlife Refuge System were acquired for the protection of migratory waterfowl and shorebirds, and most refuges embrace rivers and their adjacent wetlands for this reason. Wildlife refuges do more than protect riparian acreage from development—they frequently acquire less-than-pristine habitat and nurse it back to health. Because funds for these activities have not kept pace with habitat acquisition, many benefits that refuges could provide have been forgone.

Interest in river recreation is growing steadily, and public lands provide crucial access to public waters. With demand rising, the shortfall in refuge maintenance funding means that visitor centers, bathrooms, boat launches, fishing piers, hunting blinds, maps, and brochures are increasingly inadequate. Increased operations and maintenance (O&M) funding will allow refuges to hire needed staff to meet demand for educational programs.

We applaud the president's call for increased funding for refuge O&M. We urge Congress to go even further, ensuring that this year's 100th anniversary of the founding of the first refuge can be the celebration it deserves to be. Congress should appropriate $700 million for O&M of the National Wildlife Refuge system.

HYDROPOWER RELICENSING

The U.S. Forest Service (USFS) and various Department of the Interior (DOI) agencies need additional funding to address the growing number of hydropower dams that need renewal of their operating licenses from the Federal Energy Regulatory Commission (FERC). Under the Federal Power Act, these agencies must set license conditions to protect and conserve natural resources. Licenses are nearing expiration at over 400 dams. This will affect hundreds of rivers, and hydropower workloads for some agencies will increase by 300 to 500 percent. Doubling these agencies' limited funds would assure a more efficient licensing process, benefit the hydropower industry, and assist efforts to protect and restore environmental, rec-

reational, and cultural resources. Congress should appropriate the following amounts to DOI agencies and the USFS:

—Fish and Wildlife Service, Habitat Conservation, Project Planning: $2.35 million
—Bureau of Indian Affairs, FERC Activities, Trust Services: $2 million
—Bureau of Land Management, Land Resources/Wildlife and Fisheries: $1,125,000
—National Park Service, Hydropower Recreation Assistance: $1.5 million
—USFS, Lands Budget: $11.6 million

ABANDONED MINE LAND PROGRAM—APPALACHIAN CLEAN STREAMS INITIATIVE

The Appalachian Clean Streams Initiative (APCI), administered through the Office of Surface Mining's Abandoned Mine Land (AML) Program, awards grants to local groups in the Appalachian region for the restoration of streams damaged by abandoned mines. According to the Interior Department, acid leaking from long-empty mines is the leading cause of aquatic habitat destruction in Appalachia. Unfortunately, over one-fourth of reclamation funds collected from coal producers through the AML Program have gone to the Treasury instead of for their intended purposes, including the APCI. Congress should appropriate $300 million to the AMLP. Of this, $20 million should be earmarked for the ACSI.

ELWHA RIVER RESTORATION

Glines Canyon and Elwha dams on the Olympic Peninsula in Washington state have nearly wiped out once abundant salmon and steelhead populations in the Elwha River, fisheries to which the Elwha Klallam Tribe are guaranteed rights in perpetuity through an 1855 treaty agreement. When the dams were built in the early 1900s they cut off the vast majority of spawning grounds for native salmon and sea-run trout species. One of the dams, Glines Canyon Dam, is located inside Olympic National Park. In 1992, Congress approved federal purchase of the dams and directed the Department of Interior to study how the river and native fisheries could be completely restored. DOI reported that only dam removal could fully restore the ecosystem. Congress has appropriated funds for the National Park Service (NPS) to purchase the dams, and NPS now owns them. NPS has received funding to complete the engineering and design phase, as well as the first deconstruction phase, but it awaits the funding needed to complete the project. Congress should provide the National Park Service $45 million to complete the restoration of the Elwha River ecosystem and its fisheries.

U.S. GEOLOGICAL SURVEY PROGRAMS

The following U.S. Geological Survey (USGS) programs are vital to assessing and monitoring the health our nation's rivers and water supply, but they are at risk of significant cuts or elimination this year. Congress should fund these USGS programs at the following levels:

—Streamflow Information Program: $28.4 million
—National Water Quality Assessment Program: $65 million
—Toxic Substances Hydrology Program: $13.9 million
—Water Resources Research Institutes: $6 million

COASTAL PROGRAM

Healthy coastal wetlands provide many benefits to people and wildlife and support recreation, tourism, and fishing industries. Thousands of acres already have been lost or degraded by commercial and residential development, polluted runoff and waste disposal, shoreline modification, and over-harvesting of resources. The Fish and Wildlife Service's (FWS) Coastal Program is an effective partnership that brings together FWS experts, land trusts, biologists, and other conservation partners to protect and restore habitat in coastal regions. These partnerships allow the Coastal Program to turn every Federal dollar into at least three project dollars for on-the-ground work. The Coastal Program has reopened 3,300 miles of coastal streams for anadromous fish passage; restored 54,160 acres of coastal wetlands, 19,670 acres of coastal upland habitat, 645 miles of riparian habitat; and protected 230,000 acres of habitat through conservation easements since 1994. Congress should fund the FWS's Coastal Program at $13,099,000.

NATIONAL PARKS DAM SAFETY PROGRAM

Dams that have outlived their average life expectancy now threaten the health of rivers inside the National Park System. Of the 482 dams in the Park System, some 330 are in poor or fair condition. While dams can be beneficial, the failure of

unsafe dams may result in property destruction and loss of life. Dam failure also poses a risk to the downstream river environment due to the sudden and uncontrolled increase in flow. The National Park Service (NPS) has a dam safety inspection and maintenance program designed to ensure protection of public safety, health, property, and natural resources. This program has not only eliminated safety hazards but also restored rivers and streams. Unfortunately, many dams within the NPS still pose a risk and are in need of deactivation or repair. Congress should fund the NPS's Dam Safety Program at $2 million.

NATIONAL FISH AND WILDLIFE FOUNDATION

The National Fish and Wildlife Foundation (NFWF) fosters the involvement of communities in restoring habitat. Through challenge grants, NFWF helps fund projects that promote sustainable communities through conservation and education. NFWF also forms partnerships with federal, state, and local governments, corporations, private foundations, individuals, and non-profit organizations. Through its grant programs, $165 million in federal NFWF funds have delivered more than $500 million for conservation. Congress should fund the NFWF at $32.5 million.

FEDERAL SALMON PLAN FOR THE COLUMBIA AND SNAKE RIVERS

Interior Department programs constitute a substantial portion of the federal funding necessary to implement the multi-agency 2000 Biological Opinion for the Federal Columbia River Power System. Under this plan, the federal government must undertake a variety of measures to mitigate for the mortality imposed on Endangered Species Act—listed salmon and steelhead by the large dams on the Snake and Columbia rivers. If these recovery measures are not funded and implemented, or if they are ineffective, the salmon plan calls for reconsidering removing four dams on the lower Snake River as soon as 2003, with actual removal as soon as 2005. Congress should fund the following agencies at the following amounts to give the federal salmon plan the best chance to succeed:

—Fish and Wildlife Service: $18.7 million
—Bureau of Land Management: $13 million
—Bureau of Reclamation: $19.7 million
—U.S. Geological Survey: $9.8 million
—Bureau of Indian Affairs: $8.2 million
—U.S. Forest Service: $121.9 million

PREPARED STATEMENT OF THE NATIONAL CONFERENCE OF STATE HISTORIC PRESERVATION OFFICERS

Historic Preservation Fund

Fiscal Year 2003 Principal Request: State Historic Preservation Offices	$47,000,000
Save America's Treasures	30,000,000
Tribal grants	6,000,000
National Trust for Historic Preservation Properties endowment	2,500,000
Historic Preservation Fund Total	85,500,000
Partners:	
Advisory Council on Historic Preservation	4,000,000
Heritage Partnership Programs, Natl. Rec. and Pres NPS	21,500,000

JUSTIFICATION OF REQUEST OF $47,000,000 FOR THE STATES

The National Conference of State Historic Preservation Officers urges the Appropriations Committee to withdraw $47,000,000 from the Historic Preservation Fund for the States for fiscal year 2003.

Congressional commitment

This request is well within the Appropriations Committee promise of $160,000,000 to urban and historic preservation programs in the Land Conservation, Preservation and Infrastructure Improvement Trust Fund. (Public Law 106–291)

The $47,000,000 for the States fits within the Senate Budget Committee resolution for 2003.

Congressional mandate

Thirty-three years ago the National Historic Preservation Act established a system for the preservation of all of America's heritage. The Secretary of the Interior opted to carry out that program in partnership with the States. Further, State governments agreed to donate State funds toward implementing this federal program. The Historic Preservation Fund powers the national historic preservation program to function. The Historic Preservation Fund does not go for optional or discretionary activity, it funds federally mandated programs. Congress and the Administration decided that the States shall conduct historic preservation for the federal government. Further, although this is a federal program, the States donate roughly half of the operational costs.

The people rely on the States

Americans count on the State Historic Preservation Offices to provide the infrastructure that enables them to succeed in preserving historic places. With the support of the Historic Preservation Fund, State Historic Preservation Offices provide the opportunity for communities and individuals to recognize historic places through the National Register, to generate incentives for rehabilitation through the investment tax credit, and to voice their concerns in federal project planning when a beloved landmark is threatened.

Conservation continuum

Several methods exist to preserve America's heritage. The benefit and cost to the federal government vary with each option. The most expensive method is to create a national park. While this guarantees preservation of the resource, it also establishes a perpetual entitlement on federal revenues. The fiscal year 2003 budget request for operating the 384 park units is $2,644,510,000, a 7.1 percent increase over 2002. Over the past two decades, heritage areas have emerged as another way for communities to celebrate their history while preserving historic places and promoting economic development through a coordinated interpretive and marketing scheme. The twenty-two federal heritage areas received over $13,000,000 in 2002.

The national historic preservation program funded by the Historic Preservation Fund through the State Historic Preservation Offices relies on incentives and persuasion to convince the private sector (and public agencies) to preserve the historic places they own. A $47,000,000 Historic Preservation Fund allocation would help more Americans get the national recognition of the historic places they value through National Register listing. (1,500 listings at $47,000,000; 1,000 at $34,000,000) A $47,000,000 appropriation would also increase the assistance to the 1,000,000 current National Register property owners.

Each approach is essential to insure America's heritage is conserved for future generations. Balanced support is important for each method.

Under funding of the Historic Preservation Fund, at levels such as $34,000,000, limits the ability of State Historic Preservation Officers to assist property owners with preservation projects. At $47,000,000 States will have some resources to help historic property owners with repair issues at an early stage. The fiscal year 2001 funding level allows States to assist in planning restoration projects and making smaller subgrants to address small problems, rather than leaving them un-addressed, leading to structural crises.

Enables private sector investment

Historic Preservation Fund withdrawals to the States establish the framework for the private sector to invest in the rehabilitation of historic buildings with the federal investment tax credit. The Historic Preservation Fund provides the fuel to run the National Register nomination process—listing is a requirement for credit eligibility. Further, the Fund puts professionals in State offices who advise owners on rehabilitation design. This investment of Federal dollars, matched by the States, makes possible $2,000,000,000 in private sector dollars in the rescue of historic buildings for economically productive uses.

Historic places are assets

The National Historic Preservation Act leads Americans to see their historic places, the physical embodiment of our history, as assets. Americans rely on State Historic Preservation Offices (made possible by the Historic Preservation Fund) to provide professional advice on restoration methodology.

Historic places clearly provide Americans with homeland pride and patriotic connection to essential values and an appreciation of our country. How do American's learn about historic places? Through Historic Preservation Fund supported historic inventories that find and elucidate the previously unknown or undiscovered treasures of our past.

The multi-billion dollar tourism industry's heritage sector exists because of historic places. These assets draw Americans from next door or visitors from around the world to see the authentic place where America's history occurred. The Historic Preservation Fund not only supports the survey effort to find these places, it also makes national recognition possible through the National Register nomination process. Further, the $47,000,000 level will allow for some restoration funds to insure authentic restoration of sites open to the public.

Capital investments in infrastructure with long-term benefits

In fiscal year 2001, when Congress appropriated $46,495,000 from the Historic Preservation Fund for the States, Historic Preservation Officers used the increase to fill long-standing infrastructure gaps. According to the National Park Service's "SHPO Success Stories 2001," States made capital investments in two areas: restoration and databases. Following the outline of statewide historic preservation plans, some States, such as Alaska and Washington, made funding available for restoration projects addressed long-standing needs to preserve endangered National Register sites. Other States such as Pennsylvania and Texas used Historic Preservation Fund increases to invest in digitizing information on historic places including locations through geographic information system data layers. Digitization is essential to modernize accessibility to historic property information for project planning. Accessibility to site location data in electronic formats allows planners to make decisions from their desk tops, saving time and money.

Continuing the Historic Preservation Fund appropriation at $47,000,000 will allow States to maintain these needed capital investments.

Treading water

Declining Historic Preservation Fund appropriations—the 2003 budget proposes a 26 percent cut from the 2001 level—will not stop historic preservation in America. Thirty years of the operation of the National Historic Preservation Act has made historic preservation a core American value. Cuts retard the growth of historic preservation infrastructure to meet public demand. Uncontrollable costs, clearly identified in the National Park Service budgets—cost of living increases, indirect cost rates, pension changes—affect State Historic Preservation Offices ability to deliver service. For some States, like Connecticut, such proposed cuts mean mandatory staff reductions, eliminating services that citizens count on.

Which potential future landmark will face demolition in 2003 because the HPF funding did not exist to verify its significance through a National Register nomination? Which historic attraction will face a major crisis in 2005 because there was no HPF funding in 2003 to fix the roof?

EFFECT OF HISTORIC PRESERVATION FUND APPROPRIATIONS ON SELECTED STATES AT $47 MILLION AND AT THE ADMINISTRATION'S LEVEL OF $34 MILLION

State	At $47,000,000 (est.)	At $34,000,000 (est.)	Amount of loss
AK	$1,000,000	$725,000	$275,000
CA	1,437,000	1,000,000	437,000
CO	870,000	630,000	240,000
HI	568,000	411,000	157,000
MS	736,000	532,000	204,000
MT	784,000	568,000	216,000
NV	716,000	518,000	198,000
NH	629,000	456,000	173,000
NM	771,000	558,000	213,000
ND	689,000	499,000	190,000
SC	746,000	540,000	206,000
UT	757,000	548,000	209,000
VT	587,000	425,000	162,000
WA	904,000	655,000	249,000
WV	713,000	516,000	197,000
WI	961,000	696,000	265,000

PREPARED STATEMENT OF THE CITY OF NEWARK, NJ

Mr. Chairman and members of the Subcommittee, thank you for giving me the opportunity to submit testimony about a project under your jurisdiction which is

very important to the people of Newark, New Jersey. The City of Newark is seeking $3,000,000 from the Urban Park Restoration and Recovery program in order to take the conceptual design to an implementable plan, and construct the Nat Turner Field. It will serve as the recreation focus for thousands of students and families in a redeveloping neighborhood, as part of a comprehensive revitalization plan.

NAT TURNER FIELD DEVELOPMENT

Nat Turner Field is an undeveloped tract of land that the City of Newark acquired with NJ Green Acres funding so that it would be preserved as parkland rather than undergo development. It is surrounded by newer housing developments on the west, a City pool/recreation center and elementary school on the east, and an elementary school to the south. To the north was a large abandoned factory, which was a troublesome brownfield site for many years. It has recently been demolished, and has been selected by the Newark Public Schools as the site of a new high school, to be built through the State Abbott District program. This activity presents a unique opportunity for partnership between the Schools and the City.

It is proposed that Nat Turner Field be developed into a recreational facility that will jointly serve the needs of the two elementary schools and the new high school, as well as the community-at-large beyond school hours. The existing pool and recreation center could be renovated to be part of a larger, more comprehensive complex, and serve the schools as well. The schools will educate approximately 1800 students. The summer recreation program will serve over 2,000 low to moderate income families from the neighborhood.

The consideration of this committee will be greatly appreciated by the citizens of the City of Newark.

PREPARED STATEMENT OF ALACHUA COUNTY, FL

Thank you for allowing the Alachua County Board of County Commissioners to submit this written testimony before your Subcommittee regarding two innovative projects that are important to Alachua County: (1) a land conservation project and (2) a heritage preservation initiative. The County is seeking $10 million for the Emerald Necklace Land Conservation Initiative and $2.5 million for the Lake Pithlachocco Heritage Preservation Initiative. Following are highlights of both initiatives:

EMERALD NECKLACE LAND CONSERVATION INITIATIVE

On November 7, 2000, a large turnout of Alachua County voters overwhelmingly endorsed passage of a local land acquisition bond referendum that provides up to $29 million in local funds to acquire and preserve environmentally significant lands. This local initiative received broad public support, with endorsements from diverse community interests including business, environmental and community organizations.

Alachua County is seeking state and federal matching funds to leverage this substantial local commitment to land conservation. Property acquisitions are proposed to link existing conservation lands to provide for connected areas of protected water quality and wildlife habitat, as well as resource-based recreational opportunities. Federal matching funds will be critical to the success of this project. Alachua County is committed to responsible land use practices and conservation policies that encourage future growth to occur in areas of lesser environmental sensitivity with adequate infrastructure.

Alachua County has five large-scale land acquisition projects (5,000+ acres) on Florida's Conservation and Recreation Lands (CARL) acquisition list.

—Paynes Prairie Additions (a large freshwater wetland and watershed, managed as a state preserve)
—San Felasco Hammock Additions (a mature hammock and sandhill forest, with ravines and unique sinkhole drainage features)
—Watermelon Pond (an upland sandhill and scrub forest community with important ephemeral wetlands surrounding a relatively pristine lake)
—Newnan's Lake (a diverse flatwoods forest surrounding a major community fishing lake with declining water quality)
—Lochloosa Forest (a pine flatwoods forest, largely in commercial timber production surrounding two large fishing lakes)

These tracts are under substantial land development pressures that, if left unchecked, will further fragment and diminish their environmental, water resource, and recreational values.

A major portion of the larger tracts proposed for acquisitions are currently timberlands. Timber production, where conducted in conformance with best management practices to avoid soil erosion and water quality degradation, is a land use considered to be generally compatible with Alachua County's land conservation goals. In these areas, the purchase of development rights and conservation easements, as opposed to fee simple acquisition, are proposed as key components of the Emerald Necklace acquisition strategy. These conservation alternatives, which stretch the available acquisition dollars, allow the properties to continue to be used for lower impact, more compatible land use activities while remaining under private ownership and management.

In addition to these five larger tracts, acquisitions are proposed for smaller, but environmentally significant properties that will preserve vital connections between the larger tracts, creating the "Emerald Necklace." These smaller, linking parcels, often overlooked by state and federal land acquisition programs, are easier to manage by a local land conservation program such as that established by Alachua County.

Although most of the properties proposed to be included in this project are relatively undisturbed, an important objective of the Emerald Necklace initiative is to accomplish several critical restoration projects. Alachua County in consultation with the City of Gainesville has identified four priority restoration areas:

—Newnan's Lake; a large lake in a relatively natural setting with spectacular recreational, scenic, and wildlife resources that is being adversely affected by water quality degradation and sedimentation. Specific projects requiring federal assistance include: investigations to determine the source of water quality problems and appropriate remedies, mechanical removal of muck and sedimentation, land acquisition for surrounding properties, a multi-use trail system circling the lake and connecting two existing rail-trails, and the designation and enhancement of a canoe trail connecting Newnan's and Orange Lake via Prairie Creek and the River Styx. The St. Johns River Water Management District is another willing partner for this restoration project, having made substantial commitments in the past and demonstrating an interest to expand land conservation and water resources protection in the area while enhancing public access.

—Sweetwater Branch watershed restoration to improve water quality, reduce sedimentation, and to prevent adverse impacts on Paynes Prairie State Preserve (a designated National Natural Landmark) and the underlying Floridian Aquifer, the region's primary source of drinking water. Prior to draining into the drinking water aquifer via Alachua Sink on Paynes Prairie, this urban creek in eastern Gainesville is severely impacted by untreated stormwater runoff and further eroded by a major discharge of treated municipal waste-water.

—Tumblin Creek watershed restoration to improve water quality, reduce sedimentation and toxicity to fish, and to prevent adverse impacts to Paynes Prairie State Preserve and the Floridian Aquifer. This severely degraded urban creek flows through a minority neighborhood and a public school campus prior to transporting untreated stormwater and potentially toxic sediments into Bivens Arm Lake. This lake, a state-designated wildlife sanctuary, provides an increasingly rare opportunity for subsistence and recreational bank fishing for low income and unemployed residents.

—The restoration of Hogtown Creek, which drains the largest watershed in Gainesville. The City of Gainesville has acquired $3.0 million in properties to establish the Hogtown Creek Greenway. Federal funding assistance is needed for the development of recreational trails and for water quality improvements.

The Emerald Necklace initiative, with federal assistance, can serve as a model land conservation program, demonstrating a successful local, state, and federal environmental partnership as well as effective conservation alternatives to fee simple acquisition.

LAKE PITHLACHOCCO HERITAGE PRESERVATION INITIATIVE

For thousands of years, the indigenous people in the north Florida area adjacent to the current City of Gainesville Florida, in Alachua County enjoyed and based their life styles around a body of water called Pithlachocco. The word "Pithlachocco" translates from the Miccosukee language to mean "big boat" in English. Today, the lake is known as Newnan's Lake and has been designated as a National Historic Landmark.

For years, Newnan's Lake has been a prominent fishing location for area anglers and more recently, and somewhat ironically, has become internationally recognized as an excellent site for the sport of crew. This historical lake played a prominent role in the history and development of the State of Florida from the earliest time

periods through the settlement of Florida and Civil War era history. In 1774 British naturalist William Bartram visited the Alachua region twice and described the region's natural beauty and scenic wonders. The Lake was later named after revolutionary war soldier Col. Newnan whose forces were routed by Seminole war chief King Payne in a week long battle by the present day lake.

Recently, during an unusual drought period, the lake was discovered to be the home of potentially the largest repository of Indian dug out canoes and artifacts in the United States. Some of these canoes are the largest that has ever been found in the world. The site was recently designated on the national register of historic places and has been termed a unique cultural heritage site by the Seminole and Miccosukee Tribes who have visited this ancient tribal site.

The purpose of this appropriation request is to provide the resources for the investigation, preservation and interpretation of these prehistoric canoes and artifacts. This site lies east of the City of Gainesville, Florida home of the University of Florida whose faculty's expertise has indicated that this site is simply "world class" in terms of it's potential as an educational and archaeological interpretative facility. The Lake continues to be preserved in its natural state with little surrounding development. In addition, the setting of this unique historical and environmental site lies adjacent to the Paynes Prairie State Preserve and the Lochloosa Wildlife Management area. Nearby, dating from the 1930's is the former home of Marjorie Kinnan Rawlings, author of numerous books including The Yearling and Cross Creek. This building has also been designated as a State Historic Site.

An appropriation of $2.5 million in fiscal year 2003 would allow Alachua County to acquire land and construct an interpretive center to highlight these nationally significant resources. Participation has been or will also be sought from the State of Florida, the St. Johns Water Management District, other local governments as well as private funding. Recent meetings have been held with Chiefs and Elders representing the Seminole and Miccosukee Nations who have expressed interest to support this project which is essential on preserving the cultural heritage of their people in Florida.

It is the belief of Alachua County Board of County Commissioners that with assistance of the Federal government, the necessary land acquisition and construction of a interpretive site adjacent to Pithlachocco/Newnan's Lake would link its current use as a recognized center for crew competition to its distant past as an original native American settlement and canoe based culture.

Thank you for your consideration of these two very worthwhile projects. Your support would be appreciated.

PREPARED STATEMENT OF THE NATIONAL RECREATION AND PARK ASSOCIATION

This statement is to share with the Subcommittee views of the National Recreation and Park Association on fiscal year 2003 appropriations for selected programs within its jurisdiction. We appreciate the opportunity to comment on programs administered principally by the National Park Service.

We recommend the following:

—Not less than $200,000,000 from the Land and Water Conservation Fund for state assistance, and additional funds necessary to meet the land conservation priorities of eligible federal land systems. Funds should be allocated to the states as authorized by current law. The secretary of the Interior should be directed to continue to utilize population-based "need" criteria for distribution of State funds.

—Not less than $30,000,000 to address the most distressed urban recreation resource conditions and deficiencies identified and aided through the Urban Park and Recreation Recovery Program.

—Sufficient funds to enable the National Park Service to effectively collaborate with state and local recreation and park agencies and other federal agencies on such matters as conservation and use of excess and surplus federal real property, conservation of the nation's cultural heritage and rivers and trails.

—Sufficient funds to support site-appropriate and sustainable public recreation use of national forests, parks, refuges, and public lands.

—Necessary funds to continue U.S. Geological Survey technical and professional activities in support of local and state planning.

The National Recreation and Park Association especially commends the Subcommittee for the positive, incremental restoration of appropriations from the Land and Water Conservation Fund and for the Urban Park and Recreation Recovery Program. The value of state and local recreation and park resources are fundamentally essential to quality recreation experiences for all people. Collectively, these sys-

tems and their human resources provide the majority of the nation's public recreation destinations and services. Until all people have appropriate access to recreation and parks our collective missions will remain unfinished. We urge the subcommittee to quickly move toward annual full funding of the Land and Water Conservation Fund, and sufficient, predictable funds to aid restoration of urban park and recreation sites.

Distribution of LWCF State Grant Funds.—The administration's budget proposes that the request for $200 million for state assistance will be "managed in two segments, including $150 million for the traditional state grants program and $50 million for a proposed Cooperative Conservation Initiative". Investment of the latter amount would be restricted to "natural area" activities, with proposed projects presumably submitted to the secretary for approval. We commend and support the Administration for its request for increased LWCF state assistance and urge the Subcommittee to recommend at least this amount. However, we urge the Subcommittee to not agree to the proposal to earmark $50 million of the requested total for LWCF state assistance for "natural area" activities. The Subcommittee's denial should be expressly stated in report language.

The effect of the proposal would be similar in nature to the Administration's fiscal year 2002 proposal to substantially change the nature of the LWCF program from its recreation access purposes to wildlife conservation by changing the LWCF state apportionment formula from population-based "need" to one based on a state's relative land area. We commend the Subcommittee for not agreeing to that proposed change.

The Administration's present proposal to set aside fully one-fourth of the budget request is contrary to its insistence that priorities, choices and decision-making be vested in individuals and entities outside of the federal government. Administration officials, including Interior, have said repeatedly that "most good ideas reside in communities" across the nation. While budget documents suggest that the secretary of the interior will select from "natural area" applications submitted by the respective governors, the fact remains that the proposal assumes that the federal government should, in effect, dictate to the states (and local governments) the type of priorities each state should address.

The proposed set aside could also result in significant distortions in the actual distribution of funds. For example, the only LWCF statutory requirement beyond that of "40 percent distributed equally among all states" (with an ancillary formula for territories and the District of Columbia) and 60 percent based on "need" is the limit that no single state can receive more than 10 percent of the total apportionment. Thus, if permission for the proposed set aside is granted by the Congress, it would presumably be within the secretary's discretion to select any number of "natural area" proposals from only a limited number of states. A lesser populated state with a modest regular apportionment could suddenly be the recipient of, say, a $5 million "natural area" windfall. Under the long-held belief that the American people equally own the nation's natural assets (including OCS resources) and thus should benefit equally, the Administration's proposal leads quickly to a perception of "well, not exactly".

We are aware of no objective evidence that supports any particular priority of funds for "natural areas", or any other categorical earmark. In fact, the American people and state and local decision makers have and likely will continue to place appropriate priority on LWCF projects apparently of the nature envisioned by the administration.

The following examples are representative of many projects funded since LWCF state assistance was recommenced in fiscal year 2000.

—Chilkat Bald Eagle Preserve Acquisition, Alaska LWCF: Acquisition of a 115-acre in-holding at Alaska's Chilkat Bald Eagle Preserve. The preserve is a visitor attraction of local, national and international significance. It supports recreation and tourism uses, including eagle viewing, sport fishing, snowmobiling, skiing, hiking, hunting, and photography.

—Elkhorn Slough Acquisition, Watsonville, Calif.: Acquisition of 559 acres within the watershed of Elkhorn Slough, in accordance with the Elkhorn Slough Watershed Conservation Plan, will protect critical riparian, upland, wetland habitats, cultivated farmlands and provide scenic public view-sheds. Elkhorn Slough is an official Scenic Waterway with public recreation that includes kayaking and canoeing.

—Whistle Path Woods, Provincetown, Massachusetts: LWCF Grant: Acquisition by the Town of Provincetown of 6.8 acres known as Whistle Path Woods located between downtown Provincetown and Cape Cod National Seashore. The property is within a designated Priority Site of Rare Species Habitats and Exemplary Natural Communities.

—Bastrop State Park, Texas: LWCF Grant: The Texas Parks and Wildlife Department, with LWCF assistance, acquired 1,000 acres of land to expand Bastrop State Park to 3,500 acres. The property provides additional recreation/conservation opportunities, and additional habitat for the endangered Houston Toad.

In the larger context, about one in 12 projects in the LWCF data bank contain some degree of natural area protection. For example, over 2,050 projects are characterized as wetlands' (302), or floodplain" (1,766). Projects also include natural area' (3,027), "passive" areas (2,295), and "hunting" areas (680). A review of project names includes hundreds of references to "wildlife, natural, habitat, conservation, management, gamelands, and preservation."

State and Local Use of LWCF State Assistance and Urban Park Funds.—State and local governments continue to request, and put to appropriate public use, funds appropriated for LWCF state and local projects. For fiscal year 2000, LWCF funds ($40 million) are essentially all obligated, that is, assigned to specific acquisition or development projects that are either completed or in progress. This was the first year that funds were made available after a 5-year hiatus. Thus, the grant-in-aid management infrastructure in at least some states had to be augmented. Fiscal year 2001 LWCF assistance ($90 million) is about sixty percent obligated against specific projects, according to the National Park Service. At the present rate of obligation it is reasonable to anticipate that most fiscal year 2001 funds will be largely obligated within its first full year of availability.

While the President signed the fiscal year 2002 Interior appropriations bill (Public Law 107–63) on November 5, 2001, the secretarial certification officially apportioning $140 million to the governors was not signed until February 1, 2002, with subsequent distribution about February 15. Accordingly, there has been insufficient time to establish any useful obligation record for these funds. Despite a degree of fiscal stress impacting some state and local governments as a direct or indirect result of terrorist activities or economic conditions there is no information that suggests that our recommended LWCF assistance minimum of $200 million and urban parks request for not less than $30 million will not be fully utilized.

Demand for Urban Park and Recreation Recovery Program assistance is similarly high as reflected in both the number of requests for assistance and the quality and objectives of projects. In fiscal year 2000 ($2 million available) only 14 projects were selected for assistance. In fiscal year 2001 187 local jurisdictions applied ($28.8 million available) and 95 projects were selected. The application deadline for fiscal year 2002 funds was March 29. A national panel will recommend potential grantees by May. Approved fiscal year 2001 (and fiscal year 2002 proposals) will emphasize the national importance of bringing recreation opportunities to children, youth and families in distressed environments. Unlike most investments for federal lands that exhibit high scenic, ecological or other values UPARR sites are typically not esthetically pleasing. Rather, they address a national imperative to build or rebuild sustainable, healthy communities through recreation and parks. As examples: The renovation of the 68-year old Downtown Recreation Center in Charlottesville, Virginia will restore 35 percent of public recreation services that were lost when health and safety factors forced closure of the center in 2000. The facility will serve 23 percent of the population. Renovation of Cincinnati, Ohio's Hanna Playground and pool will include redesign and redevelopment of this strategically located multipurpose community park. It will become fully accessible to individuals with disabilities. The restoration and upgrading of the Monica Roybal Center in Santa Fe, New Mexico will substantially diversify public recreation services available at that site.

Partnerships for Conserving Wildlife Diversity.—The fiscal year 2002 Interior appropriations act makes $80.5 million available from the Land and Water Conservation Fund for wildlife planning and conservation. The President requested $60 million for those purposes in fiscal year 2003. Fiscal year 2002 funds are available principally to state wildlife agencies. While state fish and wildlife agencies have been and remain eligible to participants in the LWCF state assistance program, too. Accordingly, NRPA strongly prefers that funds be provided through the on-going LWCF program. However, if the Subcommittee determines that separate funds should be available for wildlife conservation activities it should also direct that local and state public recreation and park agencies specifically engaged in species conservation also have access to funds.

Local and state park systems are often significant contributors to species diversity. Nationwide, over 5,000 local park systems contain millions of acres, and hundreds of systems have more than 5,000 acres. Many other systems have 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. Larger systems also provide extensive environmental awareness or experiential education. Eligi-

bility of agencies with these resources and programs will contribute importantly to wildlife diversity, particularly non-game species.

For further information on this statement contact: Barry Tindall, NRPA Director of Public Policy, 202–887–0290.

PREPARED STATEMENT OF RAILS-TO-TRAILS CONSERVANCY

The Rails-to-Trails Conservancy (RTC) strongly supports the appropriation of $15 Million in fiscal year 2003 for the Rivers and Trails Conservation Assistance (RTCA) Program of the National Park Service. Locally owned and operated trails provide recreation and conservation close to home for millions of Americans. They supplement the nations renowned national park units and provide are a low cost the same preservation and enjoyment values. The RTCA is a vital partner with RTC in bringing trails to urban and rural communities throughout the country. Their work is outstanding and deserves support at the levels requested.

WHAT WE DO

Trails don't just happen. Everything we do at Rails-to-Trails Conservancy supports local efforts to transform the dream of a trail into a tangible community asset.

We promote policy at the national and state levels to create the conditions that make trail building possible. RTC is a leader in the fight to protect the federal Transportation Enhancements program, which is the largest source of funding for trail development. We steadfastly defend the federal railbanking statute in the Congress and the courts as an essential tool to preserve unused rail corridors.

OUR PARTNERS

Organizations are created when people conclude that a shared goal can be better accomplished by working together in partnership than pursuing it alone as individuals. Likewise, successful organizations often join together in "strategic alliances" with like-minded groups to further their mission. This is certainly true of Rails-to-Trails Conservancy. Since our creation in 1986, building partnerships has been an essential ingredient in our success. We never could have helped to transform thousands of miles of unused rail corridor into trails without the partnerships we have forged with our members, our funders and our local and national colleagues.

RTCA

As a leading national trails organization, Rails-to-Trails Conservancy enjoys productive partnerships with federal agencies with responsibility for supporting local trail building efforts. RTCA is one of our most important partners.

In partnerships, RTC and the RTCA bring the benefits of trails to hundreds of communities across the country.

TRAIL BENEFITS—RECREATION

The growing popularity of outdoor recreation activities, such as cycling, inline skating, walking and running, combined with the loss of community open space, has increased the need for quality recreational facilities such as rail-trails.

Trails provide places for cyclists, hikers, walkers, runners, inline skaters, cross-country skiers and physically challenged individuals to exercise and experience the many natural and cultural wonders of the nation's urban, suburban and rural environments. Rail-trails not only serve as independent community amenities, they also enhance existing recreational resources by linking neighborhoods and schools to parks, waterfronts, recreational centers and other facilities.

There is no doubt about the strong link between exercise and good health. By providing a place for so many types of recreational use, rail-trails can greatly help to improve public health.

TRAIL BENEFITS—CONSERVATION

Trails are invaluable tools for conservation and preservation. Expanses of land that has rarely seen development, rail-trails provide countless Americans reconnection with the natural environment, a renewed sense of community, a restored appreciation for historical and cultural artifacts and nostalgia for the "golden age" of rail transportation.

As tools for ecology and conservation, rail-trails help preserve important natural landscapes, provide needed links between fragmented habitats and offer tremendous opportunities for protecting plant and animal species. They also can be useful tools

for wetland preservation and improvement of air and water quality. More than just, say, an isolated 12-foot-wide patch of sidewalk, a rail-trail can have a much larger value as preserver of natural space. When a trail-developing organization or agency acquires an abandoned rail corridor, they often get a 100-foot-wide linear space to work with that is virtually unobstructed by buildings and other man made features aside from the rail line itself. The corridor can become a linear habitat or "greenway" that connects wildlife areas isolated by expansive development, with only a minimal intrusion by trail users.

As tools for conservation or preservation of historic and cultural resources, rail-trails provide a window into our history and culture by connecting people to the past. They often link, provide access to and incorporate historic features such as battlefields, bridges, canals, historic buildings, and rail depots. Trails play a prominent role in the history of America, and rail-trails continue to serve as important threads in our social fabric.

TRAIL BENEFITS—HEALTH

Rail-trails create healthy recreation and transportation opportunities by providing people of all ages with attractive, safe, accessible, and no (or low) cost places to cycle, walk, hike, jog or skate. In doing so, they make it easier for people to engage in physical activity. Trails can help people incorporate exercise into their daily routines by connecting people with places they want or need to go. In addition, they provide natural, scenic and safe areas that make it easy and desirable to be outside and active.

Most Americans make the connection between exercise and health, but many people still lead sedentary lives. There is little argument over the fact that exercise reduces the incidence of a myriad of illnesses, including heart disease, asthma, diabetes, colon cancer, high blood pressure and obesity. Exercise has also been shown to raise self-esteem and increase our bodies' energy levels, and more and more studies continue to show a connection between exercise and mental well-being.

Individuals must choose to exercise, but communities can make that choice easier. Many people don't exercise regularly because they don't have time, or access to convenient outlets for healthy transportation and recreation activities. Many communities use trails and greenways as tools to help make exercise more convenient. By doing so, they can help change bad habits into healthy ones.

TRAIL BENEFITS—TRANSPORTATION

In addition to providing a safe place for people to enjoy recreational activities, trails also function as viable transportation corridors.

Trails can be a crucial element to a seamless urban or regional multi-modal transportation system. Many areas of the country incorporate rail-trails and similar facilities into their transit plans, relying upon trail facilities to "feed" people in to and out of transit stations in a safe and efficient manner. Rail-trails tend to be flat and direct, and often connect residential and business-districts, so many people find rail-trails convenient as a primary means of getting safely to and from work, school, shopping areas and other destinations.

Regarding trails as both transportation and recreation facilities encourages the melding of recreation and exercise with our daily routine, making it easier to stay healthy and fit. According to statistics derived from the 1995 National Personal Transportation Survey, 43 percent of cycling trips are made for purposes other than just recreation (such as work, shopping, school, and personal business), and that cycling on an off-road trail facility is generally safer than riding on sidewalks or streets without bike lanes. Surveys continue to indicate that the more safe facilities are available, the more people are willing to use non-motorized transportation for many daily trips that would otherwise be made by car. The implications of this trend are tremendously positive for public health, the environment and the general livability of America's communities. Trails are a key element of this expansion of transportation choices.

TRAIL BENEFITS—REVITALIZATION

One of the greatest challenges many local governments face is how to revitalize urban environments and attract people back to the cities from the suburbs (or back to the suburbs from the extended suburbs). Trails and greenways are valued for their ability to connect people with places and enhance the beauty of urban centers. Multi-use trails built on abandoned rail corridors are a key component of the greenway systems in many cities, and figure prominently in greenway plans many cities are counting on to revive urban cores and improve quality of life.

Cities and towns across America are finding that converting abandoned rail corridors is an economically wise choice. Rail-trails often bring job growth in construction and maintenance fields, as well as in tourism-related areas like bike shops, restaurants and lodging. A National Park Service study revealed the total economic impact of a trail involves a combination of new trail-related jobs and the expansion of existing businesses related to travel, equipment, clothes, food, souvenirs and maps. Trails can even have a direct impact on a community's ability to attract jobs—many companies seeking to relocate or establish a corporate headquarters have cited the availability of trails as a significant factor in their decision to choose one locale over another.

Trails increase the natural beauty of communities. They also have been shown to bolster property values and make adjacent properties easier to sell. More and more real estate advertisements proclaim the proximity of the property to a rail-trail, demonstrating that agents are recognizing that rail-trails are an asset and key attractor to neighborhoods.

TRAIL BENEFITS—RECONNECTING PEOPLE AND PLACES

When thousands of miles of rail corridor were abandoned in recent decades, it became a symbol of lost connections—the fraying of community—that has been an unfortunate byproduct of modern American life. But America has always had a remarkable capacity for self-healing. And rail-trails can bind communities together as effectively as the railroads did before them. Proof of that is found in the hundreds of communities now reconnected by unused rail corridors transformed into vital community assets.

RECONNECTING PLACES

Imagine living in a place where you can walk, bike or skate to work, school, shops, or to visit friends and family using a seamless network of trails that are a natural part of the local transportation system. In the 16 years since Rails-to-Trails Conservancy was founded, we have worked in partnership with local communities and helped build more than 11,655 miles of rail-trail in all 50 states. We also have learned that the many benefits of individual rail-trails—recreation, transportation, health, conservation, revitalization—are multiplied when trails are connected to regional systems of trails and greenways. Linking the places where we live, work, learn and play with trails and greenways is a crucial element of our nation's efforts to build safer, healthier, more livable communities.

RECONNECTING PEOPLE

The value of rail-trails in reconnecting America extends far beyond linking together destinations on a map. Rail-trails also have a remarkable capacity to connect people.

When the opportunity to build a new rail-trail arises, something remarkable often happens to a community. Well-funded public agencies that build roads do not exist for creating trails. Instead, individuals, state and local government, the private sector and community-based groups must unite in the common purpose of improving their community. By reconnecting people, the process of trail building also becomes a process of community building.

Opportunities to reconnect people don't stop when a trail is built. Trails and greenways reconnect us to our neighbors by creating common ground for social interaction. They reconnect us to our families by providing safe and healthy recreation areas for children, parents and grandparents. Trails reconnect us to nature by giving us access to green space for recreation and relaxation. And, with the restoration of old railroad trestles and tunnels, we are reconnected to the rich period of history when previous generations helped build and connect America by rail.

By reconnecting America with trails and greenways, we create a valuable legacy that honors the past, enriches the present and provides a precious gift to the future.

The Rivers and Trails Conservation Assistance Program is a valued ally and partner with the Rails-to-Trails Conservancy in providing to local communities the technical assistance so vital to bringing these benefits of trails close to home for all Americans. RTCA fully deserves funding at the $15 million for fiscal year 2003.

UNITED STATES GEOLOGICAL SURVEY

PREPARED STATEMENT OF THE AMERICAN SOCIETY FOR MICROBIOLOGY

The American Society for Microbiology (ASM), the largest single life science organization in the world, comprised of more than 40,000 members, appreciates the opportunity to provide written testimony on the fiscal year 2003 budget of $867 million for the U.S. Geological Survey (USGS) research programs. The ASM represents scientists who work in academic, medical, governmental and industrial institutions worldwide and are involved in research to improve human health and the environment.

The USGS supports microbiological research on water contamination and quality, climate change, and new and re-emerging wildlife diseases. A unique aspect of USGS is its ability to carry out large scale, mufti-disciplinary studies on a national scale and to sustain long-term monitoring and assessment programs of the nation's natural resources. USGS programs provide the impartial science that federal, state and local governments need in order to respond to rapidly changing environmental conditions.

The USGS's environmental monitoring capabilities also make it the lead science provider for accessing information and facts for resolving complex natural science problems across the nation and around the world. For instance, the USGS is initiating studies in collaboration with the Centers for Disease Control and Prevention, to learn the current geographic extent of the West Nile virus. This collaboration hopes to understand how West Nile moves between birds, mosquitoes, and humans, and to predict future movements of the virus in an effort to protect human health. The USGS is also cosponsoring with the National Institutes of Health and the National Science Foundation research on the ecological changes that affect infectious diseases such as biodiversity loss, habitat transformation, environmental contamination, and climate change. This type of research can only be accomplished with USGS's extensive environmental monitoring data and its expertise in analyzing complex environmental phenomena.

The ASM is concerned that the fiscal year 2003 budget request proposes cuts that will severely restrict the USGS's ability to provide scientific support for the Department of Interior and other agency research needs. The proposed cuts result in a decrease of $47 million for the USGS, or 5.1 percent, to $867 million for fiscal year 2003. Within the USGS budget, the Biological Resources Division (BRD) would be cut by 4 percent to $160 million, the Water Resources Division by 14 percent to $178 million and the Geologic Division by 4 percent to $225 million. The ASM would like to submit the following comments and recommendations for adequate funding levels for research in the Water Resources Division and the BRD for fiscal year 2003.

NATIONAL WATER-QUALITY ASSESSMENT PROGRAM

The National Water-Quality Assessment Program (NWQAP) is the primary source of long-term, nationwide information on streams, ground water, and aquatic ecosystems. Made-up of 42 sites nationwide, the NWQAP evaluates water resource quality over the long-term, rather than simply assessing known problems or specific geographic areas at a particular point in time. These assessments provided critical information that is otherwise unavailable, and involves extensive collaboration between government, research institutions and other partners for responding to local, state, regional, and national efforts to protect, improve, and manage water resources.

The Administration's budget proposes a $57 million budget for the NWQAP, a 9 percent reduction from fiscal year 2002. The ASM recommends that Congress restore the program's funding to the fiscal year 2002 level of $64 million.—This level of funding will prevent the proposed termination of water quality assessments in 6 of the 42 study units. This level of funding will also allow the program to initiate new microbial sampling initiatives, designed to identify possible bacterial, protozoan and viral threats in the nation's water systems.

The ASM applauds USGS's leadership in addressing existing and future water quality needs through multidisciplinary research teams. The ASM urges Congress to support this critical program that plays such an important role in public health and safeguarding our water supply from unexpected biological hazards.

TOXIC SUBSTANCES HYDROLOGY PROGRAM

The Toxic Substances Hydrology Program (Toxics) conducts long-term research to improve our understanding of the behavior of contaminants in the nation's ground

and surface waters. The Toxics Program complements the water-quality monitoring and assessment programs of the U.S. Environmental Protection Agency, the U.S. Department of Agriculture, the Department of Defense, the Department of Energy, the Nuclear Regulatory Commission, and other DOI agencies by identifying new issues and emerging contaminants, and developing the knowledge and methods needed to direct their future activities. This collaboration ensures that current and future research priorities across federal agency obligations are addressed. For instance, the Toxics Program is involved in the restoration of the Florida Everglades ecosystem (i.e., bioremediation) and the development of new real-time sensors capable of detecting biological or chemical contamination.

The President's budget proposes to eliminate this program in fiscal year 2003. The ASM recommends that Congress restore the program's funding to the fiscal year 2002 level of $14 million.—The ASM supports the focus and mission of this program within the USGS and requests that Congress fully support the research program. Furthermore, the ASM believes the Toxics Program is a critical component of the nation's efforts to combat increasing levels of toxic substances and water-borne pathogens in our drinking water supplies.

STATE WATER RESOURCES RESEARCH INSTITUTE PROGRAM

The ASM is concerned that the Administration's budget proposes to eliminate this program in fiscal year 2003. The funding level for the program in fiscal year 2002 was $6 million. Therefore, the ASM highly recommends that the Subcommittee allocate the necessary funds ($6 million) to keep the SWRRIP program viable. The Water Resources Research Act of 1984 established the State Water Resources Research Institute Program (SWRRIP) to coordinate State and federal research on water quality and water supply problems. This program is also one of the federal government's principal mechanisms for training the next-generation of water scientists and engineers.

WILDLIFE DISEASE INITIATIVE

The Wildlife Disease Initiative (WDI) is currently an unfunded program within the BRD. The USGS anticipates the cost of the program in its first year, which would be fiscal year 2003, to be $10 million. The ASM supports this level of funding for the WDI. The WDI would focus research on the recent emergence of major diseases affecting wildlife, such as, the West Nile virus (WNV), Chronic Wasting Disease (CWD), bovine Tuberculosis (TB), and the potential introduction of Foot and Mouth Disease. While several of these diseases (TB, CWD, and FMD) can have a devastating effect on domestic animals, their potential impact upon human health is less understood. The WDI would allow the USGS to assist the U.S. Department of Agriculture and the Centers for Disease Control and Prevention in bridging this knowledge gap. Such a partnership would provide the critical wildlife expertise necessary for studying the effects of these emerging diseases on wildlife; improve our understanding of wildlife's role as reservoirs; and improve our ability to prevent and control outbreaks.

No other agency has the capabilities or expertise to address disease detection, control and prevention in wildlife. Therefore, the ASM fully supports this integrative, inter-agency program that combines animal and human health as elements of public health. Furthermore, the ASM urges the Subcommittee to consider the importance of tracking and responding to wildlife diseases, such as, WNV that can move freely between animal host and humans.

Interactions between the environment, its biota and people are highly complex and solutions require integrative, multidisciplinary approaches and an adequately funded and staffed USGS. The ASM encourages Congress to maintain its commitment to U.S. Geological Survey research programs, which are vital to continued discovery of geological, hydrological, geographical, and biological processes that are so important to the well being of the environment and protecting public health.

PREPARED STATEMENT OF UNIVERSITY CORPORATION FOR ATMOSPHERIC RESEARCH

On behalf of the University Corporation for Atmospheric Research (UCAR) and the university community involved in weather and climate research and related education, training and support activities, I submit this written testimony for the record of the U.S. Senate Committee on Appropriations, Subcommittee on Interior and Related Agencies. I would like to comment on the fiscal year 2003 budget request for the U.S. Geological Survey (USGS).

UCAR is a university membership consortium composed of 66 North American research universities. Our mission is to support, enhance, and extend the capabilities of the university community, nationally and internationally; to understand the behavior of the atmosphere and related systems and the global environment; and to foster the transfer of knowledge and technology for the betterment of life on earth. UCAR manages and operates the National Center for Atmospheric Research (NCAR) and the UCAR Office of Programs (UOP) and is supported by the National Science Foundation (NSF) and other federal agencies. In addition to its member universities, UCAR has formal relationships with approximately 100 additional undergraduate and graduate schools including several historically black and minority-serving institutions and 40 international universities and laboratories.

INTRODUCTION

The U.S. Geological Survey was created by an act of Congress in 1879 and is, today, the sole science agency for the Department of the Interior. With no regulatory mandate, the USGS is able to serve the nation as an independent fact-finding agency that collects, monitors, analyzes, and provides scientific understanding about natural resource conditions, issues, and problems. Its vast earth and biological data sets that are used by a broad array of customers in the academic, public, and private sectors to help resolve complex natural resource problems across the nation and around the world.

USGS information and data concerning our nation's hydrologic systems are of particular importance to the atmospheric sciences community for research and research applications addressing the earth's water budget, climate change, and precipitation prediction, including information on flooding and severe storms. It is essential that the scientific community and emergency managers have long term and consistent, nationwide hydrologic data sets. Application of these data is critical, not only for the safety of our citizens, but because the potential threat of weather and climate disruptions is significant to our economy. Both the federal government and the private sector estimate the impact of weather and climate events to be $2.0 trillion of the approximately $10.0 trillion U.S. economy. I would like to comment on the following USGS programs that are of vital importance to our national hydrologic record:

WATER RESOURCES INVESTIGATIONS

Reliable and accurate water data are of paramount importance in understanding climate trends and in making daily, critical decisions that impact public health and safety. Whether pertaining to droughts, floods or water quality, basic hydrologic data collected by the USGS are vitally important to water resource planning and the design, construction and operation of many projects. As we witnessed last year in the Houston area, for example, flooding is obviously a significant natural hazard to life, property and the environment, and will become even more significant as our population increases. Within Water Resources Investigations, two programs in Hydrologic Monitoring, Assessments and Research are of vital importance to society; both are cut in the Administration's fiscal year 2003 Budget Request as detailed below:

National Streamflow Information Program

The National Streamflow Information Program within Water Resources Investigations provides data from 7,000 USGS streamgages on the quality and flow of water within the nation's rivers. This information meets the needs of many diverse users including the National Weather Service, which uses it to produce flood warnings and drought forecasts, and the research community which uses the data to study long-term trends. The long-term record is necessary for researchers and managers to understand climate change and to validly assess regional vulnerability to changing water supplies.

The fiscal year 2003 request for this small, but critical program is below the fiscal year 2002 allocation. The $2.1 million proposed decrease would necessitate the elimination of approximately 130 streamgages in operation nationwide. In order to have a comprehensive, long-term, viable national record, data coverage and flow must not be uninterrupted. An accurate understanding of our nation's water resources simply cannot be produced if the observation system is turned off and on. I urge the Committee to appropriate fiscal year 2003 funding for the National Streamflow Information Program at the fiscal year 2002 level of $14.31 million, at a minimum, thereby allowing the continuation of this vital data collection system at current levels.

Hydrological Networks and Analysis

The Hydrologic Networks and Analysis program within the Water Resources Investigations Program provides extensive data and analytical studies on the quantity and quality of water in the nation's aquifers, lakes and streams. Again, the long-term record is critical to our understanding of climate change and to our ability to validly assess regional vulnerability to changing water supplies and water quality. Particularly important for water resource protection following the events of September 11, this program is a vital component in our country's efforts to protect life, property, and the national economy. Instead of being expanded as might be called for in these times, the fiscal year 2003 request for this program represents a $1.0 million cut from fiscal year 2002 levels. I urge the Committee to appropriate fiscal year 2003 funding for Hydrological Networks and Analysis at the fiscal year 2002 level of $24.88 million, at a minimum, thereby allowing the continuation of this vital activity at current levels.

CONCLUSION

At the proposed budget levels, the agency will not be able to hold constant, much less expand or modernize, the observing stations that are critical for accurate and consistent, national hydrologic data sets. Last year Congress rejected proposed cuts to the science programs of the USGS. I urge you to demonstrate that support this year, and again reject these cuts. Thank you for your attention to the recommendations of our community concerning the fiscal year 2003 USGS budget.

PREPARED STATEMENT OF THE NATIONAL COUNCIL FOR SCIENCE AND THE ENVIRONMENT

SUMMARY

The National Council for Science and the Environment (NCSE) thanks the Senate Appropriations Subcommittee on Interior and Related Agencies for the opportunity to provide testimony on the U.S. Geological Survey budget request for fiscal year 2003.

NCSE urges Congress to restore full funding for the U.S. Geological Survey at or above fiscal year 2002 levels (after adjusting for inflation and changes in employee benefits) and to provide new funding to support the agency's critical role in homeland security. Our national interests will be served if Congress provides adequate resources for the USGS to fulfill its mission of providing unbiased scientific information that benefits every citizen.

NCSE is a nonprofit, nonpartisan organization that has been working since 1990 to improve the scientific basis for environmental decisionmaking. Our work is endorsed by nearly 500 organizations, ranging from the U.S. Chamber of Commerce to the Sierra Club, including the National Association of Attorneys General, National Association of Counties, some 300 colleges and universities, and more than 80 scientific and professional societies. As a neutral science-based organization, NCSE promotes science and its relationship with decisionmaking but does not take positions on environmental issues themselves.

We greatly appreciate the Subcommittee's sustained support for the U.S. Geological Survey. NCSE is especially grateful for the Subcommittee's leadership in restoring past cuts in the USGS budget.

FEDERAL INVESTMENTS IN ENVIRONMENTAL R&D

Federal investments in R&D and science education are essential to the future well-being and prosperity of the nation and deserve the highest priority of the Congress. The long-term prosperity of the nation and the maintenance of our quality of life depend on a steady and growing commitment of federal resources to science and technology.

Environmental R&D is a critical component of the nation's R&D portfolio and plays a major role in homeland security. Based on NCSE's Handbook of Federal Funding for Environmental R&D, we estimate that federal funding for environmental R&D in fiscal year 2002 is approximately $7.5 billion, an increase of $315 million or 4.4 percent relative to fiscal year 2001 (Table 1). Federal funding for environmental R&D grew at less than one-third the rate of total R&D, which increased by 13.5 percent to $103.7 billion in fiscal year 2002.

More than 120 business, scientific and environmental leaders as well as university and college presidents signed a letter to President Bush calling for significantly increased funding for scientific programs about the environment at the U.S. Geologi-

cal Survey, U.S. Forest Service, Department of Energy, and other agencies. We encourage Congress to support this initiative.

HOMELAND SECURITY AND THE U.S. GEOLOGICAL SURVEY

The USGS has tremendous strength in areas that are critical to homeland security, such as protecting water resources and producing digital maps that are needed for assessing terrorist threats and responding to terrorist attacks. The significance of USGS research to homeland security is reflected by the fact that its report on "Source-Area Characteristics of Large Public Surface-Water Supplies in the Coterminous United States," has been withdrawn from approximately 300 federal depositories. FBI agents visited several libraries to ensure that the document was truly removed from circulation.

After September 11, the USGS provided more than 100,000 topographic maps as well as digital geospatial information and Landsat images to emergency response, law enforcement, intelligence, and defense agencies. The USGS produces a set of 55,000 topographic maps that provides the nation's only comprehensive coverage of the nation's infrastructure, including highways, bridges, dams, power plants, airports, railroads, and major buildings. The average age of the topographic maps is 23 years. The USGS National Map would bring this asset into the 21st century. Accelerated investments in the National Map—which involves partnerships with federal, state, and local agencies and the private sector—will pay dividends to homeland security, economic development, natural resource management, and many other national needs.

Unlike many other federal agencies, the USGS did not receive supplemental emergency appropriations following September 11 and its fiscal year 2003 budget request contains no new funding related to the President's top priorities of homeland security and the war on terrorism. Some of the largest cuts in the USGS budget request are in areas related to homeland security, such as the dispersal of toxic substances in lakes, streams, and aquifers. At a time when the Federal Government is allocating tens of billions of dollars in emergency supplemental appropriations for homeland security, we urge Congress to explore the role of the USGS in homeland security and counterterrorism and to provide full funding for its responsibilities in these critical areas.

TABLE 1.—ENVIRONMENTAL R&D BY FEDERAL AGENCY

[Budget authority in millions of dollars]

Agency	Environmental R&D				Change from fiscal year 2001 (percent)	
	Fiscal year				Fiscal year	
	2000 actual	2001 estimate	2002 request	2002 enacted	2002 request	2002 enacted
National Aeronautics and Space Admin.	$1,690	$1,716	$1,515	$1,573	−11.7	−8.3
Department of Energy	1,502	1,774	1,398	1,862	−21.2	5.0
National Science Foundation [1]	671	752	829	829	10.2	10.2
Environmental Protection Agency	558	609	569	702	−6.5	15.4
Department of Defense	399	450	382	410	−15.1	−9.0
Department of Commerce—NOAA	643	726	772	836	6.4	15.3
Department of the Interior	618	631	593	673	−6.1	6.5
U.S. Department of Agriculture	370	410	411	451	0.2	9.9
National Institutes of Health	60	63	70	81	11.7	28.4
Department of Transportation	37	41	61	71	47.0	72.2
Smithsonian Institution	14	14	14	14	1.4	1.4
Corps of Engineers	11	10	11	11	1.4	1.4
Total	6,573	7,197	6,624	7,512	−8.0	4.4

[1] NSF Environmental R&D provided by NSF.

Source: AAAS/NCSE estimates of environmental R&D based on enacted appropriations bills, OMB R&D data, Budget of the United States Government, agency budget documents, and information from agencies.

U.S. GEOLOGICAL SURVEY BUDGET REQUEST FOR FISCAL YEAR 2003

The National Council for Science and the Environment urges Congress to restore full funding for the U.S. Geological Survey at or above fiscal year 2002 levels (after adjusting for inflation and changes in employee benefits) and to provide new funding to support the agency's critical role in homeland security. The President's fiscal

year 2003 budget request for the U.S. Geological Survey (USGS) is $867 million, a decrease of $47 million or 5.1 percent relative to fiscal year 2002. Maintaining and increasing the USGS budget is especially important in light of the events of September 11. Our national interests would be served if Congress provides adequate resources for the USGS to fulfill its mission of providing unbiased scientific information that benefits every citizen.

At a congressional hearing on March 7, 2002, members of the House Appropriations Subcommittee on Interior and Related Agencies expressed a strong desire to restore funding for the USGS. Chairman Joe Skeen (R-NM) said that the "whole subcommittee" shared his concern over the proposed cuts. Ranking Minority Member Norman Dicks (D-WA) said he was "extremely disappointed" with the proposed cuts and added that Congress "wisely rejected" cutting the USGS budget last year. NCSE is grateful to the Senate and House Appropriations Subcommittee on Interior and Related Agencies for their efforts to restore funding for the USGS.

The President's fiscal year 2003 budget request would cut nearly every major line item in the USGS's budget. The budget request would cut funding for Water Resources by 13.6 percent, Biological Research by 3.6 percent, Geologic and Mineral Resources by 3.5 percent, and Mapping, Remote Sensing and Geographic Investigations by 3.0 percent. The proposed cuts would have negative impacts related to homeland security; natural hazards mitigation; water, energy, and mineral resources; invasive species; the national spatial data infrastructure; and other areas.

Water Resources programs would receive a disproportionate share of cuts in the USGS budget request. The budget request calls for cutting the Toxic Substances Hydrology Research Program by 28.2 percent from $13.9 million to $10.0 million and transferring the funds from the USGS to the National Science Foundation for a water quality research grants program. The Toxic Substances Hydrology Research Program is integral to the success of numerous USGS projects across the United States. In the absence of a fully vetted plan that meets the needs served by the Toxic Substances Hydrology Research Program, NCSE opposes the proposed budget cut and transfer of the program.

The National Water Quality Assessment Program (NAWQA) would decrease by $5.8 million or 9.2 percent to $57.3 million. The decrease in funding would terminate activities in several large river basins and aquifers. The USGS proposes to "offset this decrease with funding contributions from NAWQA customers and beneficiaries," but it is not clear if other agencies, especially state agencies, would have the funds needed to offset the cuts in the USGS budget.

The budget request would also cut the National Streamflow Information Program by 14.6 percent, which would eliminate funding for 130 streamgages that are used for predicting floods and droughts, as well as other purposes. As in past years, the budget request would eliminate all funding for the Water Resources Research Institutes. Full funding for USGS water resources programs will help maintain access to safe drinking for all Americans.

Thank you very much for your interest in improving the scientific basis for environmental decisionmaking.

PREPARED STATEMENT OF THE AMERICAN INSTITUTE OF BIOLOGICAL SCIENCES

The American Institute of Biological Sciences appreciates the opportunity to submit this written testimony to the Senate Subcommittee on Interior and Relation Agencies Appropriations. AIBS is an umbrella organization for 86 scientific societies with a collective membership of over 240,000 scientists who studies all facets of the biology of the natural world—from basic to applied, from molecular to organismal, from agronomy to zoology.

The agencies, programs, and amounts involved in this request are:

—*U.S. Geological Survey*.—We recommend a funding increase of 4 percent over fiscal year 2002 and full funding of uncontrollables
  —USGS Biological Resources Division: 4 percent plus uncontrollables
  —Retain the Toxics Hydrology Research Program within the USGS
—*USDA Forest Service, Forest and Rangeland Research*.—We recommend an increase of 4 percent over fiscal year 2002, full funding of uncontrollables, and additional increases as are needed to mitigate the Administration's requested re-directs
—*Smithsonian Institution*.—We recommend an increase of 4 percent for the research program, and we request language prohibiting the transfer of the Smithsonian Environmental Research Center and the Smithsonian Tropical Research Institute to the National Science Foundation

United States Geological Survey.—The U.S. Geological Survey is facing a proposed decrease of $47 million (5.4 percent) from fiscal year 2002. We are opposed to a decrease in the USGS budget. We urge the Committee to instead fund a modest increase of 4 percent over fiscal year 2002 for USGS, in part because many USGS research programs contribute to homeland security, but generally because the USGS provides the nation with research vital to the well-being of our watersheds, biological diversity, and human health.

We also oppose:

The proposed transfer of the Toxic Substances Hydrology Program to NSF.—The Toxic Substances Hydrology program focuses on the fate and effect of toxic substances. These biogeochemical are critical components of biological restoration programs such as those in the Everglades and the CALFED Bay Delta. We oppose this proposed transfer to the National Science Foundation (NSF), together with the proposed decrease from $14 million to $10 million. We of course have great respect for NSF, but NSF is not a suitable home for this kind of research. At NSF, grant duration is much shorter than the necessary duration of a study of the transport and fate of toxic substances and there is no assurance that the funds will remain segregated at NSF for this research. We would also point out that this kind of research is a critical component of homeland security, in that an attack on our water supply would, in terms of detection, monitoring, and remediation, be based upon the research conducted under this program.

The reduction in the State Water Resources Research Institutes of $6 million, which would eliminate all federal support (a match of one Federal dollar for $2 from non-federal sources) for the 54 State Water Resources Research Institutes. Studies on key phenomena of ecological systems, such as hydrodynamics, salinization, and eutrophication, along with research on soil and water microorganisms, plants, and other biota typify the interdisciplinary nature of this program. This peer-reviewed, competitive research program yields high-quality research vital to the management of the our most important natural resource.

The proposed $5.8 million reduction to the National Water Quality Assessment Act funding, which will result in the elimination of 6 of 42 study units, and will result in a decrease in this program's collection of data on stream habitat and aquatic life. NWQA monitoring data are fundamental to a wide variety of federal and state water quality programs.

The proposed $2.1 million reduction in the National Streamflow Information Program.—Streamgaging provides critical information for flood alerts, flood management, drought warnings, and water-supply planning. There is no justification for a reduction in this program.

For the USGS Biological Resources Division (BRD), we oppose the following cuts:

—$0.5 million added by Congress in fiscal year 2002 to the BRD's existing amphibian research and monitoring program, which would continue, but at slower pace. The decline of amphibians is an urgent problem; the research should continue as rapidly as possible, especially given that it may be found that the causes for the declines are also a threat to human health or the health of other life on earth. This funding should be regarded as an addition to base.

—$0.5 million fiscal year 2002 appropriation for ballast water research, which studies ways to prevent the introduction of non-native invasive species through ballast water, would be eliminated. This kind of research is critical for every state with coastal or inland ports. It is far less expensive to prevent and control invasive species than it is to eradicate them once they have become established. We see no valid reason for eliminating this funding; it should be regarded as addition to base.

—The single largest cut would transfer $2.8 million in fire science research funding to a Wildland Fire Management account in the Bureau of Land Management budget. Placing research funding under the control of a management agency could make it more difficult for the USGS to access funding for the fire research priorities identified by USGS. We would suggest that the Committee include a directive to the Department of the Interior that these funds are to be used only for fire science.

Two non-research aspects of the USGS budget would affect the research program. First, the proposed budget would continue to erode programs by absorbing part of the "uncontrollables", which consist of inflationary costs such as salary increases. For fiscal year 2003, BRD is being asked to absorb 54 percent of these costs in its budget for Biological Information Management and Delivery. This will obviously result in a reduction in the transfer of information to federal land and natural resource managers and other users of USGS research. The transfer of information is as critical as the generation of information. Further, a $214,000 reduction in travel and transportation costs will limit the ability of BRD scientists to participate in sci-

entific meetings. The ability of USGS scientists to attend scientific meetings is already greatly reduced. We ask the subcommittee to fully fund USGS uncontrollables and provide an appropriation that will allow a reasonable level of participation in scientific meetings and other, related travel, by USGS scientists.

Second, the USGS budget includes a $6 million ($967,000 for BRD) reduction for management reform, although the specifics of this reform had apparently not been developed at the time of the budget release. The management savings apparently entails, in part, the establishment of target goals for reduction in staffing. It is not known if the staffing reduction effort mandated by the competitive sourcing process—a key element of President Bush's management agenda—will include research positions. Whether or not research positions will be subject to competitive sourcing, the establishment of an a priori target suggests that the real goal is actually staff reduction, rather than (as claimed) an improvement in performance. It cannot be assumed that a program will lose to an outside competitor, so there is no basis for setting a target for staff reductions. Further, it is not a genuine savings, because all or substantially all of this funding would be needed to pay outside contractors. We respectfully ask the Committee to reject this reduction.

We support the continued appropriation for several increases from fiscal year 2002, including the $3.4 million allocated for priority research for the U.S. Fish and Wildlife Service. Funding increases in fiscal year 2002 for the National Biological Information Infrastructure and the GAP Analysis program are also retained. We support the continued appropriation for these programs.

Forest Service Forest and Rangeland Research.—The Administration has requested $254 million for FS Forest and Rangeland research, a net increase of $1.9 million over fiscal year 2002, an increase of under 1 percent. This will not even cover inflationary costs, so research programs will be eroded unless a larger increase is appropriated. Moreover, five new initiatives comprise $37.8 million of this funding, meaning that $35.9 million (14 percent) of existing research would be terminated. We recognize the importance of the work to be done with the redirected funds, particularly the forest inventories, but we have strong concerns about the likely effects of these redirects. Specific reductions in just the Southern and Pacific Northwest research stations include termination of 16 research work units, workforce reduction of 325 full-time permanent employees, closure of the Coweeta Hydrologic Laboratory in North Carolina (which is also an NSF-funded Long-term Ecological Research site), elimination of three labs that conduct research on longleaf pine ecology, management, and restoration, and the elimination of another dozen programs in Vegetation Management and Research and Wildlife, Fish, Water, and Air Research across the country, along with a half-dozen projects in Resource Valuation and Use Research. We urge the Committee to increase fund the mandated forest inventory and assessment separate and apart from any increase for Forest and Rangeland Research, in order to blunt the effect of the redirects. We doubt that it was the intent of the Forest and Rangeland Renewable Resources Act of 1978 to conduct forest inventories at the expense of other valuable forest research.

We also urge the Committee to increase funding for Forest and Rangeland research. In fiscal year 2002, the only increase appropriated for this program (4.7 percent) covered inflationary increases. To fund the administration's initiatives, apart from the forest inventories, an increase of 6.6 percent is needed. Together with a modest increase for inflationary expenses, an increase of approximately 10 percent is needed to maintain the current level of Forest and Rangeland Research.

Smithsonian Institution.—Although the Smithsonian's budget request shows an increase of $30 million over fiscal year 2002, the research programs stand to be cut under the proposed budget. The administration is proposing a cut in the research programs to below fiscal year 2001 levels. Funding for the Smithsonian's research programs increased by only 0.75 percent in fiscal year 2002. A small decrease for collections is also proposed. These are programs of national prominence and should not be permitted to deteriorate. Moreover, there are likely to be additional decreases that have not been allocated to specific parts of the Smithsonian budget at this point, because the overall Smithsonian budget includes a $12.75 million shortfall that results from a failure of the administration to request funding to cover inflationary increases (which the Smithsonian calls "mandatories"). We therefore request that the Committee reject these proposed cuts, fully fund the mandatory increases, and appropriate a modest increase to the Smithsonian research programs.

In December, the administration considered transferring the Smithsonian Environmental Research Center (SERC) and the Smithsonian Tropical Research Institute(STRI) to the National Science Foundation. Although the administration's budget request does not, in fact, propose these transfers, the administration is apparently still considering this option, as evidenced by the language it the budget message: "An outside groups will be appointed to recommend how much of the funds

directly appropriated to the Smithsonian for scientific research should be awarded competitively. Following the review, if appropriate, the Administration will submit its request to transfer necessary amounts from the Smithsonian to the National Science Foundation. Any transferred funds would be available directly to the Smithsonian to ease the transition in 2003 and then made available for competition in future years." We suggest the Administration's justification is not supported by the facts. Virtually all of the research funding at SERC and 90 percent of STRI's research funding is obtained from competitive research programs. The funding derived from appropriations is base funding for these research centers, which will have to significantly increase overhead rates (currently at an extremely low 28 percent) to replace the lost base funding, meaning that there is no savings of federal funds. Further, if they are unable to replace a sufficient amount of base, the programs will be destabilized and there is likely to be a loss of research staff. The Smithsonian researchers are certainly among the nation's best and brightest. If federal research positions are perceived as unstable career options, researchers of this caliber are unlikely to consider federal service as a viable option. For STRI, a transfer of the base funding is far more problematic, because 90 percent of STRI's base funding is provided by direct federal support through the Smithsonian Institutions' budget. We wish to point out that STRI—which has trained countless leading biologists and ecologists in the United States—is invaluable as a long-term ecological research center, as it dates back to 1923. Therefore, STRI is of unique value for ecological and biological research. We respectfully request that the Committee prohibit the Administration from using transferring appropriated funds for these research programs to the National Science Foundation.

PREPARED STATEMENT OF THE WILDLIFE SOCIETY

The wildlife society appreciates the opportunity to submit testimony on the fiscal year 2003 budget for the U.S.G.S. Biological Resources Division (BRD). The Wildlife Society is the association of professional wildlife biologists dedicated to responsible wildlife stewardship through science and education. The Society is interested in all aspects of federal science programs that affect wildlife and habitat management.

The Wildlife Society believes that management of our nation's public lands and wildlife resources should be based on the best available science. As space and habitats are lost to urban and suburban sprawl, agriculture, and as our nation's needs for energy and natural resources grow, it is more critical than ever that we maintain a strong research agency in biological sciences, to meet the information needs of federal and state resource managers. It was with this intent that the U.S.G.S. Biological Resources Division was established.

Since fiscal year 1994, the base level of funding for BRD has lagged approximately $36 million behind the rate of inflation, preventing BRD from meeting the basic research needs of the natural resources community. Assuming a 3 percent annual inflation rate, fiscal year 2003 appropriations for BRD would need to be $218 million just to be equivalent to 1994 appropriated levels. The Administration's fiscal year 2003 budget request for the BRD however is only $160.481 million, a decrease of $5.908 million from fiscal year 2002. Thus the President's request for BRD is $58 million below 1994 levels in real dollars, continuing the reduction in budgetary support for high priority national biological research.

In addition to budget cuts, BRD is proposing to absorb approximately $2 million of $3.7 million in "uncontrollable costs." This $2 million reduction will result in significant losses in operational funds. The Wildlife Society recommends that Congress provide an additional $2 million to fully fund uncontrollable costs in BRD.

The Wildlife Society is concerned about the proposed $2.8 million reduction in fire science research. This research program focuses not only on prescribed fire, fire prevention, and restoration of habitats, but also on long-term studies of fire-prone ecosystems and the wildlife dependent upon them. It is the intent of USGS to rely on the Interagency Fire Science Fund for continuation of this work. We do not believe this represents an effective approach for long-term funding, as these funds must be negotiated annually. Research of this nature is too crucial to the health of our public lands, human safety and property to be without stable and predictable funding. The Wildlife Society recommends that Congress restore $2.8 million for this effort.

The Cooperative Fish and Wildlife Research Units (CFWRU) provide federal-state-private partnerships, and leverage federal funds for important fish and wildlife research. Many state and federal natural resource managers depend on the CFWRUs for their science information needs. In the mid-1990s, continuing shortfalls in appropriations to cover mandated salary increases forced the CFWRUs to leave staff positions vacant. A 5-year strategy to fill those critical vacancies resulted

in full staffing of the CFWRUs in 2002. However, we are now facing the second consecutive year of funding shortfalls to cover "uncontrollable costs," and once again the CFWRUs will be faced with loss of critical staff positions. The Wildlife Society recommends appropriating an additional $1 million above the President's request for fiscal year 2003 for the Cooperative Fish and Wildlife Research Units.

The Wildlife Society is pleased that the President has proposed continued funding for the GAP Analysis and the National Biological Information Infrastructure (NBII). These joint partnerships with state fish and wildlife agencies and others are resulting in the compilation of environmental data from a variety of sources into one comprehensive database, and are excellent illustrations of the partnering efforts intended when BRD was created.

There are also several emerging issues that require research attention and deserve startup funds for pilot studies, in order to illustrate the merit in making them primary initiatives in the future. These include research in integrated bird conservation to advance the North American Bird Conservation Initiative; research on invasive species; research on the increasing episodes of wildlife disease outbreaks; and monitoring the impacts of accelerated energy development on wildlife habitats and migration corridors. To address these critical issues, The Wildlife Society recommends that Congress appropriate for the BRD $1 million for integrated bird conservation, $1 million for invasive species, $1 million for research in wildlife disease, and $2 million for research on the impacts of accelerated energy development on wildlife habitats and migration corridors.

Finally, for several years there has been discussion about the savings projected for fiscal year 2003 as a result of "organizational restructuring and workforce balancing" in BRD and other USGS divisions. The Wildlife Society would applaud any improvements in efficiency, but is concerned that resources simply would be shifted from one operational program to another, or from operational programs to administration or overhead, with no actual improvements resulting from the exercise. Since this restructuring may occur by the time the 2003 budget is enacted, we urge you to determine whether it will result in changes to biological research programs, recommend that you instruct USGS to report to you and stakeholders on these efforts.

Thank you for considering the views of wildlife professionals.

PREPARED STATEMENT OF THE NATIONAL INSTITUTES FOR WATER RESOURCES

Mr. Chairman: I am Ken Reckhow, President of the National Institutes for Water Resources and Director of the North Carolina Water Resources Research Institute at North Carolina State University. This statement requests the Subcommittee to provide $7,354,000 to the U.S. Geological Survey for the state water resources research institutes program.

First, I would like to thank you and this Subcommittee for the strong support you have given to the state water resources research institutes program in the past. In addition, I want to acknowledge the leading role you and your colleagues have played in efforts to ensure that the U.S. Geological Survey remains the nation's natural resources science agency.

As you know, Public Law 106–374, passed in 2000, reauthorizes appropriations for The Water Resources Research Act through fiscal year 2005. In passing this reauthorization, Congress recognized that the state water resources research institutes are meeting their mission objectives as outlined in the Water Resources Research Act.

REQUEST

The National Institutes for Water Resources respectfully request the addition of $7,354,000 in the U.S. Geological Survey's fiscal year 2003 budget for the state water resources research institutes program. This recommendation is based on the following components:

—$5,600,000 in base grants for the water resources research institutes as authorized by Section 104(b) of the Water Resources Research Act,

—$1,500,000 to support activities authorized by section 104(g) of the Act, and

—$254,000 for program administration.

This recommendation would provide a $100,000 base grant to support the institutions, which are located at land-grant universities in each of the states, plus territories. Currently, this base grant is approximately $84,000. In addition, it would provide for a modest increase in the highly popular competitive grants program.

JUSTIFICATION

The events of September 11, 2001, have justifiably turned the nation's attention to Homeland Security and reordered many of our national priorities. Yet, we must not lose sight of the importance of our natural resources—especially our water resources—to national security. Both our physical survival and our economic survival depend on an adequate supply of high quality water.

Like September 11, some of the greatest threats to our water resources have taken us by surprise. It was a revelation when MTBE began turning up in high levels in groundwater across the country. The additive was heralded as a protector of air quality, but its mobility and persistence in the environment and its ability to spoil the odor and taste of our groundwater and perhaps even render groundwater toxic was unforeseen. It was a shock when the great hypoxic zone in the Northern Gulf of Mexico, caused by nutrient overloading in the Mississippi River Basin, manifested itself in decreased shrimp harvests and other impacts on fisheries. It was a shock to many when toxic forms of algae began despoiling shellfish and attacking finfish in our coastal rivers and estuaries.

Gone unchecked, such unexpected and unintended consequences of human activity threaten our security as surely, though not as overtly, as purposeful terrorism. How can we hold unintended threats to water resources in check? We can try to predict more often and more carefully the results of our activities, and we can try to stop the harmful processes we have already put into motion. Both require targeted research. It is precisely such targeted research that the water resources research institute program fosters and supports.

While threats to water security such are often national in scope and are frequently the result of activities that take place far away from the people they impact, the effects are always local. MTBE contamination may be spread across the country, but its impacts on sources of drinking water and water for commercial and industrial uses are felt at the community level. It is at the community, the watershed, the region, and the state levels that water resources issues must be researched and addressed, and that is what water resources research institutes do.

For instance, in my state, North Carolina, there are three distinct physiographic regions—the mountains, the piedmont, and the coastal plain. Name any water resource issue, and that issue will have a different look in each of the three regions. Therefore, research on best management practices to control erosion and sedimentation pollution of streams in the piedmont, cannot be transferred unmodified to the mountain region, where slopes are steeper, weather is wetter, and soils are different. To protect the pristine quality of our mountain streams—and the tourist business they bring—we at the North Carolina WRRI must target research on erosion and sediment control best management practices for that growing region.

Similarly in Washington where restoration of economically valuable salmon fisheries is such a major local issue, research on ways to restore salmon habitat must be highly region-specific. In locations in New Mexico where saline water is more plentiful than freshwater, highly site-specific research is needed to take economic advantage of the available water resource—as through brackish water aquaculture and growth of nutritional marine algae. In Pennsylvania, where Appalachian streams have not responded as expected to reduced sulfur emissions, research must be highly targeted to understand why the lag has occurred and what the consequences might be. In Ohio, where abandoned coal mines are leaking acid drainage into surface waters, highly targeted research promises a way to seal the mines with a grout made of flue gas desulfurization waste that would otherwise go to landfills.

State water resources research institutes are able to focus research on local issues like these because they keep their ears to the ground, maintaining close ties to state, regional, and local agencies that recognize emerging problems, and because they can marshal local research expertise from universities throughout their states.

Funding for water resources research institutes provides the incentive that states and others need to investigate local problems. In 2001, every dollar appropriated to the state institutes through the section 104(b) grants was matched with $21.33 from other sources, including $11.73 from state, local, and private sources. An investment of $3.5 million by Congress resulted in total revenues to institutes of $75.3 million The state institute program does not provide any indirect costs to universities, unlike most federal research programs. All of the funding goes to support the goals set forth in the Water Resources Research Act. In 2001, institutes devoted 61 percent of their total funds to research and sponsored 927 research projects across the nation.

The work of the water resources research institutes is not limited to identifying local, regional, and state water problems and arranging research to address the problems. Once research is completed, institutes also see that the results are trans-

ferred to people in federal, state, and local agencies who will put the results to work. In fiscal year 2001, institutes spent about 6 percent of their budgets on technology transfer activities, which includes publication of reports; presentation of seminars, workshops and conferences; maintenance of Internet sites, and one-on-one contact with agency personnel and the public.

Institutes also help support workforce development for agencies such as the USGS, the EPA, the USDA Natural Resources Conservation Service, and state environmental and conservation agencies by educating future water scientists. In fiscal year 2001, state institutes provided research support for more than 1,289 undergraduate, graduate, and post-graduate students.

Finally, the state institute program, through the 104(g) grants, also helps to address critical water resources issues of national and regional significance that might not otherwise be investigated. For instance, here are some of the emerging issues in our area: As the population grows and demands on water resources become heavier, how will our ability to reuse water be limited by low-levels of pharmaceuticals, insect repellants, anti-microbials, and other compounds in wastewater? Can we replenish our reservoirs with highly treated effluent or will this practice concentrate drugs and other compounds to levels that are health threatening? Will wastewater treatment plants need to begin removing pharmaceuticals during the treatment process, and if so, how will they do it, and what will be the cost? Or consider the explosive growth over the last 2 to 3 years of combustion turbine electric generating plants that tend to cluster in locations where gas pipelines and high voltage electrical transmission lines intersect. Will this development have impacts on regional water supplies?

Very little happens in our society that does not impact water resources in one way or another, and impacts are often felt far from the activities that cause them. However, many effects of human activity on water resources manifest themselves locally before the regional or national implications become clear. State water institutes are the monitors of emerging water resources problems and the best mechanism for addressing these problems.

The water resources research institute program contributes substantially to our country's water resources security. However, our ability to address water resources threats is limited by the amount of funds available. Since the inception of the Water Resources Research Act, funding has decreased roughly 80 percent from the 1970s and 50 percent from the 1980s. In constant 1996 dollars appropriations have plummeted from a high of $45 million in 1975 to less than $5 million today. For the past 10 years, appropriations for the state institute program have been stagnant.

Because of the importance of state water institutes to the security of our water resources, the National Institutes for Water Resources respectfully recommend this Subcommittee provide $7.3 million to the U.S. Geological Survey for the state water resources research institute program authorized by the Water Resources Research Act.

In addition to urging support for the state water resources research institutes program, I would like to discuss three very important water resources programs that have been eliminated or curtailed in the fiscal year 2003 USGS budget: the National Streamflow Information Program, the National Water Quality Assessment Program, and the Toxic Substances Hydrology Program.

The President's budget proposes a reduction of $2.1 million for the National Streamflow Information Program (NSIP). This would result in the loss of 129 streamgaging stations across the United States, creating more gaps in the nation's gaging network and continuing a trend that seriously threatens the nation's information base for water management decisions and emergency warning systems. Streamgages are used by communities, citizens, state and federal agencies, and scientists for a wide variety of purposes, including flood warning systems, floodplain management, drought management, water supply planning, infrastructure design, recreational planning, and scientific research on climate and environmental change. The National Institutes for Water Resources urge the Subcommittee to provide $14.3 million the NSIP for fiscal year 2003.

The National Water Quality Assessment Program (NAWQA), which describes the status and trends of surface water and groundwater in large, representative parts of the nation, and is the only nationally consistent source of long-term data on U.S. water quality, provides important information on the status of water quality, long-term trends in water quality, and natural and human factors influencing these trends. As a result, proposed reductions, the NAWQA program would be forced to reduce its water quality investigations and would be unable to initiate planned microbial sampling designed to identify possible bacteria and viruses in surface-water and groundwater resources. The National Institutes for Water Resources urge the

Subcommittee to maintain funding for NAWQA at $63.1 million or greater for fiscal 2003.

The Toxic Substances Hydrology Program conducts long-term research to improve understanding of the behavior of contamination in rivers and aquifers. Programs focuses include: the efficacy of natural attenuation for groundwater cleanup, watershed assessments of abandoned mine impacts, nutrient transport in the Mississippi River basin, mercury contamination in the Everglades ecosystem, restoration of the San Francisco Bay-Delta ecosystem (CALFED), transport of MTBE and radioactive water in groundwater, and security issues related to the development of sensors for detecting toxic spills or intentional acts of contamination that threaten water supplies. The budget proposes to eliminate funding for the program and to transfer its mission responsibilities to the National Science Foundation (NSF). As water science professionals the water institute directors believe that it is far more desirable to retain the existing USGS program and maintain current funding level of $13.9 million.

Thank you.

PREPARED STATEMENT OF THE WESTON OBSERVATORY OF BOSTON COLLEGE

Mr. Chairman and members of the Subcommittee, I am most appreciative for this opportunity to submit testimony on behalf of the Weston Observatory of Boston College in support of the National Earthquake Hazard Reduction Program (NEHRP) and the Advanced National Seismic System (ANSS). These programs are vital for efforts in the northeastern United States to mitigate the damaging effects of future earthquakes in the region. It is my recommendation that the U.S. Geological Survey (USGS) appropriation for fiscal year 2003 be $75.7 million. Of this $45.0 million should be appropriated for the base NEHRP program, while $33.7 million should be appropriated for ANSS. The former amount allows the NEHRP program to continue activities at current levels, while the latter amount is needed for the ANSS to make a real step forward toward its goals of modernizing earthquake monitoring in the United States and providing fast and accurate information for earthquake hazards mitigation. Of the $33.7 million for ANSS, I urge that $475 thousand be targeted for upgrades of seismic stations in New England and the development of a rapid seismic information system in the region. Such funding is necessary if Weston Observatory is to meet the expectations of emergency response officials and the general public for rapid, accurate and detailed information concerning earthquakes in the New England region and surrounding areas.

As the Director of Weston Observatory and a Professor of Geophysics at Boston College, I oversee Weston Observatory's program to study the causes and effects of earthquakes in the northeastern United States, to quantify the seismic hazard in the region, to predict the probabilities and consequences of future earthquakes, and to promote earthquake hazard mitigation measures throughout the six New England states and beyond. The primary support for this vital work in natural hazards study and reduction comes from NEHRP funding through the USGS. I strongly urge you to continue this program and to expand its scope through increased funding for NEHRP and the ANSS.

EARTHQUAKE MONITORING NEEDS IN NEW ENGLAND

Weston Observatory of Boston College has been engaged in monitoring earthquakes in New England and vicinity for over 70 years. Since 1975, Weston Observatory has operated a regional network of earthquake monitoring stations throughout New England for the purpose of detecting, accurately locating and measuring magnitudes of all earthquakes in the region. At its height in the early 1980s, this network consisted of 36 seismic stations. Today, the Weston Observatory network consists of 12 seismic stations with at least one station in each of the six New England states. This regional network, combined with other data from about a half-dozen other seismic stations in New England, provides the primary data for earthquake monitoring in this heavily populated and economically important region of our country.

The expectations from earthquake monitoring in the northeastern United States are high. In March 2001 a workshop in Hartford, CT was held for public officials, scientists, engineers, and representatives of private industry to get their input for future earthquake monitoring activities in the northeastern United States. Another workshop on the same topic was held for earthquake engineers at Weston Observatory in May 2001. At both of these workshops, the participants were polled concerning what they viewed to be the most important earthquake hazard mitigation needs in the northeast region of our country. The groups gave the highest priorities

to the continued acquisition of earthquake data in the region, date concerning both the small earthquakes that occur regularly and the strong ground motions generated by the rarer, larger earthquakes. Also rated as a very high priority was the rapid dissemination of information concerning the location, magnitude, damage and felt effects of all earthquakes in the region. The full poll results from these two workshops can be found under the links called "survey" at the ANSS-Northeast Region web site http://www.ldeo.columbia.edu/ANSS-NE/.

Current levels for earthquake monitoring in the northeastern United States are inadequate to meet these priorities specified by the stakeholders in the region. For example, in 2001 Weston Observatory received the same amount of funding for earthquake monitoring as it received in 1981. In 1981, Weston Observatory supported three full-time staff members and several students for this work. Today, earthquake monitoring in New England at Weston Observatory is carried out by a part-time seismologist (one day a week) along with an engineer to keep everything running, and no students are involved. Today, the complexity of operating and using a modern, digital seismic network is dramatically increased over that from 20 years ago, and the expectations by our stakeholders for rapid earthquake information are much higher now. Unfortunately, Weston Observatory is no faster at locating earthquakes than it was 20 years ago, simply because there has not yet been the investment in developing better and faster earthquake monitoring systems for the region. ANSS is needed to provide the extra funding for the required new seismic systems for New England, but this can only happen if there is a great increase in ANSS appropriations over those of the last 2 years. To date, ANSS funding has provided one new seismic station in New England, a welcome addition but a far cry from what is really needed. Let me also point out that the shortcomings at Weston Observatory are also faced by many other regional earthquake monitoring centers throughout the country.

REDUCING EARTHQUAKE HAZARD AND RISK IN THE NORTHEASTERN UNITED STATES

People are becoming increasingly aware of the threat of earthquakes in the northeastern United States. The population is no longer surprised when small earthquakes are felt in the region, and the possibility of strong earthquakes in the region is generally acknowledged. An example of this is the widespread interest in a new map released by the USGS last year. The map is entitled "Earthquakes In and Near the Northeastern United States, 1638–1998" and is an attractive and informative summary of the earthquakes and earthquake history of the northeast. Many people understand that the probability of a damaging earthquake in the region is much lower than in California but that the probability of such an earthquake is not insignificant. The increased awareness of the earthquake threat in the northeast has stimulated the adoption of new and better earthquake provisions in building codes and many public agencies and private firms to include earthquakes in their natural hazard mitigation planning. In my opinion, this increased awareness in the region is a major success of past and current NEHRP work.

The public need for rapid and accurate earthquake information, even for small earthquakes, is extremely great. For example, on October 27, 2001 there was a small (magnitude 2.6) earthquake that was felt late at night in New York City. Coming just over a month after the World Trade Center disaster, there was a great deal of concern and confusion about what caused the shaking that was felt. It took a couple of hours before seismologists in the region were able to confirm that a small earthquake had occurred under the city. While New Yorkers were relieved that there had not been another terrorist attack, many were concerned because this was the second felt earthquake under New York City in less than a year. For government agencies that must make instant decisions about whether or not to deploy emergency personnel (and where), it is vital that accurate verification of an earthquake along with its epicenter and magnitude be available within minutes after an event occurs. This is not now possible, but it is one of the primary goals of the ANSS system in the northeastern part of our country.

Increased funding for the ANSS in the northeast may also help scientists give better information about the possibilities of future earthquakes. New research at Weston Observatory indicates that felt earthquakes in the northeastern United States tend to cluster in time. When one felt earthquake of magnitude 2.7 or greater occurs somewhere in the region, there appears to be an enhanced chance that another felt earthquake will occur in New England and vicinity during the next 7 days. Weston Observatory is now routinely updating felt earthquake probabilities for New England on its web page http://www.bc.edu/bc__org/avp/cas/wesobs/probability/earthquake__prob.html. While not an earthquake prediction, this type of information does give residents in the region an idea of when earthquakes are more likely to occur.

Automated processing of earthquake information coupled with identification of times of enhanced earthquake potential will help people better prepare for the potential of future earthquakes since they will know the times when earthquakes are more likely to occur.

THE BENEFITS OF INCREASED ANSS FUNDING IN THE NORTHEASTERN UNITED STATES

Increased NEHRP and ANSS funding in fiscal year 2003 is necessary if Weston Observatory is to meet the expectations of the stakeholders in New England and to fulfill the goals of the ANSS as outlined in USGS Circular 1188. Here are some of the products that would be developed at Weston Observatory with additional ANSS funding:

—*A system for the rapid identification, location and magnitude of all earthquakes in New England and vicinity.*—While such systems already operate in other parts the United States, they cannot be transported without change and testing to New England. The changes are needed because of the widespread nature of both the seismic stations and the earthquakes in the region. Also, earthquake waves from local earthquakes often look somewhat different on seismic stations in New England than seismic waves from California earthquakes on their local seismic stations. Thus, automated earthquake location and magnitude systems that work well in California must be tuned and tested to work well in New England. It is our goal at Weston Observatory to put into place an automated system that can detect, identify, locate and assign the magnitude to all earthquakes in the region, within a few minutes of when those earthquakes occur. Such a system would also be useful to emergency management officials for cases where ground shaking is caused by something other than an earthquake.

—*A system for the rapid estimate of earthquake ground shaking and potential earthquake damage in New England and vicinity.*—In California, such a system has already been developed. It is called ShakeMap, and it generates a map of estimated ground shaking within several minutes of when an earthquake occurs. It is the Weston Observatory goal to develop a ShakeMap system for the New England region. If coupled with an automated earthquake location and magnitude determination, an automated New England ShakeMap system could alert emergency responders about which areas may have been damaged when an earthquake in the region occurs.

—*A system for the rapid dissemination of earthquake information.*—The two items above will only be useful to government officials and the general public if the information they produce is widely disseminated as soon as possible after an event. There are a large number of states in the region (six in New England plus New York, New Jersey, Pennsylvania, Maryland and Delaware), and earthquakes in the region can affect areas in Canada as well as in the United States. In fact, it is likely that a strong earthquake centered in New England would simultaneously affect all of these areas in one way or another simultaneously. Thus, a rapid earthquake information dissemination system in the northeast must be capable of delivering its information in a coherent manner to a multitude of agencies and organizations. Because of the large number of entities involved, the development and testing of such a system in the northeast region requires adequate resources and time not currently available.

—*An automated system for estimating the probabilities of future earthquakes.*—There are two aspects to this. The first is the estimation of earthquake probabilities after a significant earthquake occurs. All strong earthquakes, including those in the northeastern United States, are followed by aftershocks. Each aftershock itself is an individual earthquake, and while most aftershocks are small, some can be large enough that they can cause additional damage, especially to weakened structures. It is possible to develop a system that makes estimates of the probabilities of strong aftershocks following a damaging earthquake. This is one product that the ANSS system in the northeastern United States can produce. The other aspect is the rapid assessment of the probability of a second felt earthquake in New England within a week or so following a felt earthquake in the region. While such a system is currently in place, it is not yet automated. An automated system would better warn the public about times and places where earthquakes might be more likely to occur.

As always, it is important to remember that these new products of ANSS funding would serve two purposes. First, they would provide immediate information to decision-makers at times when they need it most. Second, they would serve as important education and outreach items. It is becoming increasingly clear that the public is looking for web-based information about important events as soon as possible when they occur. Putting out all of the proposed automated earthquake information

on web pages with links from familiar web sites like those of Weston Observatory and of the USGS National Earthquake Information Center would help educate the public about earthquake hazard and motivate them to take actions to minimize the potential losses from future earthquakes.

MINERALS MANAGEMENT SERVICE

PREPARED STATEMENT OF FLORIDA STATE UNIVERSITY

Mr. Chairman, I would like to thank you and the Members of the Subcommittee for the opportunity to present testimony before this Committee. I would like to take a moment to briefly acquaint you with Florida State University (FSU).

Located in Tallahassee, Florida's capitol, FSU is a comprehensive Research I university with a rapidly growing research base. The University serves as a center for advanced graduate and professional studies, exemplary research and top quality undergraduate programs. Faculty members at FSU maintain a strong commitment to quality in teaching, to performance of research and creative activities and have a strong commitment to public service. Among the faculty are numerous recipients of national and international honors, including Nobel laureates, Pulitzer Prize winners as well as several members of the National Academy of Sciences. Our scientists and engineers do excellent research, have strong interdisciplinary interests, and often work closely with industrial partners in the commercialization of the results of their research. Having been designated as a Carnegie Research I University several years ago, Florida State University will approach $150 million this year in research awards.

FSU has initiated a new medical school, the first in the United States in over two decades. Our emphasis is on training students to become primary care physicians, with a particular focus on geriatric medicine—consistent with the demographics of our state.

Florida State attracts students from every county in Florida, every state in the nation, and more than 100 foreign countries. The University is committed to high admission standards that ensure quality in its student body, which currently includes some 345 National Merit and National Achievement Scholars, as well as students with superior creative talent. We consistently rank in the top 25 among U.S. colleges and universities in attracting National Merit Scholars to our campus.

At Florida State University, we are very proud of our successes as well as our emerging reputation as one of the nation's top public universities.

Mr. Chairman, let me tell you about a project we are pursuing this year involving an institute to address Florida Coastal Marine issues.

A Memorandum of Agreement has been signed between the Department of Interior's Minerals Management Service (MMS), the Florida Department of Environmental Protection (DEP), and Florida State University (FSU) to create the Florida Coastal Marine Institute. The Institute, located at FSU, will develop and fund projects with MMS funds based upon the MOA with MMS. The goals of the Florida Coastal Marine Institute are to support high-quality research and training activities in coastal areas with particular emphasis on sand and gravel resources in the coastal and marine waters adjacent to Florida. The FSU Coastal Marine Institute will augment the pool of researchers capable of addressing current and future marine science information needs. In addition to project support, funding will be used to support FSU graduate student and post-doctoral students in activities related to coast issues and research problems. Support will be matched by state funding and will be utilized to provide a data repository at FSU for such coastal and environmental data.

In fiscal year 2003, FSU is seeking $750,000 to initiate and fund this activity through the Department of Interior's Minerals Management Service. Matching funds from state or private sources will match the MMS funding on a dollar-for-dollar basis.

Mr. Chairman, this is a very worthwhile effort that will yield great rewards and is just one of the many ways that Florida State University is making important contributions to solving some key problems and concerns our nation faces today. Your support for this MMS activity would be appreciated, and, again, thank you for an opportunity to present these views for your consideration.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORECEMENT

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 2003 Budget Request for the Office of Surface Mining (OSM) within the U.S. Department of the Interior. In its proposed budget, OSM is requesting $57.6 million to fund Title V grants to states and Indian tribes for the implementation of their regulatory programs and $126.5 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. Participation in the Compact is gained through the enactment of legislation by the member states authorizing their entry into the Compact and they are represented by their respective Governors who serve as Commissioners. 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.

Over the past several years, the Commission has alerted the Subcommittee to a potentially debilitating trend in Title V grant funding. 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. Ever since fiscal year 1995, the appropriation for these grants has either decreased or remained stagnant. Following an encouraging increase by Congress in fiscal year 2001, OSM has failed to provide any increase for Title V grants for fiscal year 2003, despite the states' projected need for additional moneys to meet actual program expenses. In fact, OSM's fiscal year 2003 budget request decreases available money for state Title V grants by $1 million.

Each year, OSM requests and receives increases in its own budget to meet "uncontrollable costs" (such as workers' compensation, unemployment compensation, retirement costs and pay rate increases) and "fixed overhead costs". In estimating its projected program operating costs, the states face these same annual increases, in addition to the costs associated with the escalating cost of travel and replacement of equipment (especially vehicles and computers). And yet, a trend has emerged over recent federal fiscal years where states have received no significant increases in the grants that are intended to support their programs and address inflationary concerns, with the notable exception of fiscal year 2001 when the states received a much-needed and well justified $3 million increase over OSM's proposed amount.

For fiscal year 2003, the states (and tribes) have projected a need for $61.3 million for Title V grants based on a new and improved budget forecasting methodology. Interestingly, this forecasted amount is $1 million less than last fiscal year's forecasted amount, which demonstrates the states' efforts to hold the line and to budget frugally and responsibly. And yet we are repaid for our efforts with an OSM proposal that provides for a decrease in Title V grants in fiscal year 2003.[1] This is very discouraging and reflects either a lack of appreciation for the states' Title V funding needs or a misunderstanding of the Title V dilemma facing the states, and ultimately, OSM.

It is essential that the states be made whole in fiscal year 2003 and thus we are requesting Congress to appropriate the full amount requested by the states and tribes of $61.3 million. If not, the consequences of further reductions will be immediate and far-reaching and 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 lawsuits from environmental groups for failing to fulfill mandatory duties in an effective manner, not unlike the present situation in West Virginia and what previously occurred in Kentucky and Oklahoma. Of course, where a state does, in fact, turn all or part of its Title V program over to OSM (or if OSM forces this

[1] Although OSM's fiscal year 2003 budget proposes an amount of $57.6 million for state Title V grants, $2 million of this total has been specifically earmarked for the West Virginia program, leaving $55.6 million to allocate among all of the states and tribes (including West Virginia's baseline regulatory grant amount). See page 12 in the "Introduction" and page 18 in the "Environmental Protection" portions of OSM's Budget Justification Document.

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 likely outcome should states not receive adequate funding:

"Primacy States have the most direct and critical responsibilities for conducting regulatory operations. The States have the unique capabilities and knowledge to regulate the lands within their borders. Providing a 50 percent match of Federal funds to primacy States in the form of Administration and Enforcement (A & E) Grants results in the highest benefit and the lowest cost to the Federal Government. If any State relinquished primacy, OSM would have to hire sufficient numbers and types of Federal employees to implement the program. The cost to the Federal Government would be significantly higher." [OSM Budget Justification Document, "Environmental Protection", page 6.]

Should the Subcommittee desire more specific information regarding the types of typical impacts to state programs across the Nation if adequate funding is not provided for state regulatory program implementation, please do not hesitate to contact us. Suffice it to say that should the proposed reductions come to pass, one of the more distressing outcomes resulting from inadequate Title V grant funding is that it will pit the states and OSM against one another as they compete for limited funds. Given the commitment of the states to their respective regulatory programs, and their role as front-line regulatory authorities under SMCRA, it is difficult for the states not to urge full funding of their programs. We believe that there should be a way for Congress to fund both OSM and the states, thereby assuring that the mandates of SMCRA are met.

For years now, we have tried to impress upon OSM and your Subcommittee the value and importance of the states' estimates of program costs and the necessity of meeting the states' funding needs. Under OSM's proposed fiscal year 2003 budget, it will require all of the states' fiscal ingenuity and belt-tightening efforts, together with some difficult trade-offs, to manage our programs and resources in such a way that we can achieve the same level of performance that has been expected from us in the past. We are especially concerned about the impacts of this funding crisis on OSM's evaluation of state programs pursuant to federal oversight. How ironic it would be for the states to receive something less than the high marks we have consistently received from OSM due to reduced grant funding.

With regard to funding for state Title IV Abandoned Mine Land (AML) program grants, OSM's proposed decrease of $17 million from last year's amount of $144 million for non-Clean Streams/non-emergency state grants is very disheartening. For 3 years now, OSM has been working with the states and Congress toward full funding for the AML program, whereby the amount of receipts paid into the Fund from reclamation fees by coal operators each year is appropriated and then allocated to the states and tribes to address the myriad problems remaining in the AML inventory. Last year we saw the President's budget propose a $34 million reduction for state AML grants, which Congress ultimately (and thankfully) restored. This year, we see a continued attempt (albeit less drastic) to reverse the trend once again—without justification or rational explanation. While we are well aware of the Administration's efforts to reduce the overall budget by some percentage in order to meet other priorities related to Homeland Security and the War on Terrorism, this is not the time or place to exercise such reductions and back track on the promise to provide adequate funding to the states to address AML problems.

As the states recently reiterated to Congressional staff, OSM and OMB, significant progress has been made by the states in remediating outstanding AML problems and sites. As of September 30, 2001, the states have obligated 94 percent of all funds received and $1.3 billion worth of priority 1 and 2 problems have been reclaimed. Another $319 million worth of priority 3 problems have been funded or completed and $309 million worth of noncoal problems have been funded or reclaimed. Of the $3.2 billion provided to the states in Title IV grant moneys, $2.4 billion has been used for construction or project costs and only an average of 15 percent of Title IV moneys were spent on administrative costs. However, 45 percent of priority 1 and 2 sites in the AML inventory remain to be reclaimed and the cost of completing this reclamation now approaches $6.4 billion. We would be pleased to present the Subcommittee with more information and analysis regarding these figures.

Suffice it to say that major AML problems remain to be addressed and are only getting more expensive, and in some cases more extensive, with the passage of time

due to inflation, deterioration of the sites and urban sprawl. The health and safety of the public is also increasingly at risk. It is absolutely critical to release additional moneys from the AML Trust Fund now in order to allow the states to address these problems today. The states are prepared to deliver the expected benefits and services to our customers under the Title IV AML program in a cost-effective and efficient manner and welcome the new opportunities presented by increased AML funding. The inventory of existing AML problems clearly presents the states with a challenge to direct whatever AML grant moneys are available to the remediation of these remaining problems. The states welcome that challenge and stand ready to proceed expeditiously as moneys continue to be allocated from the Trust Fund. We urge the Subcommittee to continue its commitment to full funding for the AML program and to increase OSM's budget by $37 million—a $20 million increase for state Title IV (non-Clean Streams/non-emergency) grants over last years's amount of $144 million, for a total of $164 million for state/tribal grants in fiscal year 2003. This amount would allow "minimum program" states to be funded at $2 million, the authorized allocation level established by Congress for these states in 1990, which we again urge the Subcommittee to restore. Given the fact that receipts into the AML Fund this year should average $285 million (exclusive of interest), we believe the suggested increase is a modest and appropriate one, and is clearly justified given the amount of AML work remaining to be done.

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 and SOAP, two programs that directly benefit the states by providing needed upgrades to computer software and hardware and assistance to small operators in permit preparation.

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 three 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. If each of the Interior Department agencies involved (OSM, BLM, and USGS) could commit $200,000 toward ADTI, together with other federal agencies (such as EPA, DOE and the Corps of Engineers), about $1 million would be available to support the work of 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.

BUREAU OF INDIAN AFFAIRS

PREPARED STATEMENT OF THE TRIBAL LAW & POLICY INSTITUTE

On behalf of the Tribal Law & Policy Institute (TLPI) I am pleased to submit this testimony on the fiscal year 2003 Appropriations for Interior Department funding of the Indian Tribal Justice Act (Public Law 103–176) and Tribal Courts (under the Tribal Priority Allocations).

The Tribal Law & Policy Institute (see http://www.tri,bal-institute.org) is an Indian owned and operated non-profit corporation organized to design and deliver education, research, training, and technical assistance programs which promote the improvement of justice in Indian country and the health, well-being, and culture of Native peoples. The Tribal Law & Policy Institute (TLPI) seeks to facilitate systemic

change for tribal court systems while operating with minimal staff and overhead costs. TLPI focuses upon collaborative programs that provide critical resources for tribal court systems, victims assistance programs, and others involved in promoting the improvement of justice in Indian country.

INTERIOR DEPARTMENT FUNDING

Indian Tribal Justice Act and Tribal Court Funding

(1) +$58.4 million. Full Funding for Indian Tribal Justice Act: TLPI strongly supports full funding ($58.4 million) for the Indian Tribal Justice Act (Public Law 103–176). On December 21, 2000, the 106th Congress re-affirmed the Congressional commitment to provide this increased funding for tribal justice systems when it reauthorized the Indian Tribal Justice Act for 7 more years of funding at a level of $58.4 million per year (see Public Law 106–559, section 202). TLPI strongly supports FULL FUNDING of the Indian Tribal Justice Act as promised in 1993. TLPI supports funding at a much higher rate since the number of tribal courts and their needs have substantially increased since the Act was made law in 1993—nearly 10 years ago.

(2) Tribal Courts—at least $15 million (under the Tribal Priority Allocations Account): TLPI strongly supports increased funding for Tribal Courts to a level of at least $15 million under the Tribal Priority Allocations (TPA). This minimal increase represents only a minimal first step towards meeting the vital needs of tribal justice systems. It is important to note that funding has steadily decreased since the passage of the Indian Tribal Justice Act. The needs (as recognized by Congress in the enactment of Public Law 103–176 and re-affirmed with the enactment of Public Law 106–559), however, have only been compounded with the passage of time, the increase in tribal courts, the increase of caseloads, population growth, and rise in crime rate in Indian country.

Native American tribal courts must deal with a wide range of difficult criminal and civil justice problems on a daily basis, including the following:

—While the crime rate, especially the violent crime rate, has been declining nationally, it has increased substantially in Indian Country. Tribal court systems are grossly under-funded to deal with these criminal justice problems.

—Number/complexity of tribal civil caseloads have also been rapidly expanding.

—Congress recognized this need when it enacted the Indian Tribal Justice Act—specifically finding that "tribal justice systems are an essential part of tribal governments and serve as important forums for ensuring public health and safety and the political integrity of tribal governments" and "tribal justice systems are inadequately funded, and the lack of adequate. funding impairs their operation."

—While the Indian Tribal Justice Act promised $58.4 million per year in additional funding for tribal court systems starting in fiscal year 1994, tribal courts have yet to see ANY funding under this Act.

—Since Congress enacted the Indian Tribal Justice Act, the needs of tribal court systems have continued to increase, but there has been no corresponding increase in funding for tribal court systems. In fact, the Bureau of Indian Affairs funding for tribal courts has actually decreased substantially since the Indian Tribal Justice Act was enacted in 1993.

—The 106th Congress re-affirmed the Congressional commitment to provide this increased funding for tribal justice systems when it re-authorized the Indian Tribal Justice Act in December 2000 for 7 more years of funding at a level of $58.4 million per year (see Public Law 106–559, section 202).

As Attorney General Janet Reno stated in testimony before the Senate Indian Affairs Committee on, it is vital to "better enable Indian tribal courts, historically under-funded and under-staffed, to meet the demands of burgeoning case loads." The Attorney General indicated that the "lack of a system of graduated sanctions through tribal court, that stems from severely inadequate tribal justice support, directly contributes to the escalation of adult and juvenile criminal activity."

The vast majority of the approximately 350 tribal court systems function in isolated rural communities. These tribal justice systems face many of the same difficulties faced by other isolated rural communities, but these problems are greatly magnified by the many other complex problems that are unique to Indian country. In addition to the previously mentioned problems, tribal justice systems are faced with a lack of jurisdiction over nonIndians, complex jurisdictional relationships with federal and state criminal justice systems, inadequate law enforcement, great distance from the few existing resources, lack of detention staff and facilities, lack of sentencing or disposition alternatives, lack of access to advanced technology, lack of substance abuse testing and treatment options, etc. It should also be noted that in

most tribal justice systems, 80–90 percent of the cases are criminal case and 90 percent of these cases involve the difficult problems of alcohol and/or substance abuse.

IMPORTANCE OF TRIBAL COURTS

"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 justice systems are the primary and most appropriate institutions for maintaining order in tribal communities. Attorney General Reno acknowledged that, "With adequate resources and training, they are most capable of crime prevention and peacekeeping" (A Federal Commitment to Tribal Justice Systems, 79 Judicature No. 7, November/December 1995, p. 114). It is her view that "fulfilling the federal government's trust responsibility to Indian nations means not only adequate federal law enforcement in Indian Country, but enhancement of tribal justice systems as well." Id.

Tribal courts agonize over the very same issues state and federal courts confront in the criminal context, such as, child sexual abuse, alcohol and substance abuse, gang violence and violence against women. These courts, however, while striving to address these complex issues with far fewer financial resources than their federal and state counterparts must also "strive to respond competently and creatively to federal and state pressures coming from the outside, and to cultural values and imperatives from within." (Pommersheim, "Tribal Courts: Providers of Justice and Protectors of Sovereignty," 79 Judicature No. 7, November/December 1995, p. 111). Judicial training that addresses the present imperatives posed by the public safety crisis in Indian Country, while also being culturally sensitive, is essential for tribal courts to be effective in deterring crime in their communities.

There is no federally supported institution to provide on-going, accessible tribal judicial training or to develop court resource materials and management tools, similar the Federal Judicial Center, the National Judicial College or the National Center for State Courts. Even though the NAICJA annually sponsors the National Tribal Judicial Conference, the three-day conference cannot provide the in-depth extensive judicial training necessary to make tribal justice systems strong and effective arms of tribal government.

INADEQUATE FUNDING OF TRIBAL JUSTICE SYSTEMS

There is no question that tribal justice systems are, and historically have been, underfunded. 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 . . .". Almost 10 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."

As indicated by the Civil Rights Commission, the critical financial need of tribal courts has been well documented and ultimately led to 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). Affirming the findings of the Civil Rights Commission, Congress further 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 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.

Nearly 10 years after the Act was enacted, how much funding has been appropriated? None. Not a single dollar was even requested under the Act for fiscal years 1994, 1995, 1997, 1998, or 1999. Only minimal funds were requested for fiscal year 1996 and 2000. Yet, even these minimal funds were deleted. Even more appalling than the lack of appropriations under the Act is the fact that BIA funding for tribal courts has actually substantially decreased following the enactment of the Indian Tribal Justice Act in 1993. In December 2000, Congress re-affirmed its commitment to funding of the Indian Tribal Justice Act by re-authorizing the Act for 7 more years of funding (see Public Law 106–559, section 202). Now is the time to follow through on this long promised funding and provide actual funding under the Indian Tribal Justice Act!

CONCLUSION

Tribal justice systems are the primary and most appropriate institutions for maintaining order in tribal communities. They are the keystone 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 Interior Department's fiscal year 2003 Budget Request for the Indian Tribal Justice Act and Tribal Courts (under the Tribal Priority Allocations). Thank you very much.

PREPARED STATEMENT OF THE GREAT LAKES INDIAN FISH AND WILDLIFE COMMISSION (GLIFWC)

BIA Treaty Rights Protection/Implementation: $4,063,000 (enacted fiscal year 2002 plus $112,000)—Operation of Indian Programs, Other Recurring Programs, Resources Management, Rights Protection/Implementation, Great Lakes Area Resource Management.

GLIFWC seeks to restore $285,000 that the Administration proposes to cut from what Congress provided in fiscal year 2002. Congress recognized that "flatline" funding, especially when coupled with perennial contract support costs shortfalls, threatened core biological, enforcement, tribal court, and public information programs. It provided the $285,000 to help: (a) meet rapidly increasing uncontrollable costs, particularly health insurance and equipment/vehicle repair and operational costs; and (b) restore a number of programs and activities that had been cut, including funding for fishery assessments and tribal courts. Without the $285,000, GLIFWC's required functions under a number of federal court decisions will again be jeopardized, as will its ability to participate in a number of conservation partnerships.

GLIFWC seeks an additional $112,000 to equalize its law enforcement salaries with those of surrounding agencies. It has been losing officers, particularly new and recent recruits, to other higher-paying agencies. This results in: (a) wasteful duplicative costs for recruiting, training, and basic issue items (e.g. uniforms and body armor); and (b) loss of on-the-job knowledge and experience that threatens GLIFWC's role in regional emergency services networks.

BIA Contract Support Costs: GLIFWC seeks full funding of its contract support costs, as it has experienced a $234,000 shortfall since 1995. This shortfall cuts into program funding, and the lack of funding certainty throughout the year further compounds its effect. GLIFWC's indirect cost rate has always been below 15.25 percent, and was 13.8 percent in fiscal year 2001. Such a low rate is difficult to maintain when actual funding is not known until the end of the fiscal year.

BIA "Circle of Flight" Program: GLIFWC supports restored funding to Operation of Indian Programs, Other Recurring Programs, Resources Management, Tribal Management Development Programs, Wetlands/Waterfowl Management. The Administration proposes to eliminate this long-standing tribal contribution to the North American Waterfowl Management Plan. Over the past 10 years, the $6.7 million provided to Tribes, including to GLIFWC and its member Tribes, has leveraged another $18 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 (Publi 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 the past 15 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 Restored and Increased: GLIFWC faces an eroding funding base that threatens its core programs.

1. "Flatline" Appropriations: Prior to fiscal year 2002, GLIFWC's base BIA funding had remained constant since 1995. Based upon the Consumer Price Index, GLIFWC would need over $400,000 more today to equal the buying power it had in 1995.

2. Rapidly Increasing Fringe Benefit Rates: GLIFWC faces rapidly increasing uncontrollable payroll costs and fringe benefit rates. For example, GLIFWC's health insurance costs have increased 91 percent over the last 5 years.

3. Increasing Staff Seniority: GLIFWC is a mature agency. Much of its staff, including all of its division heads and lead biologists, have 10 to 15 or more years of seniority. It faces about $40,000 each year in uncontrollable salary "seniority step" increases and associated fringe costs.

4. Budget Reduction and Other Cost-Saving Options Have Been Exhausted: To address the de facto reductions caused by "flatline" funding, GLIFWC: (i) cut staff; (ii) cut back on fall fish recruitment surveys; (iii) reduced funding to tribal courts and registration stations; (iv) postponed vehicle and equipment replacement; (v) obtained separate contract support funding from the BIA; and (vi) pursued "soft" funding from non-BIA sources to prevent additional staff cuts and to undertake special projects.

5. Ensure Participation in Regional Emergency Services Networks: GLIFWC's officers are integral partners in regional emergency services networks. They not only enforce the Tribes' conservation codes, but also work cooperatively with surrounding authorities in detecting violations of state or federal criminal and conservation laws. Moreover, they are certified medical emergency first responders, including in CPR and in the use of defibrillators, and are trained in search and rescue.

How the Restored Base Funding Would Be Used: The $285,000 would be used the same in fiscal year 2003 as it was in fiscal year 2002:

(1) Restore Cut or Reduced Programs ($145,000);[1]

(2) Replace Ageing Vehicles and Field Equipment ($100,000);[2] and

(3) Meet Increased Seniority "Step" Salary and Fringe Costs ($40,000).

The additional $112,000 would be used to equalize GLIFWC's law enforcement salary structure (including associated fringe benefit and payroll expenses[3] with

[1] $100,000 to restore fall juvenile walleye recruitment surveys to previous levels; $30,000 to restore tribal court and registration station funding cuts; $10,500 to restore Lake Superior lamprey control and whitefish assessment programs; and $4,500 to 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.

[2] With fiscal year 2002 funds, GLIFWC established a $100,000 vehicle/equipment replacement capital fund and replaced 4 of Biological Services' oldest vehicles. This fund would be replenished with fiscal year 2003 funds to cover some of the over $200,000 in other vehicle/equipment replacement needs.

[3] The fringe rate for GLIFWC's Conservation Enforcement Division is approximately 35 percent for health insurance, unemployment insurance, workers compensation insurance, employer's share of FICA/medicare contributions, disability insurance, and retirement.

those of surrounding agencies for 20 officers, 7 that have been hired within the last 6 years and 4 that will be hired to fill existing openings.

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 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, 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);
—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
—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 ASSOCIATION OF NAVAJO COMMUNITY CONTROLLED SCHOOL BOARDS

SUMMARY OF ANCCSB'S REQUESTS

[In millions of dollars]

Indian School Equalization Formula	359.5
Administrative Cost Grants	61.4
Student Transportation	50.0
Facilities Operations	70.0

Chairman Byrd and Members of the Subcommittee: This statement is submitted on behalf of 16 schools operated by tribally-sanctioned school boards of the Navajo Nation in New Mexico and Arizona who are members of the Association of Navajo Community Controlled School Boards (ANCCSB). The School Boards who support this testimony are identified at the end of the statement.

Indian School Equalization Formula (ISEF).—ANCCSB schools were alarmed and disappointed to learn that the Bureau of Indian Affairs (BIA) has requested a $2 million decrease in ISEF program funds.[1]

[1] NOTE: The information supplied by BIA regarding its ISEF request is incomplete. The chart showing ISEF funding history has no entry for either SY2002–2003 or SY2003–2004, although

Continued

ISEF is the primary source of funds for the instructional and residential programs at the 185 schools and dormitories in the BIA system, and the budget we depend on to recruit and retain teachers and dorm supervisors.

In the recent No Child Left Behind Act of 2001, Congress and the President confirmed the federal government's trust responsibility for the education of Indian children in the BIA system. Yet less than one month after President Bush signed this law, his Administration submitted a budget that will make it very difficult for our schools to keep pace with ever-increasing costs of educational programs. How can our small, isolated schools compete with public schools for experienced, qualified teachers, buy up-to-date textbooks and provide the instructional services needed for Indian children with learning disabilities and limited English proficiency if they receive insufficient funds?

In a September 2001 report, the General Accounting Office revealed that the BIA school system enrolls a far higher percentage of children who require the highest level of resources: children from low-income families (twice the percentage of public schools); special education students (40 percent higher than the national average); and children with limited English proficiency (seven times higher than public schools nationwide). While the GAO found that the BIA system has a higher per-pupil expenditure than the public school average, GAO did not examine (and therefore made no comment on) whether the funding supplied to the BIA system is sufficient to meet the high cost of educating these children. In fact, Congress, in the No Child Left Behind Act ordered GAO to go the next step and look at the adequacy of funding supplied to these federal schools.

In past years, this Committee and BIA have both acknowledged the need to increase the ISEF so our schools can not only "stay even" but can actually enhance the educational programs we must offer. We urge the Committee to reject the BIA's proposed program decrease and to provide at least $10 million more for the ISEF budget to carry out the responsibilities established in the No Child Left Behind Act.

Privatization Initiative.—BIA's budget proposes a new initiative to turn over the 64 schools still operated by BIA to tribes or to private management companies by 2007. The Bureau wants to start with 16 schools in SY2003–2004. BIA says tribes will first be asked to take over these schools, but if the tribes do not elect to do so, BIA plans to hire outside managers to operate them.

Existing tribally-operated schools are affected because the funds BIA seeks for the Initiative are essentially diverted from our critical on-going programs such as ISEF. Thus, we must ask this Committee to carefully consider the following questions about this Initiative:

—*$3 million requested by BIA for implementation of Initiative*.—BIA states only that this money would be used "to facilitate an aggressive plan for conversion". This is a woefully insufficient description of the use of these funds, especially in view of the long-standing need for funding for a Tribal Education System for the Navajo Nation.

BIA plans to offer financial incentives to private contractors if they run successful programs, presumably with money from this $3 million request. Why should financial incentives be offered only to outsiders, not to tribal school boards who are already operating schools under contracts and grants? Our school boards work very hard under difficult conditions to improve our students' achievement levels. If financial incentives are to be offered to outsiders with no connection to tribal governments based on the success of their programs the same opportunities should be made available to tribal school boards who are doing the same job. There is no justification whatsoever for reducing ISEF funds to pay extra compensation to outsiders. This would violate the law that directs all funds appropriated for instructional purposes to be distributed to all schools by formula.

—*$2 million for employee displacement costs*—Again, full information is lacking. This $2 million must cover the federal employees who will be displaced by conversions to grant and to private contracting. Even if private contractors retain federal teachers, they will doubtless replace the federal administrative employees. Thus, the cost of privatization will consume funds that would be better used for classroom programs through the ISEF formula.

It is highly unlikely $2 million will cover employee displacement costs at all 16 schools targeted for conversion in SY2003–2004. And it certainly will not cover these costs if several or all 16 schools convert to tribal operation, which BIA says is its first choice. In order to properly evaluate the plan, the Com-

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the BIA's practice has been to display its estimates for the upcoming school year and the school year to be funded by the budget request. Failure to provide data on which estimates are based makes it impossible for the Committee and the public to fully evaluate the BIA's budget request.

mittee should require BIA to specifically identify the displacement costs for each of the 16 schools it wants to convert. For example, Wingate School in NM (likely grant conversion) is a relatively large school whose employee displacement costs would be very high and could consume the lion's share of the $2 million requested for this purpose.

—*Will the small increases requested in other programs be reserved only for schools that must convert to tribal operation or be turned over to private contractors?* The BIA's budget materials repeatedly indicate that some $11 million in its request is connected to the Privatization Initiative, which includes increases requested for Administrative Cost Grants, Facilities Operation and Student Transportation.

In the case of AC Grants, we ask the Committee to assure that AC Grant funds are supplied ONLY to tribally-operated schools—as required by law—not to any school operated by a private contractor, and that the full appropriation for AC Grants be supplied to ALL tribally-operated schools, not just to the new ones that may convert to tribal operation under the BIA's Initiative.

All funds supplied for Facilities Operations and Student Transportation should be available for all schools in the system, not just for the schools BIA wants to convert.

Administrative Cost Grants.—BIA admits it is now paying only 70 percent of need for AC Grants. The $3 million requested increase would bring that level up to only 75 percent of need. Budget p. 98–99.

BIA says conversion to grant is its first choice. Why then does it create a disincentive for tribes to elect grants? Why would a school want to convert to grant when it knows it will receive funding to cover only 75 percent of its administrative costs? It appears BIA is advancing its desire to put schools in the hands of private managers rather than tribes by consciously underfunding AC Grants. All tribally-operated schools are at risk of failure with such insufficient funding.

Recommendations.—Since the budget request of $46,065,000 represents only 75 percent of need, AC Grants should be funded at $61,420,000 to meet 100 percent of need. If more that 3 schools convert to grant (the BIA's current expectation), the Committee should direct BIA to submit a supplemental budget request to cover the costs of additional conversions.

Student Transportation.—This account funds our school bus system—or at least a portion of it. BIA seeks only a $2 million increase despite its own estimate last year that this account is $11 million short of need. The amount requested will produce only $2.37/mile, a 7 cent increase over the current funding level. What the budget request does not reveal, however, is that the average expenditure for public schools was $2.97/mile 6 years ago!

The GAO study showed that the average number of miles traveled by each BIA student—296 in SY1999–2000—is close to twice the distance traveled by a public school student (165 in SY1998–1999). And our buses must travel on miles of unimproved roads which tremendously increases our bus maintenance costs. Clearly, the $2 million requested increase will not begin to cover the funding shortfall in this program.

Recommendation.—Student transportation funding should be set at $50 million.

Facilities Operations.—This account is intended to cover utilities, heating fuel, janitorial, communications, refuse collection, water/sewer, fire protection, pest control and technology maintenance. Rarely, if ever, has enough funding been supplied to cover all these costs.

Funding for this program is based on the total square feet of education space, but a review of the past 2 budget requests shows that BIA's figures on total square feet of this space do not add up. In its fiscal year 2002 request (p. 85), BIA said that it would support 17.8 million sq. ft. of education space (excluding quarters) during fiscal year 2001. New space is added each year, and some space gets deducted due to demolition. A close examination of these "adds" and "deductions" calls into question the fiscal year 2003 statement (p. 92) that 17.9 million sq. ft. of educational space is being supported in fiscal year 2002, and that 18.338 million sq. ft. will be supported in fiscal year 2003 (p. 98):

	Squre feet
[Fiscal year 2001 total space, per fiscal year 2002 budget request]	17,800,000
[Demolition of non-quarters space in fiscal year 2001; per fiscal year 2002 request, p. 222–23]	– 186,805

	Squre feet
[New space added in fiscal year 2002, per fiscal year 2003 request, p. 92]	+ 641,622
[Corrected total space supported in fiscal year 2002]	18,254,817
[Corrected total space in fiscal year 2002, from above]	18,254,817
[Demolition of non-quarters space in fiscal year 2002; per fiscal year 2002 request, p. 245–46]	−86,968
[New space to be added in fiscal year 2003, per p. 98]	+ 617,375
[Corrected total space to be supported in fiscal year 2003]	18,785,224

Even if we accept BIA's statement that it will support only 18.338 million sq. ft. of education space in fiscal year 2003, the budget request is inadequate. For the past 2 years, BIA reported the per-sq.ft. cost as $3.37.

At this rate, the budget request should be $62 million, not $57.7 million. Using the more accurate total square footage of 18.8 million sq. ft., the budget request should be at least $63.3 million, but we believe the Navajo Nation's request of $70 million is more realistic.

If all 185 schools in the federal BIA school system ever needed the help of this Committee it is NOW. Please make sure that Congress and the President keep the commitment made to Indian tribes and Indian children in the No Child Left Behind Act:

"It is the policy of the United States to fulfill the Federal Government's unique and continuing trust relationship with and responsibility to the Indian people for the education of Indian children and for the operation and financial support of the Bureau of Indian Affairs-funded school system to work in full cooperation with tribes toward the goal of ensuring that the programs of the Bureau of Indian Affairs-funded school system are of the highest quality and provide for the basic elementary and secondary educational needs of Indian children, including meeting the unique educational and cultural needs of those children."——No Child Left Behind Act of 2001, Title X, Part D, Sec. 1120.

This statement is sponsored by the following tribally-operated schools of the Navajo Nation:

Stanley Herrera, President, Alamo Navajo School Board
Wilson Gilmore, President, Black Mesa Community School, Inc.
George Tolth, President, Borrego Pass Community School, Inc.
Ross Smallcanyon, President, Kayenta Community School, Inc.
Marge Begay, President, Lukachukai Community School, Inc.
Kavin S. Begay, Vice President, Pinon Community School, Inc.
Jamie Henio, President, Ramah Navajo School Board, Inc.
James W. Begay, President, Rock Point Community School, Inc.
Betty Dailey, President, Rough Rock Community School, Inc.
Richard T. Begay, President, Shiprock Alternative Schools.

PREPARED STATEMENT OF THE RAMAH NAVAJO SCHOOL BOARD, INC.

Thank you for the opportunity to submit written testimony for the record regarding the fiscal year 2003 Bureau of Indian Affairs education budget. I am the Executive Director of the Ramah Navajo School Board, Inc. ("RNSB") located in Pine Hill, New Mexico. The RNSB is responsible for operating the K–12 Pine Hill School, one of the 185 BIA-funded schools. This testimony will focus on our request for an additional $918,000 in the BIA's Education Facilities Improvement and Repair budget to complete the Pine Hill replacement dormitory project.

The RNSB wholeheartedly supports the written testimony submitted by the Association of Navajo Community Controlled School Boards (ANCCSB). The issues discussed in the testimony of ANCCSB are critical to the continued operation of the tribally-controlled BIA-funded schools who rely 100 percent on federal funds for their operation.

I would like to further comment specifically on the BIA's Education Facilities Improvement and Repair (FI&R) budget request with regard to our dormitory replacement project. The RNSB is in the unfortunate position of undertaking to build a replacement dormitory on its school campus, without the full funding the RNSB and the Bureau of Indian Affairs agree is needed for the project.

Summary of the Issue.—In its fiscal year 2002 budget, BIA requested and received $3.8 million for a 100-student dorm. But, as BIA facilities personnel soon acknowl-

edged in a letter dated August 31, 2001, the amount needed was miscalculated, resulting in a $918,000 funding shortfall. The square footage costs for a 72-student dorm had been used instead of the intended 100-student capacity. Unfortunately, this letter was not issued until the fiscal year 2002 appropriations process was nearly completed, so Congress appropriated $3.8 million as requested in fiscal year 2002.

The Ramah Navajo School Board had every expectation that the BIA would cure the dorm funding deficiency in its fiscal year 2003 Facilities Improvement & Repair budget request. Inexplicably, however, BIA did not request supplemental funding for the Pine Hill dorm in the fiscal year 2003 budget. The only mention of the Pine Hill dorm appears in the summary of the FI&R projects currently underway this year for which funding has already been supplied. On p. 230, the "Pine Hill Dormitory" summary reports that $3,844,000 has been supplied for a replacement dormitory "to accommodate approximately 72 students, in grades 1–12." While the amount of funding appropriated is correctly stated, the intended dormitory size is not. The BIA and the Ramah Navajo School Board both agree that the Pine Hill replacement dorm must be able to accommodate 100 students, as stated in the fiscal year 2002 budget request.

The Bureau's FI&R budget seeks $164.4 million to perform several education-related construction projects. It is extremely unfair that projects at other locations have leaped ahead of RNSB's project which was higher in the FI&R funding queue. All we can conclude is that completion funding for the Pine Hill replacement dorm project fell through the cracks!

We hope the Chairman and the Committee can cure this error in the fiscal year 2003 appropriations bill by directing the BIA to supply the $918,000 the BIA acknowledges is needed to complete the dorm project properly. Children in need of dorm housing to receive an education should not be the victims of an erroneous agency calculation.

Justification for the Replacement Dorm.—BIA describes the condition of the existing 50-year-old dorm facility as "dilapidated" and creating "life-threatening situations". The RNSB agrees. Our children deserve better.

Our dorm facility is located 20 miles from the Pine Hill School where the children attend classes. Thus, we must incur daily transportation costs to bus students to/from their dorm. Constructing the new dorm on the school campus will save considerable transportation and facility maintenance costs as well as provide habitable living space for our children.

While the existing dorm was built to hold 80 students, demand for residential space routinely far exceeds this capacity. We have housed as many as 86 students in the facility but, due to health and safety considerations, we try to limit dorm enrollment to 80 or 81.

It makes little sense to build a replacement dorm that will accommodate fewer students than we now house, and far fewer than demand dictates. The funding supplied so far, however, would only meet 72 percent of need.

Status of the Dormitory Project.—The additional funding for the replacement dorm is needed in the fiscal year 2003 budget because the Ramah Navajo School Board has already begun the planning and design phase for the dormitory project. The Organizational Capability Review of the School Board's management and fiscal systems is complete and a perfect score was awarded. The BIA has supplied $296,000 for the planning and design phase of the project. RNSB is in the process of selecting a design/build contractor and expect the design phase to begin in April, 2002.

Because the RNSB is utilizing a design/build method of construction, the actual construction of the project will begin before the planning and design phase is completed. The RNSB expects construction of the Pine Hill replacement dorm to begin in June, 2002 with a target completion date of February 2003. Thus, we can immediately put to use the $3.8 million appropriated last year.

Securing the additional $918,000 in the fiscal year 2003 budget will allow the RNSB to plan and design for the needed 100-student dorm.

Overview of the Ramah Navajo School Board. In the 1970's the Ramah Community was one of the first Indian-run entities to take over operation of a defunct public high school. Eventually, a complete new K–12 school was established. Located on an isolated, non-contiguous portion of the Navajo Reservation in west-central New Mexico, the Ramah Community must be self-sufficient. Through the Indian Self-Determination Act, the Ramah Navajo School Board has used every opportunity to provide services to and improve the quality of life for the Navajo people it serves.

Over the past 32 years, the RNSB has earned the reputation of an exemplary tribal organization. For decades it has successfully operated a K–12 school (current enrollment is 550), a dormitory housing 80 students, a Head Start program, an IHS-funded health clinic, and numerous other federal programs that benefit the Ramah Navajo community people.

The high quality of the RNSB's operation was most recently recognized when the BIA's Organizational Capability Review team awarded it a perfect score. The OCR evaluates the management and fiscal accountability systems of tribes/school boards who seek to perform BIA-funded school/dorm construction projects. The OCR team indicated that RNSB is the first school board to achieve a perfect score.

We thank you for considering our request and hope that your Committee can assist us in securing the additional $918,000 that BIA acknowledges is needed to provide for an adequate replacement dormitory for our students.

PREPARED STATEMENT OF THE PAUCATUCK EASTERN PEQUOT TRIBAL NATION

This statement is submitted on behalf of the Paucatuck Eastern Pequot Tribal Nation, North Stonington, CT, with respect to fiscal year 2003 appropriations for the Bureau of Indian Affairs. Specifically, we wish to urge the Subcommittee's favorable consideration of increased funding in fiscal year 2003 for the Branch of Acknowledgment and Research (BAR). We ask that funding be increased from a projected level of $1,050,000 in fiscal year 2002 to a level sufficient to provide BAR with at least three full research teams.

The Paucatuck Eastern Pequot Tribal Nation has 150 members and a 224-acre reservation in North Stonington, CT. The reservation was established in 1683 and is known as the Lantern Hill Reservation. Historically, however, the Tribe occupied and controlled a much larger land area in what is now southeastern Connecticut. Our Tribe and our reservation have been continuously recognized by the Colony and the State of Connecticut. The Tribe has been known by a number of names over the years: Stonington Pequots, North Stonington Pequots, Eastern Pequots and Paucatuck Eastern Pequots. At all times, the Tribe's leaders have been recognized as chiefs by the State of Connecticut and by other New England tribes. All of the current members of the Paucatuck Eastern Pequot Tribe descend from the historic tribe through three individuals who were members of the Tribe and resided on the North Stonington Reservation in the 19th century.

As this Subcommittee knows, in 1978, a formal administrative process was established within the Department of the Interior for tribes to petition the federal government to be acknowledged as an Indian tribe eligible for the benefits and services accorded all federally recognized tribes. Members of our Tribe have been working to achieve federal recognition since the 1970s, gathering information and documentation about our Tribe in order to present our case. As is required under the regulations, the Paucatuck Eastern Pequot Tribe sent a letter of intent to submit a petition to the Branch of Acknowledgment and Research in 1989. The Tribe submitted an extensively documented petition in 1994, and submitted additional supplemental documentation in 1996. This material includes historical, anthropological and genealogical data and documents; newspaper and other articles written over many decades which talk about the Paucatuck Eastern Pequot; oral histories of tribal members; information about the Paucatuck Eastern Pequot's tribal council meetings, governing documents and membership criteria; and descriptions of tribal activities and events, and issues in which Paucatuck tribal leaders have been active both historically and to the present.

On April 2, 1998, the petition of the Paucatuck Eastern Pequot Tribe was placed on "active consideration." On March 24, 2000, Assistant Secretary for Indian Affairs Kevin Gover signed a positive Proposed Finding, recommending that the United States affirm that a government-to-government relationship exists between the federal government and the Tribe.

On January 19, 2001, the State of Connecticut and the Towns of North Stonington, Ledyard and Preston filed suit against the Department of the Interior in the federal district court for Connecticut (*Connecticut* v. *Interior*). Among other things, the plaintiffs are seeking the unprecedented remedy of having the federal court direct the Bureau of Indian Affairs to set aside the Proposed Finding, and of forcing the Paucatuck Eastern Pequot Tribe back to the start of the acknowledgment process.

The Tribe sought to intervene in the litigation. On March 27, 2001, Judge Covello issued an order acknowledging the right of the Paucatuck Eastern Pequot Tribe to intervene in the litigation as a matter of right based on the implications of the case for our rights and interests.

On March 30, 2001, Judge Covello entered a scheduling order in the case, which set out a schedule for the completion of the consideration of our petition. The scheduling order called on the BIA to comply with all FOIA requests filed under federal and state law by the parties to the litigation by May 4, 2001. This deadline was met. By August 2, 2001, all interested parties and the petitioners submitted to the

BIA their comments on the March 24, 2000, Proposed Findings. By September 4, 2001, the petitioners submitted their responses to the comments on the Proposed Finding to the BIA. On October 4, 2001, the BIA commenced consideration of all of the evidence before it on the petitions, and on October 25, 2001, the BIA requested that Judge Covello extend the date for the issuance of a Final Determination from December 4, 2001 to June 4, 2002. The Paucatuck Eastern Pequot Tribe supported the BIA's request for additional time to review the evidence and prepare the Final Determination. Judge Covello granted the BIA's request and he has retained jurisdiction over the processing of the Paucatuck petition and will do so until the process has been completed.

In addition to Judge Covello's order, the federal courts have directed that BAR and BIA comply with schedules for the processing of four other petitions (Muwekma, Schaghticoke, Mashpee and Golden Hill Paugussett). If these orders remain in place, the BIA will be required to issue four Proposed Findings and four Final Determinations in the period between July, 2002 and October, 2003. Since its inception in 1978, the BAR has issued about one Proposed Finding or Final Determination per year. We do not see how BAR will be able to issue the court ordered Proposed Findings and Final Determinations during that time period without a significant increase in staff and resources.

The Tribe appreciates the efforts of members of Congress, including several members of the Connecticut congressional delegation, who have worked to provide increased funding for the BAR. We know firsthand how understaffed BAR is. One of our Tribe's great frustrations in the acknowledgment process, even when we were under "active consideration," was that there was no or minimal communication from the BAR. There is little or no opportunity for dialogue between the petitioner and the BAR, even to get a status report on where BAR is in the process of their review, or when certain materials we had requested under the Freedom of Information Act might be made available to us. When we have raised this concern with the BAR, staff have told us they are too shorthanded to respond to petitioner inquiries. We learned that when the BAR receives requests for documents under FOIA and similar inquiries, staff must stop the research they are conducting in order to stand at the Xerox machine or review and redact documents before they can be copied.

The lack of adequate resources directly affects the timeliness and quality of the decisions made by the BAR staff. When we filed our documented petition in 1994, the BAR was operating with three full research teams and they were able to provide us a technical assistance letter in about six months. To our knowledge, that was the last year that the BAR was fully staffed by three research teams. In 1996, we filed the documentation called for in the technical assistance letter and were placed in the status of those petitioners who were ready and awaiting active consideration.

When we were placed on active status in April 1998, we asked the BAR staff if they needed any additional documentation and were told not to file anything because they had all of the information needed. Under the regulations, the BAR staff and the Assistant Secretary had a year to issue a Proposed Finding. It took an additional year for the Proposed Finding to be issued. After the Proposed Finding was issued, Connecticut Attorney General Blumenthal requested that the BAR staff conduct a technical assistance meeting to explain the Proposed Finding. At the technical assistance meeting in August, 2000, the BAR staff stated for the record that they had not been provided adequate time to review the documentation for our petition prior to the issuance of the Proposed Finding.

Clearly, BAR needs additional staff in order to facilitate the processing of recognition determinations. While funding for additional staff will not necessarily make the administrative process for recognition less burdensome for petitioners, or less controversial, or be a "magical solution," it will surely aid in the processing of petitions within the timelines set by the regulations.

On behalf of the Paucatuck Eastern Pequot Tribal Nation, thank you for this opportunity to submit this statement on fiscal year 2003 appropriations for the Branch of Acknowledgment and Research.

PREPARED STATEMENT OF THE LUKACHUKAI COMMUNITY SCHOOL BOARD, INC.

This statement is submitted on behalf of the Lukachukai Community School Board, Inc., a tribally controlled school authorized pursuant to the Navajo Nation Education Committee of the Navajo Nation Council, Resolution No. IRGC–11–97. The School Board would like to submit the following requests regarding the fiscal year 2003 BIA education budget:

[In millions of dollars]

Indian School Equalization Formula	359.5
Administrative Cost Grants	61.4
Student Transportation	50.0
Facilities Operations	70.0

INDIAN SCHOOL EQUALIZATION FORMULA (ISEF)

Lukachukai Community School Board has learned that the Bureau of Indian Affairs (BIA) has requested a $2 million decrease in the ISEF program. Although, the BIA's ISEF request shows an increase over the fiscal year 2002 appropriated level, further examination of the budget chart shows that the BIA actually reduced the ISEF program by $2 million once the pay increases required by law are taken into account. No upward adjustments were made to keep pace with inflation or other costs, and these costs must now be borne by the schools.

ISEF funds are our primary source of funds for instructional and residential programs, with approximately 85 percent of our ISEF funds being used to cover our academic and residential staff salaries. These mandatory salary costs leave little funds left to cover our remaining educational needs, such as purchasing books and classroom supplies.

President Bush recently signed Public Law 107–101, the No Child Left Behind Act of 2001. Through this Act, the President and the Congress pledged to devote greater federal resources to improving our nation's schools. Yet, we find the President wants to cut the budget for Indian schools, which obtain 100 percent of their funding from the federal sources. This is very disheartening for all Native Americans. Since the BIA has not released the details of their budget request, we do not know what reasons were provided for cutting the ISEF program funding, but we believe the decision to make the funding cut cannot be justified.

The cut in the ISEF budget will force some of our schools to expend 90 percent of their ISEF funds solely on personnel salaries causing schools to be unable to purchase other resources necessary to provide quality instruction to enhance student achievement.

The General Accounting Office conducted a comparative analysis between the BIA, DOD and Public Schools in 2001. In their report, they acknowledged the need to increase the ISEF so the Bureau funded schools can "catch up" and stay even with other schools and to enhance the education programs they offer. This acknowledgement by the GAO Report validates our concerns with decreasing the ISEF funds.

We urge the Committee to reject the BIA's proposed program decrease and provide at least $359.5 million to the ISEF budget to fulfill the responsibilities established in the No Child Left Behind Act.

PRIVATIZATION INITIATIVE

The Bureau of Indian Affair's has developed a worrisome initiative to resolve the problem of Indian student achievement lagging behind national averages. This new initiative proposes to convert the remaining 64 BIA operated schools to tribal management (either through a Public Law 100–297 grant or Public Law 93–638 contract) or to private management companies by year 2007.

Though this proposal will not affect us directly—as our school is already a tribally operated grant school—it is unclear to us how we will be affected by this proposal indirectly. We hope that your Committee will be able to obtain some clarifications that the BIA has failed to provide in its budget request.

We are concerned about the requested funding increases for three school operations accounts. Will these small increases in funding be reserved only for the schools that convert to tribal operation or are turned over to a private manager, or will all schools in the BIA-funded system share in these requested increases in program funding? We hope that your Committee will clearly state that any increases in funding must be properly distributed to all the BIA-funded schools, not just those that are part of the privatization initiative. The following budget accounts are the ones we are referring to:

—*Administrative Cost Grants*.—Our school is completely dependant upon the Administrative Cost Grant for the daily administrative operations of the school. We have not had an increase in Administrative Cost Grants for 4 years, and the BIA's budget request justification states that Administrative Cost Grants are currently only being funded at 70 percent. We are thankful that the President's budget request asks for a $3 million increase for the Administrative Cost Grant program and ask that your Committee ensure that the increase in funding is available to all tribally controlled schools, not just the new schools that

will convert under the Privatization Initiative. The No Child Left Behind Act 2001 requires that AC Grant funding is distributed pro-rata to all tribally-operated schools. We hope that the President will follow the law that his Administration whole-heartedly supported.

—*Student Transportation*.—This account funds a portion of our school bus system. It is suppose to fund all of it, however, the appropriations for the Student Transportation budget since Public Law 95–561 was enacted (the Act that created the Student Transportation program) has never fully covered the transportation programs of the tribally-controlled schools. Consequently, for the past 24 years our school and many other Bureau-funded schools have been forced to utilize portions of the ISEF budget to supplement their transportation programs. This puts schools in the unfortunate position of having to choose between transporting students to-and-from school or providing updated classroom materials, such as books.

We have been getting around $2.30 per mile for years, compared with the $2.97 per mile supplied to public schools in SY97/98 (latest figure available).

While we are grateful that the President asked for a $2 million increase for student transportation we hope that your Committee can further assist in decreasing the dramatic shortfall in the Student Transportation budget. We are thankful for any increase in funding as BIA has estimated that the shortfall in funding for this program is at least $11 million.

Our school is located 110 miles from the nearest town. The nearest place we can go to get fuel for our school vehicles is 15 miles from the school. In addition, we were just informed last week that the General Services Administration site we use to service our vehicles has been changed to the site located in Farmington, New Mexico. This change in site will cause our vehicles to have to travel further (240 miles round trip) to be serviced by the GSA.

We ask that your Committee please ensure that any increases in funding for the Student Transportation budget be distributed to all the schools in the BIA-funded school system, and not be reserved only for the schools BIA wants to convert to tribal or private operation.

—*Facilities Operations*.—Funds from this account covers school utilities, heating fuel, janitorial, communications, refuse collection, water/sewer, fire protection, pest control and education technology maintenance. Like the Administrative Cost Grant, we have not received 100 percent of the funds generated by the statutory formula established in past years. We have always received only 80 percent of our actual need, which causes us to prioritize our funds where most needed.

The Bureau of Indian Affairs requests an additional $2.2 million for facilities' operations funds. This amount will finally cover some of the needs that have been neglected for years. We ask that all schools share in the additional funding, and that the increase not be reserved solely for the schools BIA wants to convert to tribal or private management.

We in Indian country have awaited legislation like the No Child Left Behind Act 2001 for decades. The President has made some wonderful commitments to Native Americans. Please make sure that Congress and the President keep their word and do not breach the commitments they have enacted in the No Child Left Behind Act:

"It is the policy of the United States to fulfill the Federal Government's unique and continuing trust relationship with and responsibility to the Indian people for the education of Indian children and for the operation and financial support of the Bureau of Indian Affairs-funded school system to work in full cooperation with tribes toward the goal of ensuring that the programs of the Bureau of Indian Affairs-funded school system are of the highest quality and provide for the basic elementary and secondary educational needs of Indian children, including meeting the unique educational and cultural needs of those children."——No Child Left Behind Act of 2001, Title X, Part D, Sec. 1120.

I thank you from the bottom of my heart for taking the time to consider these views.

PREPARED STATEMENT OF THE PINON COMMUNITY SCHOOL BOARD

The Pinon Community School Board is a tribal organization of the Navajo Nation which operates the Pinon Dormitory for Indian students in grades 1–12 who attend the local public school, and a kindergarten instruction program for young Navajo children. Our School Board offers the following comments on the fiscal year 2003

Education Budget for the Bureau of Indian Affairs and the Health Care Facilities Constructionn Budget for the Indian Health Service.

BIA Education Budget.—Pinon School Board supports the unified testimony submitted by the Association of Navajo Community Controlled School Boards (ANCCSB) regarding the BIA budget request for Education—School Operations. Pinon is a member of ANCCSB and assisted in the prepartion of the Association's statement. To help the Subcommittee with paperwork management, we will not repeat the ANCCSB comments here, but ask you to give serious considertion to the views expressed in that statement.

IHS Health Facilities Construction—$13.9 million for Pinon Clinic.—The Pinon School Board urges the Committee to approve the IHS budget request of $13.9 million to continue construction of the desperately needed outpatient clinic in the Pinon Community of the Navajo Reservation. Our Community has waited a long time to rise to the top of the priority list so we can finally get a decent clinic to serve the population of one of the fastest-growing regions of the Navajo Nation.

Our current small, old clinic can only provide limited services to our residents. For most care, our people have to travel to the Chinle Hospital 50 miles away from the center of Pinon—provided they have access to transportation. This makes it very difficult to obtain routine and emergency care for the children who live in our Dormitory. We do not have access to doctors, dentists, eye doctors, speech and physical therapists and other vital health care providers at the local level like schools in cities and towns have. We must depend on the Indian Health Service to supply health care to our people, including our children.

We eagerly await completion of a local clinic in Pinon. It will tremendously enhance the School's ability to assure that children in our Dorm receive the early screening, diagnostic and treatment every child needs for a healthy life.

Please approve the $13.9 million IHS request for the Pinon Outpatient Clinic construction.

Thank you for your consideration of these views.

PREPARED STATEMENT OF THE JEEHDEEZ'A ACADEMY

This statement is submitted on behalf of the Jeehdeez'a Academy incorporated, a tribally controlled school that recently converted from a BIA-operated school to a tribal grant school. The Executive Board Members of the Jeehdeez'a Academy would like to take this opportunity to express their gratitude for the School Replacement Construction Funds that are being requested to replace the Jeehdeez'a Academy, Inc. The school has long been in need of replacement and we are thankful that the replacement construction costs were included in the fiscal year 2003 budget. We also wish to highlight several aspects of the BIA's fiscal year 2003 education budget that we hope will obtain some increase in funding:

[In millions of dollars]

Student Transportation	50.0
Administrative Cost Grants	61.4
Facilities Operations	70.0
Indian School Equalization Formula	359.5

The Jeehdeez'a Academy, Inc. is located in Low Mountain, Arizona fifty miles southwest of Chinle, Arizona in a remote part of the State. This community does not have a post office, store, gas station, or hospital. The school serves 240 students from kindergarten to fifth grade (K–5). Sixty of our students reside on campus in the dorm due to the fact that their homes are difficult to reach and/or their parents do not have transportation. Moreover, because some of our students live so far from the campus it is practically impossible to bus them on a daily basis.

The Jeehdeez'a Academy employs fifty-three staff members most of whom live on the reservation, but off campus. This because staff housing on campus is in such poor condition. In fact, the staff housing is so dilapidated that the school has difficulty recruiting and retaining high quality staff from off the reservation.

Due to the above conditions that our school faces daily, we ask that the Committee consider our comments on the following aspects of the BIA's education budget:

STUDENT TRANSPORTATION

Because of the remote location of our school, our students must travel an average of thirty miles a day on dirt and unimproved roads. This causes a great deal of wear and tear on our school buses, which is compounded during the winter months when

harsh weather makes the road conditions even worse. To obtain maintenance and service, our buses must travel 260 miles roundtrip to Gallup, Mexico.

Despite the fact that last year the BIA acknowledged that the Student Transportation budget for BIA-funded schools is $11 million short of need, the BIA's budget request asked for only a $2 million increase for student transportation. While we are thankful for any increase in the budget that is provided, we note that the $2 million requested increase would only produce a 7¢ increase over the current funding level. This increase will provide funding to the tribally controlled schools at a level of $2.37/mile, which is still far below the $2.97/mile public schools received 6 years ago.

The requested increase will not begin to cover the dramatic funding shortfall of the student transportation program.

We ask that the committee providing funding for the Student Transportation program at $50.0 million.

ADMINISTRATIVE COST GRANTS

The Jeehdeez'a Academy, like other tribally controlled schools, relies on the funds provided by the Administrative Cost Grants to provide for the daily cost of operating our school. Therefore, it is important that the BIA does not continue to pay only 70 percent of the Administrative Cost Grant amount that is generated through statutory formula. The $3 million requested increase would bring the level of funding for Administrative Cost Grants to only 75 percent of need.

We ask that the Committee fund Administrative Cost Grants at 100 percent of the amount generated by statutory formula, which according to the BIA's calculations would be $61.4 million.

We are also concerned that a portion of the requested increase in funding for Administrative Cost Grants will be used only for those schools that are part of the President's Privatization Initiative.

We ask the Committee assure that the increase in funding is available to all tribally controlled schools, as required by law, and not just for the schools that are converting to tribal or private control under the Privatization Initiative.

FACILITIES OPERATIONS

The account for facilities operation is intended to cover utilities, heating fuel, janitorial, communications, refuse collection, water/sewer, fire protection, pest control and technology maintenance. Funding for this program remains inadequate and is often insufficient to cover even basic utility costs. Adequate funding for everyday upkeep of schools is a critical element in assuring that schools will last longer and remain safe for students. Our school is currently operating at only 80 percent of the amount needed to adequately cover our facility operations costs.

We ask that the Committee fund this program at $70.0 million.

—Indian School Equalization Formula (ISEF)

The ISEF funds provide basic instructional funding for students in BIA-funded schools. The Jeehdeez'a Academy, Inc. has learned that the BIA's budget requested a $2 million decrease in ISEF funding. This funding is Jeehdeez'a Academy, Inc.'s primary source of funding for the school's instruction and residential program. Eighty-5 percent of the ISEF funds we receive are spent solely on academic and residential staff costs. This leaves very little left in ISEF funds to purchase educational materials for the students. We hope that the Committee will reject the BIA's request to decrease ISEF funding and instead provide an increase in this program.

We ask that the Committee provide funding for the ISEF at $359.5 million.

Three days after taking office in January, the President of the United States, George W. Bush signed Public Law 107–110, the "No Child Left Behind Act of 2001". Through this Act, Congress and the President pledged to commit greater federal resources to improving our nation's schools. Yet, less than a month later, the President submitted a budget that will make it very difficult for our school to keep pace with public schools for experienced qualified teachers, buy up-to-date textbooks, provide the instructional services needed by our students, and maintain the daily operation of our school.

We at Jeehdeez'a Academy, Inc. are concerned about the educational needs of our students and their future. We hope that the Committee will help us in ensuring that Congress and the President keep the commitment made to Indian tribes and Indian children and that no Indian child is left behind.

We thank you for providing us with the opportunity to comment on BIA's fiscal year 2003 budget request and for considering our requests. Should you have any questions, please call us at (928) 725–3178. Thank you.

PREPARED STATEMENT OF THE WINNEBAGO TRIBE OF NEBRASKA

This testimony addresses the fiscal year 2003 budget request for programs in the Indian Health Service and the Bureau of Indian Affairs. Specifically, the Winnebago Tribe of Nebraska urges the Subcommittee's favorable consideration of the following: $9 million in fiscal year 2003 to complete construction of the new Winnebago hospital and to replenish contingencies for unanticipated costs ($759,000 over the budget request); maintaining funding for operating grants for Tribally Controlled Community Colleges within the Bureau of Indian Affairs at the fiscal year 2002 enacted level of $41.1 million ($2 million over the budget request); and support for the Administration's requested level of $159 million in fiscal year 2003 for the BIA component of the Law Enforcement Initiative in Indian Country, of which $3 million is requested for new detention centers.

The Tribe and Economic Development.—The Winnebago Tribe of Nebraska is a federally recognized Indian Tribe organized pursuant to Section 16 of the Indian Reorganization Act of June 18, 1934. Our forefathers were forcibly relocated from lands in and near what is now the state of Wisconsin. Our Treaty of 1865 is the first in history to require that the United States provide health care services to tribal members. The Tribe's 120,000-acre reservation includes lands in both Iowa and Nebraska and only about 30,000 acres of land within the reservation is now tribally controlled. There are 4,039 enrolled members, with about 1,290 residing on the reservation.

The Winnebago Tribe of Nebraska is very active on the economic front. The Tribe operates several business enterprises, including the WinnAVegas Casino in Sloan, Iowa, and the Heritage Company A Convenience Mart and Pony Express gas station in Winnebago, Nebraska. Additionally, the Tribe has developed a small strip mall located on the reservation; leasing tribal land to outside agricultural interests generates added tribal revenue. Ho-Chunk, Inc., a wholly-owned tribal development corporation, owns & operates a tobacco outlet shop in Omaha, Nebraska and a Native American Products Internet business located in Winnebago. Even with the economic contribution of these projects, tribal per capita income remains significantly below the poverty level at just over $5,000.

Unlike states, the tribes have little or no tax base or other revenue sources with which to operate tribal government programs. Gaming has given a jump-start to our economy but those revenues are decreasing because of commercial competition. The Tribe still relies heavily on federal funds to provide even the most basic level of services to tribal members.

Comprehensive Health Care Facility.—In August, 2000, the Winnebago Tribe had a groundbreaking ceremony for the new 97,200 square foot Comprehensive Health Care Facility. Last fall, site preparations were completed, and actual construction of the new hospital began on October 5, 2001. Construction is expected to be completed June 2004.

In the town of Winnebago, the U.S. Public Health Service Hospital serves the basic health care needs for the area. Critical and specialist care is available in Sioux City, Iowa. Currently, the PHS hospital has 30 general beds and 3 Pediatric beds. It has a staff of 102, 4 of whom are Doctors and 20 of whom are R.N.'s. Of the current staff, 20 (19.6 percent) are from Iowa, 67 (65.6 percent) are from Nebraska, 27 (26.4 percent) live on the Winnebago Reservation, and 7 (.06 percent) are from South Dakota. The new Comprehensive Health Care Facility is expected to employ an additional 100 professionals.

The Winnebago Tribe received $950,000 in fiscal year 1999 through the Indian Health Service to complete the Architecture and Engineering phase of our Hospital. In fiscal year 2000, we received $9,714,000 for phase one construction, in fiscal year 2001, $12.3 million for phase two construction, and in fiscal year 2002, $15 million was appropriated. The Administration's fiscal year 2003 budget request includes $8,241,000 for the remaining construction costs. However, the Tribe requests an fiscal year 2003 appropriation of $9 million, $759,000 over the request, to replenish contingencies for unanticipated costs.

Little Priest Tribal College.—Currently, enrollment at the Little Priest Tribal College on the Winnebago Reservation has reached an all-time high of 204 students. The College is an important facility for insuring that the new Hospital will have well-trained nurses and other health care professionals. For fiscal year 2003, the Winnebago Tribe of Nebraska requests this Subcommittee's support for maintaining funding for operating grants for Tribally Controlled Community Colleges within the Bureau of Indian Affairs at the $41.1 million fiscal year 2002 level. We urge the Congress to oppose the Administration's proposal to reduce funding for Tribal Colleges by $2 million.

Law Enforcement Initiative.—The Winnebago Tribe supports the proposed level of $159 million in fiscal year 2003 for the BIA component of the Law Enforcement Initiative in Indian Country, of which $3 million is requested for new detention centers. The Tribe has need of $11.8 million in Federal dollars to help construct a Criminal Justice Complex, which will include all adult and juvenile detention facilities, as well as law enforcement and tribal court components.

PREPARED STATEMENT OF THE AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM

REQUEST SUMMARY

On behalf of this nation's 32 Tribal Colleges and Universities, which comprise the American Indian Higher Education Consortium (AIHEC), we thank the Subcommittee for allowing us this opportunity to present our fiscal year 2003 appropriations requests for the 25 colleges funded under the Tribally Controlled College or University Assistance Act (Public Law 95–471). The U.S. Department of the Interior, Bureau of Indian Affairs, administers this program. AIHEC ultimately seeks full funding for all of the Act's authorized programs; however, we realize step-by-step increases are a way we can meet that goal over time. Our top priority is to increase funding for the institutional operations grants under Titles I and II, we specifically request $46,629,000 an increase of $6.6 million over fiscal year 2002 funding and $8.6 million over the president's budget request. Additionally, we seek: $500,000 for technical assistance to help address emerging technical assistance needs and to comply with a Congressional request of the BIA to provide additional funding data; and $2 million for endowments under Title III of the Act.

AIHEC's membership also includes five other tribal colleges funded under separate authorities within the Interior Appropriations Act, and AIHEC fully supports their independently submitted funding requests. These include Haskell Indian Nations University; Southwestern Indian Polytechnic Institute; the Institute for American Indian Arts; United Tribes Technical College and Crownpoint Institute of Technology.

BACKGROUND AND FUNDING DISPARITIES

In 1972, six tribally controlled colleges established AIHEC to provide a support network for member institutions. Today, AIHEC represents 32 Tribal Colleges and Universities in 12 states created specifically to serve the higher education needs of American Indian students. Collectively, they serve approximately 30,000 full- and part-time students from over 250 federally recognized tribes.

Tribal colleges offer primarily 2-year degrees, although in recent years some institutions have begun to offer baccalaureate and graduate-level degrees. The 29 of the tribal colleges are accredited by independent, regional accreditation agencies.[1] In addition to college level programming, tribal colleges 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 child care centers. An underlying goal of tribal colleges is to improve the lives of students through higher education and to move American Indians toward self-sufficiency.

The Tribally Controlled College or University Assistance Act authorizes funding for the basic operating budget of one qualifying institution per federally recognized tribe based on a full-time American Indian student enrollment formula. Despite a greatly appreciated increase in our appropriation of $3 million in fiscal year 2002, the tribal colleges are currently operating at a dramatically less than average level of $3,916 per full-time Indian student (ISC). This is less than two-thirds of the current 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 available to provide the educational services afforded students at mainstream institution.

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[1] The Tribal Colleges and Universities are accredited by regional accreditation agencies and like all institutions, must undergo stringent performance reviews on a periodic basis. The higher education division of the respective regional accreditation agency accredits twenty-seven of the TCUs. Two TCUs are at the pre-candidate stage as they complete work to attain candidate status; one TCU is at candidate status. Two TCUs are accredited as Vocational/Adult Schools by the "schools" division of the respective regional accreditation agency.

JUSTIFICATIONS

(a) Tribal colleges provide access to critical postsecondary education opportunities that would otherwise be out of reach.—Tribal college reservations are located in remote areas, and their populations are among the poorest in the nation. On average, median household income levels are only half of the level for the U.S. population as a whole. As a result, the cost of attending a mainstream institution is usually prohibitively high, especially when tuition, travel, housing, textbooks, and all other expenses are considered. In addition, for many reservation communities, the nearest mainstream institution is several hours away, making attendance virtually impossible.

(b) Tribal colleges are producing a new generation of highly trained American Indian contributors: teachers, tribal government leaders, engineers, nurses, computer programmers, and other much-needed professionals.—By teaching the job skills most in demand on their reservations, tribal colleges are laying a solid foundation for tribal economic growth, with benefits for surrounding communities. In contrast to the high rates of unemployment, 75 percent of recent tribal college graduates were employed and using the skills gained through their educational experiences. Of these graduates, a significant percentage are employed in "high need" occupational areas such as elementary and secondary school teachers and nurses/health care providers. Just as important, the overwhelming majority of tribal college graduates (almost 85 percent) remain in their tribal communities, applying their newly acquired skills and knowledge where they are most needed.

(c) Tribal colleges meet the strict standards of mainstream accreditation boards and offer top-quality academic programs.—Several tribal colleges have attained a 10-year accreditation term—the longest term granted for any higher education institution. The quality of the colleges' programs is reflected in the high rates of satisfaction reported by their graduates: about 90 percent of tribal college graduates reported being very satisfied or satisfied with courses in their major field of study and with overall instruction.

(d) Tribal colleges serve as highly effective bridges to 4-year postsecondary institutions.—While most tribal colleges are 2-year institutions offering associate's degrees and certificates, their transfer function is significant. A recent survey indicated that almost 50 percent of tribal college graduates continued their education during the year after their graduation, with the majority pursuing bachelor's degrees. This compared nationally to about 35 percent of other community college graduates who enroll in higher education the year after receiving an associate's degree. The overwhelming majority of the continuing tribal college graduates felt that the programs at tribal colleges had prepared them well for further education and greatly enhanced their success rates.

SOME ADDITIONAL FACTS

(a) Enrollment Gains.—Compounding existing funding disparities is the fact that although tribal college enrollments have dramatically increased since 1981, appropriations have increased at a disproportionately low rate. Title I tribal colleges have recorded a remarkable 1,300 percent increase in enrollments from 1981 to 2001. Tribal colleges, in many ways, are victims of their own successes(the dramatic enrollment increases, coupled with a growing number of tribally controlled colleges, have forced Title I colleges to slice an already inadequate pie into even smaller pieces. Our funding request for Title I would amount to just $4,500 per full-time Indian student, only 75 percent of the $6,000 authorized, and still significantly less than the average amount under which mainstream community colleges operate.

(b) The Absence of State Funds for Institutional Operations.—While mainstream institutions have a foundation of stable state support, tribal colleges must rely on the Federal government for their operating funds. Because tribal colleges are located on Federal trust lands, states have no obligation to fund them. In fact, most states do not even provide funds to tribal colleges for the non-Indian state-resident students who account for approximately 20 percent of our enrollments. Yet, if these same students attended any other public institution in the state, the state would provide basic operating funds to the institution.

(c) Local Tax and Revenue Bases.—Tribal colleges cannot rely on local tax base revenue. Although tribes possess the sovereign authority to tax, high reservation poverty rates, the trust status of reservation lands, and the lack of strong reservation economies, impede the creation of a reservation tax base. Unemployment for American Indian residents on-or-near reservations averages about 43 percent. In comparison, the current national unemployment rate is just 5.5 percent.

(d) Trust Responsibility—The emergence of tribal colleges is a direct result of the special relationship between American Indian tribes and the Federal government.

Tribal colleges are founded and chartered by their respective American Indian nations, 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 tribal colleges are providing a public service to all American people that no other institutions of higher education are willing to or can provide. We are helping the Federal government fulfill its responsibility to the American people, particularly in rural America. Tribal colleges 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.

(e) High Priority Areas of Need.—Like mainstream institutions, each tribal college strives to fully develop its institution and to expand services to address the needs of its student body. One critical area is to address the emerging technical assistance needs, and to comply with BIA reporting requirements. Despite the colleges' steady growth and an increased demand for accountability, technical assistance funding has remained level. Of critical importance is adequate institutional operating funds in fiscal year 2003, allowing tribal colleges to better focus on high priority areas of need, such as maintaining accreditation by stabilizing basic operations budgets and moving away from piecemeal operating budgets; improving instructional capabilities and enhancing student support services; expanding library services and collections; maintaining and improving facilities and enhancing laboratory facilities; expanding advanced technology access and application; expanding child care facilities, and constructing community or cultural centers.

PRESIDENT'S BUDGET REQUEST FOR FISCAL YEAR 2003

The fiscal year 2003 budget recommendation provides for an appropriation of only slightly over one-half of the authorized level to operate our reservation based colleges, or about $3,500 per full-time Indian student, and eliminates funding for our two vocational colleges. Should this cut in funding be enacted, some tribal colleges may no longer be able to meet minimum requirements for stable funding to pay faculty and staff. This could jeopardize their accreditation status. Northwest Indian College in Bellingham, Washington would reportedly experience a decrease of approximately $152,750 in its basic institutional operating funds, and therefore might have to eliminate four administrative positions or nine clerical/support positions at the college to make up for the loss in operating funds. Salish Kootenai College in Pablo, Montana, might have to eliminate six full-time faculty members, which is 30 percent of its faculty. Only when full funding is attained will equal educational opportunities begin to exist for American Indians, and only then will tribal colleges have the resources to ensure that the quality of their educational services is not compromised. We respectfully request Congress increase the funding under Titles I and II for institutional operations by $6.6 million over the fiscal year 2002 level, and $8.6 million over the President's fiscal year 2003 budget request, bringing this funding to $4,500 per ISC, which still represents just 75 percent of the $6,000 authorized.

CONCLUSION

Tribal colleges work hard to make every dollar count. They are extremely responsible with the federal support received over the last 21 years. These institutions have proven themselves to be a sound federal investment. We respectfully request your continued support and serious consideration of our fiscal year 2003 appropriations requests.

PREPARED STATEMENT OF THE UNITED TRIBES TECHNICAL COLLEGE

For 33 years, United Tribes Technical College (UTTC) has been providing postsecondary vocational education, job training and family services to Indian students from the throughout the nation. We have received funding through the Bureau of Indian Affairs every year since 1981, and were shocked at the Administration's request of zero funding for UTTC in fiscal year 2003 Department of Interior budget.

The request by the United Tribes Technical College Board for the fiscal year 2003 Bureau of Indian Affairs budget is:

—$4 million in BIA funds for UTTC, which is $1 million over the fiscal year 2002 enacted level.

—$3 million in BIA funds for phase one of student housing construction, a need identified in the 2000 Department of Education study.

—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 $9 million in fiscal year 2002 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 area levels.

United Tribes Technical College.—Unique Inter-tribal Educational Organization. Incorporated in 1969, United Tribes Technical College is the only inter-tribally controlled campus-based, postsecondary vocational institution for Indian people. We are chartered by the five tribes in North Dakota and operate under an Indian Self-Determination contract with the BIA. Last year we enrolled 490 students from 44 tribes and 17 states. The majority of our students are from the Great Plains states, an area that, according to the 1999 BIA Labor Force Report, has an Indian reservation jobless rate of 71 percent. UTTC is proud that we have an annual placement rate (placement in jobs or in higher education) of between 85–90 percent.

In addition, we serve 155 children in our pre-school programs and 175 children in our Theodore Jamerson elementary school, bringing the population for whom we provide direct services to 820.

While this testimony does not address funding for the Theodore Jamerson elementary school, we do report with pride that the most recent BIA report card shows that the students and faculty of Jamerson school are performing a levels significantly higher than many other schools in the BIA system. For instance, 78 percent of Jamerson students perform at a proficient or advanced level in math (a 9 percent increase over the previous year), and 81 percent perform at a proficient or advanced level in language arts (a 9 percent increase over the previous year). The percentage of elementary school staff who are proficient or advanced in the use of technology is 83 percent (a 2 percent increase over the previous year), and the percentage of staff proficient or advanced in the use of new assessments is 95 percent (a 28 percent increase over the previous year). Our goal, of course, is 100 percent proficiency.

UTTC Course Offerings/Partnerships with Other Educational Institutions.—UTTC offers 14 vocational/technical programs and awards a total of 24 2-year degree and 1-year certificate areas. We are accredited by the North Central Association of Colleges and Schools and we were re-accredited in 2001 for the longest period of time allowable—10 years—and with no major stipulations.

We are very excited about the recent additions to our course offerings, and the particular relevance they hold for Indian communities. These new programs are:

—Injury Prevention
—Technology Distance Learning
—Nutrition and Dietary Management
—Tribal Government Management
—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 total U.S. population (Source: IHS fiscal year 1999 Budget Justification). We received assistance through the IHS to establish the only degree granting Injury Prevention program in the nation.

Technology and Distance Learning.—We are bridging 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, including the Denver Indian community. Training is currently provided in the areas of Early Childhood Education and Computer Literacy. By the year 2005, students will be able to access full degree programs in Computer Technology, Injury Prevention, Health Information Technology, Early Childhood Education, and Office Technology, and others from these remote sites.

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, UTTC will need more classroom space, computers and associated equipment, and instructors. Our program includes all of the Microsoft Systems certifications which translates into high income potential.

—*Nutrition and Dietary Management*.—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)

The College currently offers a Nutrition and Dietary Management Associate of Applied Science degree to increase the number of American Indians with expertise in human 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 Dietary Management degree with a strong emphasis on diabetes education and traditional food preparation.

We have also established the United Tribes Diabetes Education Center to assist local Tribal communities and UTTC students and staff in decreasing the prevalence of diabetes by providing diabetes educational programs, materials, and training.

—*Tribal Government Management/Tourism*.—Another of our new program 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 five other tribal colleges will begin using our curricula (with modifications to suit their specific needs) this fall. The development of the tribal tourism program is well timed to coincide with the national Lewis and Clark Bicentennial in 2003. As you may know, Lewis and Clark and their party spent one quarter of their journey in North Dakota. Last year, 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 Service and the Peabody Museum at Harvard University. The objects will be part of a major exhibition 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.

We are excited by the recent receipt of an Economic Development Administration grant that will allow UTTC to develop a Center for Economic Excellence. The UTTC Center for Economic Excellence is expected to evolve into a regional "University Center" for Economic Development. Most states have such centers, and ours would be the first such tribal center.

Department of Education Study Documents our Facility/Housing Needs.—The 1998 Vocational Education and Applied Technology Act required the U.S. Department of Education to study the facilities, housing and training needs of our institution. That report, conducted for the Department by the American Institutes for Research, 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 $16,575,300 for the renovation of existing housing and instructional buildings ($8 million if some existing facilities are converted to student housing) and $30,475,000 for the construction of housing and instructional facilities.

UTTC continues to identify housing as its greatest need. We have a huge waiting list of students some who wait from 1 to 3 years for admittance. New housing must be built to accommodate those on the waiting list as well as to increase enrollment. Existing housing must be renovated to meet local, state, and federal safety codes. In the very near future, some homes will have to be condemned which will mean lower enrollments and fewer opportunities for those seeking a quality education. Single student housing must also be built and expanded to meet the College's needs.

Classroom and office space is at a premium. The College has literally run out of space. This means that the UTTC cannot expand its course offerings to keep up with job market demands. Most offices and classrooms that are being used are quite old and are not adequate for student learning and success.

We were able to piece together three sources of funds to raise $1 million to renovate a building to create a new student life and technology center. Funds came from the Economic Development Administration, USDA's Rural Development program, and the Department of Education's Title III program.

UTTC Seeks Non-Department of Interior Funds.—UTTC is aggressive in seeking non-Interior funding for special needs, e.g., the College recently received funding from the American Indian College Fund to purchase 132 acres of land. The additional acreage has given the College the ability to strengthen its infrastructure and increase its capacity. UTTC has short-range plans to serve 2,000 Indian students from throughout the nation.

We described elsewhere in this statement some activities for which we accessed non-Department of Interior funds (injury prevention program, economic center of excellence, tribal tourism curricula, renovation of the Student Life and Technology Center). Other competitive non-DOI funds include the Department of Education funded Plains Alliance Bilingual Education (PABE) Project, an early childhood bilingual/bicultural project in which we are in partnership with Sinte Gleska University, and a DOE computer technology grant for our elementary school.

The above mentioned grants are highly competitive, restrictive, one-time grants, and they cannot provide for day-to-day operations. We cannot survive without the basic operating funds that come through the Bureau of Indian Affairs.

Thank you for your consideration of our request.

PREPARED STATEMENT OF CROWNPOINT INSTITUTE OF TECHNOLOGY (CIT)

This testimony addresses appropriations to U.S. Department of Interior, Bureau of Indian Affairs. Activity: Special Programs and Pooled Overhead: Subactivity: Community Development. As authorized by Public Law 84–959, "The Adult Vocational Training Act."

The Crownpoint Institute of Technology requests $2.3 Million appropriated through the authorizing statute Public Law 84–959, "The Adult Vocational Training Act." Public Law 84–959 authorizes appropriations when tribally-controlled vocational/technical colleges are not eligible to participate under Public Law 95–471, "The Tribally Controlled Community Colleges and Universities Assistance Act." It is our understanding that only two such tribal colleges exist: the Crownpoint Institute of Technology, in Crownpoint, New Mexico and United Tribes Technical College (UTTC) in Bismarck, North Dakota.

CIT's most urgent request regards contract support funds already appropriated but not received. Contract support was approved for CIT at what we understand to be the highest decision-making levels of the U.S. Department of Interior, Bureau of Indian Affairs. Yet, CIT continues to await receipt of this contract support. The subsequent more than 2 year delay has caused severe financial hardship on our institution. CIT requests that the contract support be retroactive to the date of approval which is not only appropriate but also absolutely necessary. As of April 1, 2002, CIT is still unable to obtain any indication that this contract support is being processed anywhere in the BIA. CIT respectfully requests the Subcommittee's assistance and intervention in making the contract support approval a reality.

CIT urges that this Subcommittee reverse the Department's request to terminate CIT's funding. In addition, CIT requests that this Subcommittee appropriate funds sufficient to provide equal educational opportunity to its students. CIT is chartered by the Navajo Nation, licensed by the State of New Mexico, and fully-accredited as a postsecondary educational institution by the North Central Association of Colleges and Schools. In academic year 2001–2002, CIT enrolls 526 Full Time Equivalency (FTE). Most students reside on the CIT campus. CIT exists entirely as a postsecondary educational institution, campus based on-reservation with dormitory student housing. CIT is gradually but steadily increasing its student housing through HUD to begin to accommodate the long-standing waiting list. CIT contributes to the Navajo Nation and the Department of Interior's goal that "Education, job training . . . are essential to Tribal people to allow them to gain the skills and knowledge necessary to obtain and keep jobs and achieve economic stability." CIT's employment placements contribute to the Department's goal of reducing unemployment among Tribal people. CIT's vocational programs and employment placement advance the Department's goal of providing quality technical expertise to the Tribes from Justice, with CIT Legal Advocate programs, to Resources Management, with CIT Environmental Technology programs. All of CIT's thirteen vocational programs, seven Associate of Applied Science Degree Programs and non-degree continuing education respond to high demand employment fields. 84 percent of CIT's 2001 graduates were job placed by graduation, 86 percent of which were full-time employments. Of this 54 percent were off-reservation, 46 percent on. CIT has a 91 percent student retention rate and an average 86 percent job placement rate over 9 years. In 2001, the average annual entry-level wage upon graduation was $17,160, although some CIT graduates earned as much as $23,920 (Veterinary Technician) and up to $18 hourly (Commercial Driver License) at entry level. CIT is in the process of developing Dental and Health Technician programs to respond to the personnel shortages and good wages in these fields as well. CIT's student body is comprised of 51 percent men and 49 percent women. The average student age is 26, although the actual range is 18 to 64. CIT offers day care for single parent families and parenting skills courses are required for participation.

The Department of Interior's proposed elimination of CIT has been justified by the assertion that "the majority of the funds to operate the facility (CIT) and administer the education programs are authorized by special legislation under the Carl Perkins Act, Public Law 105–332." In reality, the majority of these funds authorized by special legislation under the Carl Perkins Act (Section 117) are awarded to the United Tribes Technical College in Bismarck, North Dakota which has a significantly smaller enrollment than CIT and an Interior appropriation more than double CIT's, not

including UTTC's additional contract support. An additional $14.750 Million under this same special legislation under the Carl Perkins Act (Section 116) goes to tribal grantees among which are thirteen tribal colleges also funded under Interior appropriations. All of the tribal colleges including United Tribes Technical College receive several million dollars in federal funding from other Departments in addition to their Department of Interior appropriations. There is no reasonable justification to single out and terminate CIT from among all the tribal colleges and UTTC which all receive varying amounts of additional federal funding from other Departments. If additional sources of federal funding are considered for CIT; additional sources of federal funding should be considered for all tribal colleges as well as the other vocational college, United Tribes Technical College, which all also receive Interior appropriations.

CIT understands that the Balanced Budget and Deficit Control Act necessitates that appropriations increases have appropriations offsets. In order for the Department of Interior to increase appropriations requests for tribal colleges or to CIT's North Dakota companion tribal vocational college, UTTC, the Department must request decreased appropriations elsewhere. CIT requests that the Subcommittee evaluate appropriations merit with equal criteria. The funding CIT receives from Carl Perkins is competitive, unstable and dramatically insufficient to meet operational costs. Critically-needed administrative support funds have been absent from both Carl Perkins and Interior.

Since the 1978 enactment of Indian education reform laws, this Subcommittee has appropriated school operations funds by considering institutional enrollment from the K–12 through the tribal colleges' level. This method equalizes per student Indian educational funding. Postsecondary Vocational Institutions are the only remaining vestiges of an Indian education funding system that was rendered obsolete more than two decades ago because it was so blatantly unfair to Indian students. Tribally-controlled Postsecondary Vocational Colleges remain the only tribal educational institutions in the nation for which student enrollment is not even an appropriations consideration. In instances where the federal budget precludes any tribal vocational college from receiving its full appropriation request, considering the size of enrollment is the only fair method toward enabling equal educational opportunity for all students affected.

While operational funds to vocational postsecondary tribal colleges do not occur on an enrollment basis, it is unfair to students to completely ignore enrollment as a cost factor. Size of enrollment is the most significant cost factor. Indian Student Count (ISC), usually the same as Full-Time Equivalency (FTE), is the commonly accepted method of reducing enrollment to a common denominator. This Subcommittee has used ISC for over 20 years to provide equitable appropriations to Tribal colleges. For their K–12 counterparts, Weighted Student Units (WSU) is the appropriations equivalent for BIA and tribal elementary schools.

"Headcount" can yield a far different number than ISC or FTE because headcount is subject to boundless interpretations. Headcount can include one-time participants in an afternoon Seminar or a distance-learning workshop. Educational costs for the various classifications of students differ significantly from full-time in-residence students. While "headcount" yields the highest possible number, ISC/FTE computes headcount by a common denominator. CIT urges the Subcommittee to at least consider the size of enrollment in determining tribal vocational colleges' appropriations needs.

An additional significant appropriations consideration is whether or not the tribal college's students require room and board as a condition of attendance. CIT and Dine College in Tsaile, Arizona are the only two tribally-chartered postsecondary institutions serving 26,897 square miles Navajo Reservation and the 225,298 Navajo populations, of which 173,987 reside on trust land according to the U.S. Census. This Subcommittee appropriates funds to operate seventeen tribal colleges in three States (MT, ND, SD) serving a sixteen tribe population that combined does not equal that of the CIT and Dine College service area. Most of the tribal colleges do not have residential facilities or residential costs. CIT must incur residential student costs due to the vast size of the service area. CIT is in the process of completing sixteen additional HUD married student residences for academic year 2002–03, complementing the same number that was added last year. This continued accommodation of in-residence students is reflected in the ISC increase, has decreased the waiting list and enabled further educational opportunities and job placement Tribal citizens.

An important consideration that artificially skews CIT appropriations considerations is the misunderstanding that a tribally-chartered vocational college has special additional costs because of being open to all tribes. This misunderstanding affects CIT students because it precludes CIT from this justification. All tribally-char-

tered colleges are open to all tribes. With 10,000 students graduating from Navajo area high schools each year and 200 otherwise qualified applicants wait-listed each year, CIT has no reason to recruit from other tribes. The distance traveled by some Navajo students across the Navajo reservation to attend CIT is a nine-hour drive. This distance is not unlike traveling from another tribe, but ultimately a student's Tribal affiliation does not drive the cost of attendance up or down. This year CIT has an Alaska Native student. The costs to educate this student are the same as the costs of educating his Navajo counterpart. The multi-tribal cost factor must be clarified in order that it not continues to be a factor that results in unequal educational opportunity for CIT students.

Appropriations should consider numbers completing as well as numbers entering tribal educational institutions. In its Budget Justification to the Congress, the Department of Interior states that its goals are "outcome" based. The Department's own goal of outcomes should be considered in determining appropriations for CIT. Graduating and job-placed ISC are CIT outcomes. This number is as significant a measure for appropriations as the number of entering ISC. The Department states that the lack of readily available data to measure these outcomes is a primary obstacle to meeting its goals. CIT's graduation, other completion and job placement rates are readily available outcome data. As indicated above, CIT's has high retention, graduation and placement.

The fact that CIT is categorized and funded under "non-recurring programs" seems to contribute further to confusion about CIT's appropriation need and merit. Not only does CIT contribute to BIA mission and goals, but CIT is also a tribally-chartered college. CIT meets all but one of the criteria to receive funding under the Tribal Colleges Public Law 95–471 for which appropriations are acknowledged as needing to recur every year. CIT is disqualified because the law allows one college per tribe. This criterion is not applied to any other realm of federal educational funding which is not appropriated on the number of States, or the number of cities: it is based on size of the population. CIT is a necessary second Navajo college and provides essential education to the population it serves.

Interior appropriates Endowments to Public Law 95–471 tribal colleges on a two-to-one matching basis. By not being eligible for Public Law 95–471, CIT is excluded from endowment appropriations. Interior also appropriates planning grants and technical assistance under other provisions of the Tribal Colleges Act from which CIT is also excluded because it is not a 471 college. CIT requests that the subcommittee consider these categories from which CIT is excluded when considering CIT's appropriations request.

However inadvertent, tribal educational institutions vested by the Federal Government with the greatest resources are elevated to privileged positions by virtue of those superior financial resources. This enables them to acquire even more financial resources. These institutions then compete among themselves for competitively-awarded Indian set-asides, and those with the greatest financial resources perpetuate the funding advantage. Ample financial resources translate directly into superior development initiatives and other advantages. If allowed to perpetuate, this can only result in unequal educational opportunity for students attending under-funded tribal institutions. This Subcommittee must not allow this injustice to befall CIT.

We urge this Subcommittee to provide CIT a stable base of operational funding as it does for all the nation's tribal colleges and as it also does for the only other tribal vocational college, UTTC. We deeply appreciate this Subcommittee's consideration of our urgent request for equity in appropriations that will enable the continuation of CIT.

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 BIA fiscal year 2003 appropriations:

(1) Provide a total increase of $8.6 million in Tribal Priority Allocation Forestry, earmarked for distribution among tribal/BIA Forestry programs.

(2) Restore $2,814,000 to Endangered Species in Resources Management, Non-Recurring Programs, and add $3 million to partially fulfill the unfunded mandates for tribal/BIA ESA management.

(3) In Forestry under Resources Management, Non-Recurring Programs—

(A) Add $25 million for Forest Development backlog elimination,

(B) Add $6 million for Inventories and Plans to provide current management plans for all trust forest land,

(C) Add $500,000 for Woodlands management, and

(D) Add $1 million for Integrated Resource Management Plans.

(4) Add $1 million to Environmental Management in Non-Recurring Trust Services for cultural resources surveys.

(5) Withhold redistribution of BIA funds for trust reform until the Trust Reform Task Force and Interior put forward a plan.

(6) Within Wildland Fire funding in the Bureau of Land Management, direct BIA to develop a Native American fire crew leadership training program.

INTERTRIBAL TIMBER COUNCIL BACKGROUND

The Intertribal Timber Council (ITC) is a 26 year old organization of 70 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.

At a time when the Interior Department, Congress, and the tribes are focused on the need for trust reform, it is essential that the United States recognize and meet its fiduciary obligations for the effective management of trust natural resources. It is the resource base that generates the trust funds, and the United States trust responsibility must assure the natural resource base is productive, sustained, and properly valued. To fail to do so both denies the Indian people the full benefit of their resources and potentially exposes the United States to substantial liabilities.

(1) Provide a total increase of $8.6 million in Tribal Priority Allocation, earmarked for distribution among tribal/BIA Forestry programs

The ITC supports the $1,500,000 increase proposed for BIA Forestry in Tribal Priority Allocations (TPA), its first program increase since fiscal year 1995. We ask, however, that the $1.5 million be increased to $8.6 million to reflect cost of living adjustments since fiscal year 1992 and the increase in trust forest land acres. We also ask that any TPA Forestry increase be distributed directly to the TPA and Self-Governance Forestry programs.

For the period December 1991, to February 2002, the consumer price index rose 28.9 percent. The fiscal year 1992 BIA TPA Forestry and estimated Self-Governance Forestry budget of $26.3 million, when adjusted to reflect that change, should be $33.9 million. That figure should also be adjusted to reflect the 7.5 percent increase in trust forest land acres over about the same period (15.9 million acres to 17.1 million acres), producing a total of $36.4 million, or $8.6 million over the fiscal year 2003 TPA Forestry and Self-Governance Forestry base of $27.8 million (excluding the $1.5 million fiscal year 2003 increase). We note that an increase to $36.4 million will only restore these Forestry programs to the current equivalent of their fiscal year 1992 status, at which time the IFMAT report documented BIA Forestry funding as still insufficient, receiving only 63 percent of the funding for timber production on National Forests, and only 35 percent of that for coordinated resources management. It is inequities such as these that must be addressed if trust reform is to be truly effective.

Next, we request that, in either bill or report language, any programmatic increase for Forestry be specifically applied to tribal/BIA forestry budgets in TPA and Self-Governance. Without such specific direction, any TPA Forestry increase would be spread throughout the overall TPA budget, losing its application to Forestry.

(2) Restore $2,814,000 to Endangered Species in Resources Management, Non-Recurring Programs, and add $3 million to partially fulfill the unfunded mandates of tribal/BIA ESA management

We request that $2,814,000 be restored to the Endangered Species item in the BIA's Non-Recurring Programs Natural Resources budget, bringing it back to its fiscal year 2002 level of $3 million. This budget item includes $1.8 million for northern spotted owl and marbled murrelet requirements under the Endangered Species Act for Northwest timber tribes and $1.2 million for recovery of the black footed ferret on the Cheyenne River Sioux Reservation. Congress started the owl and murrelet program within the Forestry program in 1991 to enable the BIA to comply with the increased management requirements necessitated by the owl and murrelet ESA list-

ings. BIA subsequently combined it with the ferret program, which the Administration tried to eliminate in fiscal year 2002. Now for fiscal year 2003, the Administration is proposing to eliminate both activities, reportedly because they apply to specific tribes. The fact is, these funds deal with each of these species across their entire range, and are distributed to tribes in that range. We ask that the funds be restored. They are essential for compliance with Endangered Species management requirements, and are the only funds that have ever been specifically provided in the BIA's budget for addressing these listed species. For more than a dozen timber tribes, the elimination of these funds would threaten the performance of surveys and protocols required by the ESA listings, which in turn could restrict or shutdown the timber harvesting that is essential to their reservation economies. It is astounding that, at the very time the Interior Department is stressing the need for trust management improvement, it is yanking funding that is critical to the performance of these federal mandates in our forests.

We further request that a separate $3 million increase be added to the Endangered Species budget item for management of other ESA-listed species throughout Indian Country. To the best of our knowledge, other than the owl, murrelet, and ferret funds, the BIA has never requested any funds to specifically address the growing number of ESA-listed species on Indian reservations.

(3) In Forestry under Resources Management, Non-Recurring Programs

(A) Add $25 million for Forest Development backlog elimination

Forest Development, one of four components in Non-Recurring Forestry, provides for thinning and planting on the 6 million acres of commercial trust forest land. The fiscal year 2003 Forest Development request of $9.6 million will only provide treatment on 50,000 acres, which is about the annual accrual of commercial forest acres in need of thinning and planting. This budget request provides nothing for reducing the backlog of 1.3 million acres—or 22 percent of the trust commercial forest land base—now in need of thinning and planting. These acres, nearly one quarter of all trust commercial forest land, are either underproductive or out of production altogether. To fulfill the federal government's fiduciary obligation that all trust commercial forest land is effectively utilized, we request an fiscal year 2003 increase of $25 million to treat 130,000 backlog acres and to initiate a program to eliminate the backlog in 10 years.

(B) Add $6 million for Inventories and Plans to provide current management plans for all trust forest land

Forest Management Inventory and Planning (FMI&P), another component of Non-Recurring Forestry, covers the special project costs associated with the development of new forest inventories and management plans for trust forests. Today, only 43 percent of all Indian trust forest land, including woodlands, has current management plans. A November 13, 1998 Interior Solicitors' Opinion holds that "Indian timber may not be harvested until an approved forest management plan has been established." The absence of current management plans for more than half of all Indian trust forest land could damage the resource or even foreclose harvest on those lands, posing the loss of tribal jobs and financial and subsistence resources. To prevent such occurrences and for the United States to fulfill its trust responsibilities, we request that $6 million be added to the $2 million fiscal year 2003 FMI&P request to begin providing current management plans for all trust forest lands.

(C) Add $500,000 for Woodlands management

We request the addition of $500,000 to Woodlands Management, another component of Non-Recurring Forestry. Funding for the management of 9.4 million acres of Indian Woodlands has not changed since the program's start in 1988, and only provides three woodlands managers in the Southwest and a very limited number of on-the-ground projects. Just one quarter of these lands, often vital for subsistence purposes, have any management plans, and less than one half have any resource inventory. An addition of $500,000 would increase inventory and planning, provide staff for improved oversight, and enable an increase in management projects.

(D) Add $1 million for Integrated Resources Management Plans (IRMPs)

The fourth component of Non-Recurring Forestry is Integrated Resource Management Planning, an essential element in modern forest management planning that is regularly and substantially funded in other federal land management agencies. But BIA, despite its trust responsibility, is only requesting about $200,000 for IRMPs for its 56 million total acres in trust, including 17.1 million forest land acres in trust. To begin to redress this glaring discrepancy, we ask that $1 million be added to the IRMP program.

(4) 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, making complying with the Historic Preservation Act, NAGPRA, and other federal mandates in the NEPA process an exacting task. These cultural surveys are also an essential task in developing management plans for forest lands, supplying information critical to both the broad parameters and the details of those plans. Yet, to the best of our knowledge, the BIA has never requested, nor has Congress provided, any funding to help meet those federal mandates. To begin correcting this shortcoming, we request that $1 million be added to Environmental Management in Non-Recurring Trust Resources for cultural resource surveys.

(5) Withhold redistribution of BIA funds for trust reform until the Joint Tribal-Interior Trust Reform Task Force puts forward a plan

Meaningful trust reform for the Interior Department is an exceptionally complex undertaking that will fail without the support of the tribes. We believe a good faith cooperative effort by Interior with the tribes will both help assure reform's ultimate success and incur the patience and goodwill of the Cobell Court. Such an effort may take longer than Interior would like, but it is essential. The Joint Tribal—Interior Trust Reform Task Force is the best means identified to date for pursuing that effort, and all parties, including Congress, must support its work. Congress's support would help dissuade Interior, already on edge about trust reform, from abruptly pursuing trust reform unilaterally on its own terms, which could produce a true crisis that we believe would ultimately be unproductive. So, we ask the Congress to urge Interior's full and dedicated engagement in the Task Force by making it clear that any significant reprogramming of appropriations for trust reform will be withheld until the Task Force and Interior develop, examine, and put forward a unified trust restructuring plan.

(6) 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 hinder deployment of otherwise fully trained and able crews to fight wildland fires. A crew leadership training program in the BIA would be of particular interest to Native American crews, which constitute about 25 percent of the line fire fighter work force. To help address this need, we ask that the BIA develop a Native American fire crew leadership training program.

Thank you for the opportunity to present this testimony.

PREPARED STATEMENT OF THE NATIONAL CONGRESS OF AMERICAN INDIANS

On behalf on the National Congress of American Indians and its more than 200 member tribal nations, we are pleased to have the opportunity to present written testimony on fiscal year 2003 appropriations for the Bureau of Indian Affairs (BIA).

The tragic events of September 11 brought forth the strength and the determination of our nation to survive in the face of adversity. It is this same spirit that has carried Indian Country through years of annihilation and termination. It is this same spirit that has propelled Indian Nations forward into an era of self-determination and self-governance. And it is in this same spirit of resolve that Indian Nations come before Congress to talk about honoring the federal government's treaty obligations and trust responsibilities throughout the fiscal year 2003 budget and appropriations process.

On February 4, President Bush proposed a $2.13 trillion budget for fiscal year 2003 that included largely level funding 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. This trend demonstrates the abject failure of the federal government to commit the serious resources needed to fully honor its trust commitment to Indian tribes.

The federal trust responsibility represents the legal obligation made by the U.S. government to Indian tribes when their lands were ceded to the United States. This obligation is codified in numerous treaties, statutes, Presidential directives, judicial opinions, and international doctrines. It can be divided into three general areas—protection of Indian trust lands; protection of tribal self-governance; and provision of basic social, medical, and educational services for tribal members.

NCAI realizes that 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 fact that the federal govern-

ment has a solemn responsibility to address the serious needs facing Indian Country remains unchanged, whatever the economic climate.

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.

The President has requested a $22.9 million increase for the Bureau of Indian Affairs, from $2.25 billion to $2.27 billion. The funding increase is primarily dedicated to trust management activities. Other key areas of the BIA budget, such as Tribal Priority Allocations, public safety, and economic development, remain deeply underfunded.

Tribal Priority Allocations (TPA) provide tribes with the resources for governmental services at the local level. Because we are able to prioritize TPA funds according to our unique needs and circumstances, providing adequate TPA resources is one of the most important and practical things that the federal government can do to further the goals of tribal self-governance. Unfortunately, the Administration's proposed budget requests only a $23.4 million increase to this account, with nearly $18 million of that amount going toward trust-related activities.

The Census Bureau's Poverty in the United States for 2000 showed that American Indians and Alaska Natives remain at the bottom of the economic ladder, with 25 percent of our population falling below the poverty line. This compares to an 11.9 percent poverty rate for all races combined. Simply put, tribal governments cannot continue to provide essential government services to our growing—and disproportionately poor—population without a substantial increase in our TPA funds.

Today, unemployment rates in Indian Country are the highest in the nation, sometimes topping 50 percent. The development of new and diverse businesses in Indian Country is one cornerstone of self-sufficiency. The Indian Financing Act of 1974 contains loan guaranty and insurance features that are designed to encourage commercial lenders to provide capital to Indian businesses that might otherwise be denied funding. The BIA has requested a $500,000 increase to implement the insured loan portion of the Indian Guaranteed Loan program into new markets to finance small Indian businesses and to develop equity financing opportunities for tribes and individual Indian entrepreneurs. This increase is expected to provide approximately $7 million in additional loan subsidies for fiscal year 2003 above the expected $65 million in loan subsidies provided from the base funds of $4.5 million for the program. NCAI is encouraged by the BIA's desire to expand the Loan Guaranty Program, and we urge the Subcommittee to substantially increase funding for it and other BIA economic development programs.

According to statistics provided the by the National American Indian Housing Council, 40 percent of the homes in tribal communities are overcrowded and have serious physical deficiencies. The comparable national average is 5.9 percent, almost six times lower. These types of conditions have a very real and detrimental impact. Respiratory illness, skin conditions, head lice, sleep deprivation that affects schooling, and a lack of privacy that sometimes leads to child physical and sexual abuse can all be traced back to the housing crisis that plagues some of our reservations. The Housing Improvement Program (HIP) improves the quality of life of the poorest Indians by eliminating substandard housing and homelessness in or near reservation communities. HIP is a last resort "safety net" program that is targeted for those families who are able to meet even minimum HUD income guidelines. According to the BIA's budget documents, $362.5 million would be required just to meet the needs of those eligible HIP applicants that have been determined eligible. However, the budget requests only $19.6 million for this program. We request that you increase funding to a minimum of $33 million to help better address the outstanding housing needs in Indian Country.

The President's budget request also includes a troublesome proposal that would authorize the privatization of the 64 schools directly operated by the Bureau of Indian Affairs, unless tribes decide to operate these schools under contracts or grants. Of course, tribal operation of schools is a fundamental principle of self-determination, and NCAI firmly supports the right of tribes to privatize schools if they so desire—a subcontracting power that tribal governments already have when they contract to operate BIA schools.

That being said, the budget request fails to provide adequate funding to cover the costs of tribal administration of BIA-funded schools, especially the lowest performing ones slated for transfer. The small increase in funding proposed for Administrative Cost Grants does not come close to addressing the drastic shortfalls that exist in this account, which is currently funded at a dangerously low level of only

70 percent of the level required under federal law. Additional school conversions to tribal operation would decrease the already too-small slice of the pie going to each school even more. Likewise, the $2 million increase proposed for student transportation is completely inadequate compared to the $21.5 million needed just to bring tribally-operated schools up to a funding level that equals the national average of 5 years ago.

Moving beyond elementary and secondary education, the President's budget request also inexplicably cuts funding for tribally controlled community colleges and universities. More than 30,000 Native American students from 250 federally recognized tribes attend these schools, which are located in isolated areas and which often are the only accredited institutions of higher education in their service area. Tribal colleges serve students of all ages, a majority of whom are first-generation college students and approximately 20 percent of whom are non-Indian. Today, per-Indian student funding for tribal colleges in $3,915, less than two-thirds of the $6,000 authorized for institutional operations. While annual appropriations for tribal colleges has increased modestly in recent years, the President's budget includes no increase in operating funds, which actually would result in a cut of $390 per student once annual enrollment increases and reduced federal funding are factored in.

NCAI recognizes that alcohol and substance abuse is more than a health problem—it is a serious social, education, law enforcement, tribal justice, domestic violence, and economic problem. The 1999 National Household Survey on Drug Abuse shows a major decrease in alcohol and substance abuse among the general population, but an increase in its prevalence among Native American populations, a major threat to the future of Indian children and youth. For the past several years, federal appropriations have failed to adequately support funding levels for tribal substance abuse prevention programs. We urge that you reverse this trend by increasing funding for prevention and treatment programs within both the BIA and the Indian Health Service.

Last, but certainly not least, NCAI is extremely concerned that a large portion of the requested increase for trust management activities within the BIA and the Office of Special Trustee would go toward implementing the new Bureau of Indian Trust Assets Management that is strongly opposed by tribes. NCAI believes that a large funding increase is key to reversing the hundreds of years of gross mismanagement that continues to plague tribal and Indian trust accounts. As Secretary Norton herself has pointed out, it will cost "hundreds of millions" of dollars to remedy the problem. However, any such increases must be targeted for workable, well-planned reform initiatives developed in close consultation with tribes and individual beneficiaries.

Thank you for this opportunity to present written testimony regarding the fiscal year 2003 appropriations for the Bureau of Indian Affairs. The National Congress of American Indians calls upon Congress to fulfill the federal government's fiduciary duty to American Indians and Alaska Native people. This responsibility should never be compromised or diminished because of any political agenda or budget cut scenario. Tribes throughout the nation relinquished their lands and in return received a trust obligation, and we ask that Congress maintain this solemn obligation to Indian Country and continue to assist tribal governments as we build strong, diverse, and healthy nations for our people.

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 2003 request for funding from programs in the Department of the Interior (DOI). The Tribe requests that Congress:

—Continue to provide $399,000 to the Bureau of Indian Affairs for water quality and quantity studies by the Seminole Tribe of Florida and the Miccosukee Tribe of Indians, to be equally divided between the Tribes; and

—Provide $761,000 to the Bureau of Indian Affairs, Water Management Planning and Pre-Development account for the Seminole Tribe for water quality studies and other ecosystem restoration studies, as a part of the Seminole Tribe's Everglades restoration efforts.

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 excess 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).

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 Seminole Tribe reviewed many federal programs in search of funding opportunities for the design, engineering, and construction of the projects that compose the Everglades Restoration Initiative. U.S. Army Corps of Engineers (COE) and the USDA Natural Resources Conservation Service (NRCS) programs have been identified as appropriate matches for the Tribe's Everglades Restoration Initiative. The Tribe and the COE 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 1999. Initial construction activities on this project are underway. 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 funds provided by the DOI have made it possible for the Tribe to do the research necessary to allow the COE 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.

FUNDING HISTORY

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. The 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 NPS's 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 did not receive any fiscal year 2002 CESI funds. The Seminole Tribe uses 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.

DETAIL ON FISCAL YEAR 2003 FUNDING REQUEST

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.

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;

—Developing Vegatative Bioindicators of Hydropattern and Nutrient Levels on the Big Cypress Reservation for the purpose of developing appropriate biotic performance measures to assess the success of the Tribe's CERP-related construction projects with the COE and the NRCS;

—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 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.

CONCLUSION

The Tribe understands that the President's government-wide management plan issued in August directed the Energy Department to align its applied-research projects to performance goals. We also understand that, eventually, the results of the Energy Department's efforts will be used as a model for examining the effectiveness of research and development programs throughout the government. The Tribe's research projects for which this testimony requests funding support the performance goals of the ecosystem restoration projects the Tribe is building with other federal agencies. Further, the results of the applied research for which the Tribe seeks funding will enhance the effectiveness of the physical 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. By granting this appropriation request, the federal government will be taking a substantive step towards improving the quality of the surface water that flows over the Big Cypress Reservation and on into the delicate Everglades ecosystem. Such responsible action with regard to the Big Cypress Reservation, which is federal land held in trust for the Tribe, 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 working hard to realize the environmental benefits the Reservation and the surrounding ecosystem need. The Tribe is making substantial commitments, including the dedication of over 9,000 acres of land for water management improvements. 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 Everglades Restoration effort; the Tribe is asking the federal government to also participate in that effort. This effort benefits not just the Seminole Tribe, but all Floridians who depend 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 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 fiscal year 2003 budget for the Interior Department's funding for the Indian Tribal Justice Act and Tribal Courts (under the Tribal Priority Allocations).

The National American Indian Court Judges Association (NAICJA) was incorporated in 1969. NAICJA is the largest organization representing Tribal Judges and Tribal Courts in the United States. NAICJA has approximately 138 member Judges. The mission of NAICJA is to strengthen and enhance Tribal justice systems through improvement and development of Tribal Courts and Tribal Court Judges.

INTERIOR DEPARTMENT FUNDING INDIAN TRIBAL JUSTICE ACT AND TRIBAL COURTS

NAICJA respectfully requests that, for the first time, Congress appropriate full and adequate funding for Indian Tribal Justice Act: NAICJA recommends a funding level of $58 million for the Indian Tribal Justice Act. While NAICJA supports the Interior Department's fiscal year 2001 budget request, the Act (reauthorized in 2001) has never been sufficiently funded. The good intentions of the Act are never achieved. A the same time, the number of Tribal Courts and their needs have substantially increased since the Act was first made law in 1993—more than 9 years ago.

Regarding Tribal Courts (under the Tribal Priority Allocations): NAICJA strongly supports increased funding for Tribal Courts under the Tribal Priority Allocations (TPA). While we support the Interior Department's fiscal year 2001 budget request (which includes a $4 million increase) this represents only a first step toward meeting the vital needs of Tribal justice systems. It is important to note that funding has steadily decreased since the passage of the Indian Tribal Justice Act. The needs (as recognized by Congress), however, have steadily increased with the passage of

time, the increase in tribal courts, the increase of caseloads, Indian population growth, and rise in crime rate in Indian country.

Tribal Courts must deal with a wide range of difficult criminal and civil justice problems on a daily basis, including the following:

—The crime rate, especially the violent crime rate, has increased substantially in Indian Country. (At the same time, it has been declining nationally.) Tribal court systems are grossly under-funded to deal with increasing criminal justice problems.

—Number/complexity of tribal civil caseloads have also been rapidly expanding. Tribal Courts are expected to deal with the same complex civil cases as state and Federal Courts with less than one half the funding.

—Congress acknowledged the need for better funded Tribal Court systems when it enacted the Indian Tribal Justice Act in 1993. Congress specifically found that "tribal justice systems are an essential part of tribal governments and serve as important forums for ensuring public health and safety and the political integrity of tribal governments" and "tribal justice systems are inadequately funded, and the lack of adequate funding impairs their operation."

—The Indian Tribal Justice Act promised more than $58 million per year in additional funding for Tribal Court systems starting in fiscal year 1994. Tribal Courts have yet to see ANY funding under this Act.

—Since Congress enacted the Indian Tribal Justice Act, the needs of Tribal Court systems have continued to increase, but there has been no corresponding increase in funding for Tribal Court systems. In fact, the Bureau of Indian Affairs funding for Tribal Courts has actually decreased substantially since the Indian Tribal justice Act was enacted in 1993.

The vast majority of the approximately 350 Tribal court systems are located in rural communities. These Tribal justice systems face many of the same difficulties faced by other isolated communities, but these problems are greatly magnified by the many other complex problems that are unique to Indian country. In addition to the previously mentioned problems, Tribal justice systems lack sufficient jurisdiction over non-Indians, have complex jurisdictional relationships with Federal and state criminal justice systems, inadequate law enforcement, are a great distance from the few existing resources, face a lack of detention staff and facilities, have a lack of sentencing or disposition alternatives, lack of access to advanced technology, lack substance abuse testing and treatment options, etc.

In most Tribal justice systems, 80–90 percent of the cases are criminal case and 90 percent of these cases involve the difficult problems of alcohol and/or substance abuse.

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 10 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 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.

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 respectfully request that Congress consider the funding increases we have commented on, above.

We welcome the opportunity to comment on the Interior Department's Budget Request for the Indian Tribal Justice Act and Tribal Courts (under the Tribal Priority Allocations). Please contact me at (715) 369–1850, or NAICJA Executive Director Chuck Robertson, at (605) 342–4804 or naicja@rushmore.com with questions or comments. Thank you.

PREPARED STATEMENT OF THE ASSINIBOINE AND SIOUX TRIBES OF THE FORT PECK INDIAN RESERVATION

INTRODUCTION

The Fort Peck Tribes are pleased to present testimony on the fiscal year 2003 BIA and IHS Budget. We have included a budget sheet outlining the current levels of funding at Fort Peck and the level of need remaining in these programs.

The Tribes previously submitted to the Subcommittee a proposal to effectuate real trust reform in Indian Country. The thrust of the Tribes' proposal is to return the operation of trust programs back to the agencies and the people who are impacted by the trust program operations. This proposal would cost approximately $5 million in the first year to implement at Fort Peck. The adequate funding levels shown on the attached budget sheet reflect the funding needs of the proposed demonstration program. We urge the Subcommittee to fund this proposal, which we believe is the only way Indian country will have true trust reform.

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. The Administration has requested an increase of $23 million for programs under TPA. 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 and tribal courts. We urge the Congress to do all it can to increase TPA above the level requested by the President.

In particular, we are very concerned with the Administration's $4 million cut proposed for General Assistance. This cut is premised on a purported decline in caseloads. It is difficult to believe this is in fact true on a national level, since we at Fort Peck have experienced an increase in requests for General Assistance. This in-

crease is largely the result of the Welfare Reform law and the strict work and benefit restrictions placed on individuals. People, who have had the benefits terminated, are returning home to take advantage of tribal work, educational and housing programs. As a result, the GA shortfall at Fort Peck alone is $800,000. Thus, as Congress seeks to reauthorize the Welfare Reform law we would urge the Subcommittee not to cut GA, which is an important part of tribal assistant programs.

EDUCATION

Higher Education

We urge the Committee to support the education needs of Indian people. The President's budget requests $28 million for scholarships for Indian students to attend accredited post-secondary schools. 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 3 years.

Tribal Colleges

We oppose the Administration's proposal to cut tribal colleges funding by $2 million. The 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. We have 341 students enrolled this year.

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 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 $2.9 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 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 Indian Health Service budget must include consideration for medical inflation, population increases and mandatory payroll increase. The IHS has adsorbed over $1 billion mandatory cost increases over the past 10 years causing the loss of purchasing power that has led to insufficient funding for medical services putting lives and health of Native people at risk. This is not acceptable. The same allowance given to federal programs, Medicaid and Medicare, for inflation and population adjustments should be applied to the IHS fiscal year 2003 Budget.

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 2003 budget request. This is unacceptable.

Tribes are particularly concerned that the Administration failed to request an increase for contract health care. This program is critical in places like Fort Peck where our members do not have access to an IHS hospital or physicians. Currently, contract health services are funded only at the highest priority level. This means that only those that are threatened with life or limb are referred out to receive health care. Thus, people waiting on critical surgery like a gall bladder removal must wait until a doctor can certify that the patient's life is in danger, before that

person may receive care. This is very costly in not only dollars, but lives. We urge the Subcommittee to provide an increase in Contract Health Care.

LEVEL OF DEPARTMENT OF INTERIOR BUREAU OF INDIANS AFFAIRS AND IHS INDIAN HEALTH SERVICE FUNDING TO FORT PECK TRIBES

	Fiscal year	
	2002 current	2003 adequate
Fort Peck Agency Funding:		
Aid to Tribal Gov't	.....	$805,162
Contract Support	$189,860	295,860
Social Services	523,189	608,957
Welfare Assistance	1,045,924	1,800,000
Community Fire Protection	.....	280,000
Economic Development	147,843	268,138
Probate [1]	117,827	1,576,920
Natural Resources	88,618	783,521
Other Rights Protection	157,250	422,016
Real Estate Services	703,775	876,176
Trust Services, Gen.	51,543	90,487
Executive Direction [1]	110,105	194,981
Administrative Services [1]	285,209	1,066,441
Trust Financial [1]	.....	1,485,896
Legal Services [1]	.....	549,267
Facilities	183,000	329,741
Facilities/Other one time [1]	.....	700,000
Road Maintenance	415,000	931,888
Irrigation O&M	.....	461,000
Safety Management	.....	7,500
Noxious Weed Eradication	24,439	234,000
Water Management/Development	.....	30,000
Facilities Mgmt./ Maintenance	.....	90,000
Total	4,043,582	13,887,951
Tribal Public Law 93–638 Contracts & Grants:		
Scholarships	341,331	730,075
Adult Vocational Training	199,254	254,400
Direct Employment	85,395	117,000
Johnson O'Malley Program	161,753	450,000
Housing Improvement Program	155,738	346,110
Indian Child Welfare Act	67,509	97,500
Sexual Abuse Victim. Prog	150,600	200,000
Water Resources	182,276	200,000
Wildlife & Parks	114,000	493,980
Tribal Courts	235,562	250,000
Law Enforcement/criminal invest.	737,517	2,000,000
Detention Services/juvenile services	1,042,116	2,000,000
Total	3,473,061	7,139,065
IHS—service unit:		
Hospitals & Clinics	4,443,800	6,247,500
Dental	529,100	819,000
Mental Health	433,800	525,000
Contract Health	5,404,800	6,000,000
Public Health Hearing	314,900	420,000
Maintenance & Improvements	60,700	80,000
Environmental Health	293,500	308,175
Facilities	310,200	325,500
Quarters	14,100	50,000
Total	11,804,900	14,775,175
Public Law 93–638 IHS TRIBAL:		
Tribal Health Administration	147,174	183,967

LEVEL OF DEPARTMENT OF INTERIOR BUREAU OF INDIANS AFFAIRS AND IHS INDIAN HEALTH SERVICE FUNDING TO FORT PECK TRIBES—Continued

	Fiscal year	
	2002 current	2003 adequate
Community Health Rep.	768,524	960,655
Environmental Health Program	107,382	134,227
Health Education	165,699	207,123
Nutritionist	75,455	94,318
Janitorial Services	130,714	163,392
Total	1,394,950	1,743,682

[1] Denotes programs to be include in the Fort Peck Tribes' Trust Reform demonstration program.

PREPARED STATEMENT OF THE CONFEDERATED TRIBES OF THE COLVILLE RESERVATION

On behalf of the Colville Tribes, I am presenting the Tribes' top priorities for the President's fiscal year 2003 Budget for Interior & Related Agencies. The Tribes priorities are:

1. *Colville Tribes Detention Facility (BIA).*— The Colvile Tribes are concerned that the Bureau of Indian Affairs' total request for Operation & Maintenance of Detention Facilities is inadequate to meet the needs for facilities. Our facility is scheduled for opening in November of 2003. Our operations and maintenance budget alone is estimated at $2,509,734.

2. *Lake Roosevelt Management (BIA).*—Funding of $630,000 in the BIA's Parks and wildlife Account for Colville and Spokane Tribes' management of their interests in the Indians zones of Lake Roosevelt has been stripped out in the President's fiscal year 2003 Budget. We are asking that this money be restored.

COLVILLE DETENTION FACILITY

Purpose of Funding.—The Tribes request a $2,509,734 add on for the Operation & Maintenance costs associated with the Colville Tribal Detention Facility scheduled for opening in November of 2003.

Justification of Funding.—The Colville Tribes were put on the BIA's PONI Process in fiscal year 1990. Since 1999, funding for new detention centers in Indian Country has been provided within the Department of Justice's (DOJ) appropriation. DOJ funding in the total amount of $7,079,550 for construction of the Tribes' Detention Facility has now been provided.

With technical assistance provided by the Bureau of Indian Affairs' Office of Law Enforcement Services in Albuquerque, N.M., the Colville Tribes scheduled construction to begin on its estimated 30,000 square foot facility by October 2002.

The projected occupancy is 24 Juvenile and 30 Adult beds.

Colville is 1 of 10 facilities scheduled to come on line at various times in fiscal year 2003. The BIA now plans to partially funded operations for the Colville facility at $638,000. However, the estimated operational costs alone for the facility is $501,947. The total personnel costs is an additional $2 million.

The Tribes strongly urge Congress to fully fund the operation of these important facilities.

LAKE ROOSEVELT MANAGEMENT

Purpose of Funding.—The Tribes request that the $630,000 in Lake Roosevelt Management Funds be restored to the President's BIA Budget for fiscal year 2003. These funds are provided to the Spokane and Colville Tribes to carry out our governmental responsibilities in our respective zones in the Lake Roosevelt Management Area pursuant to the 1990 Cooperative Management Agreement with the Bureau of Reclamation, National Park Service and the BIA.

Justification of Funding.—In 1988 Congress directed the Interior Department to negotiate a new management agreement for Lake Roosevelt with the Spokane and Colville Tribes that recognizes the respective rights of these tribes to manage areas of Lake Roosevelt within the Indian zones of each of the two reservations. After negotiations among the Bureau of Reclamation, National Park, the Bureau of Indian Affairs, and the parties reached an agreement in April of 1990.

While Reclamation has jurisdiction over the Lake's Reclamation Zone, including Grand Coulee Dam and associated Project facilities and the National Park Service manages and regulates all activities and development in the Lake's Recreation Zone, the Colville and Spokane Tribes plan, manage, and regulate activities in our respective tribal zones on the Lake.

Since the Agreement was signed by the parties and the Secretary of the Interior, the BIA has provided annual funding to the tribes to carry out our management responsibilities. We urge Congress to restore the $630,000 to the BIA Budget for this important program.

PREPARED STATEMENT OF THE JAMESTOWN S'KLALLAM TRIBE

This testimony is submitted by the Jamestown S'Klallam Tribe regarding our concerns and requests for fiscal year 2003 Bureau of Indian Affairs (BIA) and Indian Health Service (IHS) budgets. The following document presents the Jamestown S'Klallam Tribe's funding priorities, as well as other regional and national concerns and recommendations for your consideration.

OVERALL RECOMMENDATIONS

The Jamestown S'Klallam Tribe strongly recommends that the Subcommittee:

—Not consider any provisions or legislative riders which undermine Tribal sovereignty and our ability to advance our governmental capacity based on longstanding Federal/Tribal relations and Federal Indian law and policy;

—Not consider any provisions which limit Tribal governmental discretion to redesign programs and reallocate funding to meet local priorities and needs as authorized under the Indian Self-Determination and Education Assistance Act, as amended. This is consistent with the Bush Administration and Congress' devolution philosophies providing more authority to local units of government; and

—Not consider any re-programming of funds to implement the Department of Interior's proposed Bureau of Indian Trust Asset Management (BITAM) trust reform proposal, unless supported by the Tribal Leader Task Force.

TRIBAL-SPECIFIC APPROPRIATION PRIORITIES

1. $162,000 one-time funding for start-up and equipment cost for a Tribal dental clinic to serve our Tribal community;
2. $750,000 one-time funding for the purchase of two parcels of land, one adjacent to our existing reservation and one near our reservation;
3. $35,000 increase in BIA Tribal base funding for unfunded Operations & Maintenance programs; and,
4. $100,000 increase in BIA Tribal base funding to cover Tribal share of Point-no-Point Treaty Council for fisheries management and law enforcement operations.

LOCAL/REGIONAL REQUESTS AND RECOMMENDATIONS

1. Restore $500,000 in Western Washington (Boldt) for tribal shellfish resource management programs in Washington State (Northwest Region);
2. Restore $3,041,000 in the Timber-Fish-Wildlife Program for tribal participation in a forest practices review program in Washington State (Northwest Region);
3. Restore $320,000 in Unresolved Hunting and Fishing Rights for tribal management of shellfish resources and associated treat harvest in Washington State; and,
4. Support all requests and recommendations of the Affiliated Tribes of Northwest Indians, Northwest Portland Area Indian Health Board, and the Northwest Indian Fisheries Commission.

SELF-GOVERNANCE AND OTHER NATIONAL CONSIDERATIONS

1. Restore $256,000 and request for a $100,000 increase to the DOI Office of Self-Governance for the Self-Governance Communication and Education Project and Self-Governance Advisory Committee;
2. Provide increase for BIA and IHS to fully fund Contract Support Cost (CSC) to address documented Tribal needs;
3. Provide a minimum of $25,000,000 in BIA Tribal Priority Allocation (TPA) General Increase for inflationary adjustment;
4. Provide $314,000,000 increase for IHS unfunded mandatory, medical inflation, pay costs and population growth needed to maintain existing health care services; and
5. Support all requests and recommendations of the National Congress of American Indians.

TRIBAL-SPECIFIC APPROPRIATION PRIORITIES

Development of a Community Dental Clinic.—+$162,000

The Tribe has recognized a need to locally provide dental services to Tribal members. In this isolated rural community, dentists are unwilling to provide services to Medicaid patients because of the low rate of reimbursement for those services. Clallam County in general, and our Tribal community in particular, has a large percentage of people on Medicaid. If we continue to rely on private dental service providers, we will not have any way to acquire services for our Medicaid-eligible Tribal members. We plan to serve Tribal Members and Medicaid enrollees from the community at our own facilities. The Tribe will be constructing a 3,300 square foot dental clinic with 4 chairs, offices, and laboratory facilities at our Tribal complex. Total project development and start up costs are $610,000. Construction funding of $348,000 has been obtained from the Indian Community Development Block Grant program and grants of $50,000 each have been received from the Washington State Department of Health and the Paul Allen Foundation have been obtained for equipment. An additional $162,000 is needed to complete development and initiate operation of the Tribal Dental Clinic.

Establishment of Tribal Land Base.—+$750,000

For the past 10 years, the Tribe has requested the Subcommittee's assistance in securing additional land to add to our existing reservation. This request remains unfunded and we again appeal to the Subcommittee for your consideration of funding for this land acquisition. In the 1870's, Tribal members rejected a relocation policy (urged on by white settlers) to move them from their historical lands to another Tribe's reservation. In 1981, the Jamestown S'Klallam Tribe achieved federal recognition. Since that time, we have been attempting to undo the effects of this injustice, which had devastating social, economic, and cultural impacts on the Tribe. We strongly believe the United States government has an obligation to assist the Tribe in correcting these negative impacts. One way this situation can be addressed is for the Congress to assist us in adding to our meager reservation land base; a base that would have been substantially larger had it not been for the 100-year wait for our recognition.

A contiguous four acre waterfront property site, on Sequim Bay (as is the Tribe's reservation) still remains available for purchase at approximately $450,000. In addition, there is a 15-acre site, near the reservation which is available to the Tribe at approximately $300,000. These land acquisitions would allow us to expand our Tribal government facilities to meet the steadily increasing demand for services by our Tribal members. Our Tribe is now at a critical juncture in this rapidly evolving situation. We need Congressional assistance to purchase the adjacent property which is essential for logical and efficient growth management of the Tribal operations. If the Tribe does not acquire the contiguous 4 acre tract and a third party purchases and develops it, we will obviously be blocked from any further practical expansion of our reservation base due to the geographic conditions of this area. In addition, the likelihood of a price escalation for this acreage continues to exist. The 10 acre site would be an excellent location for, among other things, a Tribal health and wellness clinic. It would also be a good site for the placement of future additions to the Tribe's water and wastewater infrastructure.

Increase in BIA Tribal Base Funding For Operations & Maintenance.—+$35,000

Federal programs with jurisdiction over water and wastewater facilities and/or funding (EPA, IHS, HUD) require that a formal operations and maintenance program be adopted and implemented. These facilities require a certified operator employed by the tribe, ongoing monitoring and maintenance, and equipment reserves at an estimated annual cost of $35,000.

Operations and Maintenance programs are not funded by the agencies requiring them, nor are they eligible for funding under any program; thus, they are an unfunded mandate. If we are to meet the requirements for successful operation of our facilities, we must request an additional $35,000 annually.

Increase in BIA tribal base funding for fisheries management.—+$100,000

When the JST was recognized in 1981 and fishing rights affirmed, the Tribe joined the Point No Point (PNP) Treaty Council, a fisheries management consortium comprised of the 3 S'Klallam Tribes and the Skokomish Tribe (successors in interest to the Treaty of Point No Point). At that time, PNPTC had a base budget of $691,000 for the 3 tribes. By pro-rating that amount, it equated to a budget of $230,000 per tribe. Due to funding limitations, and the conclusion that adding a fourth tribe would not require an equal amount of add-on, the BIA only provided an add-on of $133,000 for the Jamestown S'Klallam Tribe. Following Self-Govern-

ance, this unequal base was passed through to PNP. This base was never been brought up to the full level for Jamestown. Consequently, whereas the other 3 tribes have a base of over $200,000, Jamestown cannot pass through an equal amount. This has created a perception that Jamestown is not contributing their "fair share" to the organization. Additionally, PNPTC is strapped because pay costs have not been provided to them as they have to tribes, creating a continuous erosion in the amount available to provide COLAS and other adjustments to their employees.

LOCAL/REGIONAL REQUESTS AND RECOMMENDATIONS

The Jamestown S'Klallam Tribe is a direct beneficiary of the collective Tribal efforts and continues to support the requests and recommendations of the Affiliated Tribes of Northwest Indians, Northwest Portland Area Indian Health Board, and the Northwest Indian Fisheries Commission.

SELF-GOVERNANCE AND OTHER NATIONAL CONSIDERATIONS

Restore $256,000 and Provide $100,000 Increase to Self-Governance Office.—In order to fund the on-going Self-Governance Communication and Education Project (SGCE) and for the continuance of the Tribal Leaders Self-Governance Advisory Committee. We are greatly alarmed over the Administration's proposal to eliminate critical funding for these Self-Governance activities. Over the past 11 years, the SGCE has provided technical assistance and factual information about Self-Governance. There are now over 220 Tribes implementing Self-Governance and the request for information regarding this initiative continues to increase. The SGCE is vital to ensure that Self-Governance and its purposes are clearly understood and consistently developed by participating Tribal governments, federal agency officials and non-participating Tribes. The funding for this Project has never been increased and is now inadequate to keep up with information request. We respectfully request that this funding not only be restored, but increased to meet the real cost of providing these communication services. Further, funding must also be restored for the Tribal Leaders Self-Governance Advisory Committee. This Committee provides advice and guidance to the Assistant Secretary Indian Affairs on key policy issues that impact Self-Governance Tribes and has proven to be an effective forum for Tribal leaders to debate and discuss these issues.

Increase BIA and IHS Contract Support Cost (CSC) Funds to address documented need.—CSC funds are required for Tribes to successfully manage their own programs. For several years, the BIA and IHS have openly acknowledged that they are tens of millions dollars short each year in CSC funding. However, neither the BIA nor IHS has formally reported these shortfalls and no Presidential budget request during this period has included the necessary funds to close the shortfall and fully fund CSC. An additional $70 million is needed in IHS (excluding the $40 million that has been estimated, but negotiated for the new Navajo Nation contract proposal); and (2) an additional $25 million is needed in BIA to fully fund CSC (excluding direct contract support costs). CSC funding is not discretionary and should be fully paid consistent with tribal self-determination legislation.

Provide a minimum of $25,000,000 in BIA Tribal Priority Allocation (TPA) General Increase for inflationary adjustments.—This activity includes the majority of the funds used to support on-going services at the local Tribal level including such programs as housing, education, natural resource management and Tribal government services. A Congressional Research Service (CRS) Report on Indian-related federal spending trends for fiscal year 1975–fiscal year 2000 states that increases in the combined BIA/Office of Special Trustee "current" dollars averaged $46 million per year. But as "constant" dollars (adjusted for inflation), there has actually been a decline of approximately $6 million per year. Over this 25-year period, the total is $150 million! At a minimum, the requested amount will provide for a modest 3.5 percent inflation adjustment for existing Tribal programs and services. We further recommend that TPA be revised and possibly re-named "Tribal Family & Community Services" to better reflect the true nature and intent of these programs. We believe that this title will help the Congress better understand the use of these resources.

Provide $314 million for IHS mandatory, inflation and population growth increase needed to maintain existing health care services.—IHS and Tribal programs have had to absorb inflationary cost increases for the last nine years. These costs are unavoidable and include medical and general inflation, pay costs and staff for recently constructed facilities. Mandatories should be the first consideration in budget formulation. If unfunded, these cost increases will result in further health service reductions in our Tribal communities.

In conclusion, we strongly recommend increased funding levels within the BIA and IHS budgets for critically-needed existing programs. This funding is an obligation stemming from solemn commitments of the United States to Indian people to provide basic health, safety, education and economic security. We appreciate this Subcommittee's continued support and urge that Tribal government operations be afforded the highest priority in your appropriation decisions.

PREPARED STATEMENT OF PUEBLO OF JEMEZ

The Pueblo of Jemez is a federally recognized American Indian tribe with just over 3,300 tribal members, most of whom reside in the single village that is known as Walatowa. Walatowa is located in Sandoval County New Mexico, within the southern end of the majestic Canon de San Diego. It is situated on State Highway 4, approximately 55 miles northwest of Albuquerque and 42 miles southwest of Santa Fe. The Pueblo of Jemez is a "non-gaming" tribe and does not have financial resources available to fortify basic community infrastructure requirements.

The Pueblo of Jemez Tribal Government hereby submits testimony to the Senate and House Committees on Appropriations. The following issues are of tremendous concern to the tribal leadership of our Pueblo and have been placed on high priority status. We are seeking federal assistance in developing solutions to these basic "quality of life" issues.

COMMUNITY WATER SYSTEM IMPROVEMENTS: $776,000

Drinking Water Delivery System: $446,000

The Problem.—The Pueblo has experienced 50 years of unplanned and inefficient drinking water systems construction. This has led to the development of a drinking water delivery system that is difficult to control and sanitize. Monthly water quality sampling throughout the Pueblo has revealed that chlorine residuals are not evenly distributed throughout the system. Homes closest to the treated water receive high concentrations of chlorinated water, while homes farthest away typically receive water that is not properly disinfected.

The lack of disinfecting control of the Pueblo's drinking water has created a multitude of administrative, operational and water quality problems. Households that can afford it have drinking water delivered to their homes and place of business. Others simply refuse to pay their water bills creating shortfalls in revenues that impact the Pueblo's operation and maintenance capabilities. At present the Pueblo's water bill collection is facing a $120,000 deficit. A shortfall in O&M capabilities translates into declining services, which means poor drinking water services.

Proposed Solution.—To remedy this problem the Pueblo of Jemez is proposing to construct a new well and water line. The new water line will be dedicated to the water storage tanks, simplifying the control of disinfected water. Indian Health Service (IHS) engineers have estimated the total cost of the project to be approximately $446,000. Completing this project will ensure that drinking water is properly disinfected prior to its distribution to the community. The added control of water disinfecting and distribution will create better drinking water quality and help to preserve the Pueblo's utility management capabilities.

Drinking Water for the Jemez "Red Rocks" Public Access Area: $330,000

The Problem.—There are many serious problems with the drinking water system located at the Jemez Red Rocks public access and recreation area. The Jemez Red Rocks is a scenic area along NM State Highway 4, and is considered the "gateway" to numerous state and federally designated recreation areas. Visitor traffic is increasing every year; however, there are inadequate water and sewer systems in this area to serve the visiting public. Currently, the production well is located in a "tight" sandstone geologic formation, making water production to multiple facilities difficult. Wastewater management is also problematic due to the inadequate size of existing leach fields. Existing leach fields are failing and could become a source of drinking water contamination. Furthermore, the production well is located in a gradient depression adjacent to a large septic leach field and underground gasoline storage. The well's proximity to these potential sources of contamination increases the risk of drinking water contamination to the public.

Proposed Solution.—To eliminate the problems of the Red Rocks water system the Pueblo of Jemez is proposing to abandon the existing well and extend water lines from the community drinking water system to the Red Rocks area. A new wastewater septic system and drain field will also be developed to accommodate for future growth at this site. This project will eliminate the need for a new well or water storage tanks and the need to treat and filter water from a newly established well.

Therefore, operation and maintenance costs will be significantly reduced. In addition, the wastewater leach field and underground storage tank will no longer be a significant health risk. The overall cost of this project has been estimated by IHS to be $330,000.

GEOTHERMAL INVESTIGATION PROJECT: $442,000

Background.—The Pueblo of Jemez is located on the southwestern slopes of the Jemez Mountains in north-central New Mexico. The Jemez Mountains are volcanic in origin and support a geothermal system that lies beneath Jemez Tribal lands. This geothermal reservoir has yet to be investigated thoroughly. Limited surveys and a well drilling project coordinated with New Mexico State University and the Council of Energy Resource Tribes (CERT) were performed in the late 1980's and early 1990's. Subterranean surveys and well drilling results indicated that the Pueblo of Jemez has the potential to develop geothermal resources to support limited economic enterprises. Examples include: Spa/bath house, greenhouse and aquaculture. However, these studies also concluded that additional field investigations should be concluded to fully determine geothermal potentials.

Proposal.—The Pueblo of Jemez is requesting funding to continue investigations to better understand the capacity of its geothermal resources. These investigations will be coordinated with Natural Resource Consulting Engineers, Inc. (NRCE) and New Mexico State University College of Engineering Southwest Technology Development Institute (NMSU). NMSU and NRCE shall provide technical assistance and oversight of all investigation activities. Estimated cost for investigation and assessment activities is estimated at approximately $408,000. Funding will be used by the Pueblo to drill exploratory wells, conduct laboratory water analysis, and conduct subterranean geologic surveys on a 6 mile stretch of the Jemez geologic fault system. Please see detailed itemized cost estimates below.

Zia Sand Aquifer Geothermal Test.—A test well was drilled in 1991 to a depth of 240 feet into the Zia Sand aquifer. The well flowed 150 gpm with a temperature of 136°F from a fracture zone at 225 to 240 feet. The well is located about 2 miles southwest of Jemez Pueblo. Other areas of the Zia Sand aquifer near the Jemez River should be explored, both north and south of Jemez Pueblo.

Madera Limestone Aquifer.—No deep wells have been drilled in areas where the Madera Limestone is confined by overlying beds of low permeability. The Madera Limestone aquifer should be explored for potential high-permeability fractured-faulted zones with possible caves formed by geothermal dissolution.

BIA—LAW ENFORCEMENT

The Pueblo of Jemez supported the $18 million increase for Bureau of Indian Affairs and the $82 million in increased funds for Department of Justice for law enforcement programs. The Indian Country Law Enforcement Initiative is especially important to our community. The Pueblo does not have a tribal police department and instead depends upon BIA law enforcement. Although funding for the Presidential Initiative on Law Enforcement in fiscal year 1999 permitted the BIA to hire an additional police officer for Jemez, the Pueblo still suffers from a critical shortage of law enforcement personnel. Two police officers patrol the Pueblo. At times, only one BIA Police Officer is on duty and must cover a 65–70 mile radius for five different Pueblos. This means that one officer must meet the law enforcement needs of over 10,000 people including Jemez Pueblo, which is impossible. Because of this shortage, the Governor of the Pueblo of Jemez, must assume the role of Police Officer, despite the lack of formal police training. If funding levels were adequate, this grave situation could be avoided. Because the need for law enforcement is so critical, the Pueblo is exploring the possibility of assuming responsibility for this function through a Public Law 93–638 contract with the BIA.

The BIA had a police substation at the Pueblo of Jemez during the 1990's. The tribe eliminated this substation due to a shortage of office space and manpower (trained Police Officers). However, in view of the critical issues associated with the lack of law enforcement at Jemez Pueblo, we must re-establish the police substation. The proposed facility will house tribal law enforcement officers, BIA Officers, and officers from the tribal conservation program. The Pueblo is seeking $400,000 to establish a substation to be located at the Jemez Red Rocks area. These funds will support establishment of the new facility, required equipment, and subsidize existing funds for required staff.

BIA—TRIBAL COURTS

Since the passage of the Indian Tribal Justice Act of 1993, there has been no allocation made of these monies to Tribal Courts throughout Indian Country, including

our jurisdiction, the Pueblo of Jemez. It is critical for the Pueblo of Jemez to continue our tribal court system and provide fair justice as do our fellow federal and state courts. We have seen a steady increase in criminal, civil, and traffic cases filed in the Pueblo of Jemez Tribal Court for adults and juveniles.

The Pueblo of Jemez is requesting an additional $80,000 per year to operate an efficient Tribal Court Office. These funds will be utilized to compensate critical staff and provide much needed training in the field of criminal justice systems.

BIA—SOCIAL SERVICE FUNDING

The Pueblo of Jemez, which is a Public Law 101–638 contractor, is urging the Committee to continue funding BIA Social Service and Indian Child Welfare Act (ICWA) programs. The programs offer services to children, youth, and families including the elderly.

Services offered under the Pueblo of Jemez Social Service program are crisis intervention for child abuse, neglect and sexual abuse, counseling for children, elders and families and child welfare placement, including out of home placements to foster homes and referrals to residential treatment centers due to child abuse and neglect. Most cases are crisis calls, which require immediate intervention. Referrals are made to other tribal resources such as Behavioral Health, Tribal Courts or the Health clinic.

The Indian Child Welfare Act (ICWA) program offers prevention and intervention services. Parenting classes are offered to the community with childcare being provided. Prevention classes are also held at the three local schools on a weekly basis.

The caseload in fiscal year 2000 for the Social Service program was 20 cases and currently the cases remain at 20 open cases.

We have one Social Service Worker. If we are to adequately address these problems and implement the new Federal mandated Social Service requirements and requirements with no increase in funding, it is critical that this Committee increase funding for these programs. The Pueblo of Jemez has not seen any increase for either program in over 10 years. The Pueblo's current budget of $104,016 is grossly inadequate to address the existing needs in the area of Social Service and ICWA for our community. The services provided with the current budget are mostly crisis-oriented services and limited case management.

Therefore, we are requesting an increase of $200,000 to increase services to address transportation problems, long-term services which require extra time such as foster care placement for children, an additional caseworker, and to compensate the Social Service Program Manager who is currently not funded for managing both the Social Service and ICWA programs. There is a lack of infrastructure for the Pueblo of Jemez Social Service program. We provide services to the community and we do not have adequate space to provide confidential counseling sessions, educational classes such as our parenting classes and training for the community. Childcare facilities are important for our participating clients. These additional services are important to run an effective quality Social Service Program in the Pueblo of Jemez.

PREPARED STATEMENT OF THE NATIONAL INDIAN EDUCATION ASSOCIATION

The National Indian Education Association (NIEA) is the oldest and largest national organization representing the education concerns of over 3,000 American Indian, Alaska Native and Native Hawaiian educators, tribal leaders, school administrators, teachers, parents, and student members. NIEA would like to submit this statement on the President's fiscal year 2003 budget as it affects American Indian, Alaska Native and Native Hawaiian education.

The federal government is responsible for only two school systems in this country—the schools of the Department of Defense (DOD) and those operated by the Department of Interior's Bureau of Indian Affairs (BIA). Ideally, these schools should be the "state of the art" when it comes to education as federal policy, especially when major educational mandates are approved by Congress and the Administration. In terms of funding, DOD schools compare with BIA schools on a per pupil basis. In terms of academic success, however, BIA schools lag behind their counterpart. If you were to look at the education levels of American Indians thirty to 50 years earlier, you would find dropout rates approaching 100 percent in some areas and few graduates exiting high school. Even fewer still were attending college. The legacy of the boarding school era was still a factor and children who were removed from their parents were becoming parents themselves. All of these factors and the insistence of Indian people to retain their culture effectively countered termination and assimilation efforts, including those carried out by the Bureau of Indian Affairs.

When you look at what has been the history of Indian education, Indian people have indeed come a long way over the last half century. All of the impediments that are now affecting academic achievement among American Indian students all have their history in the inconsistency of Indian education policy. Today is no different as in the signing of the recently passed No Child Left Behind Act (NCLB) which promises to up the ante and require higher levels of academic achievement among all students. How will Indian students fare under this scenario? For starters, Indian students are already being identified as being the lowest performers among all students. The Administration has made plans to privatize the lowest performing schools which equates to one third of the schools in the BIA system. How this initiative was conceived, the cost, and how Indian country was involved in the planning, are all factors into whether this plan will get off the ground. The legality of such a proposal is also in question. Indeed, in the long term, the administration is trying to help Indian communities, but is removing school governance the best way?

According to the 1990 Census, there are 600,000 American Indian students in grades K through 12. Approximately eight percent (50,000) are educated through BIA schools on primarily Indian reservations. The majority of Indian students, however, attend public schools and are eligible for a number of education programs that are funded by the Department of Education. Specific programs for Indian students include those administered the department's Office of Indian Education. In terms of funding priorities, NIEA recommends targeted increases to the following programs with summaries on all programs benefitting Indian students.

BUREAU OF INDIAN AFFAIRS EDUCATION PROGRAMS

While many domestic programs have been cut back to fund the War on Terrorism and to increase domestic security, BIA Education programs have not been reduced. This may be good news, but the 1.5 percent is insufficient to cover pay cost increases resulting in a slight decrease in the dollars available for program purposes. The increase for BIA education programs is significantly less than that proposed for the Department of Education programs, bringing into question whether BIA funded school students are being left out of the President's education initiative. The best news is that the Construction funds continue to flow in amounts designed to eliminate the school facilities backlog by fiscal year 2006.

There is an unfortunate budget initiative, heralded as a "centerpiece" of the Bureau's education program to "privatize" the lowest performing BIA operated schools. Early reports concerning the details are inconsistent and contradictory. What seems clear is that the Bureau is proceeding without legal authority on an initiative that appears to violate self-determination policy and laws. It is an unwelcome distraction during a period when the Bureau should be focusing on how to improve educational performance under the new ESEA requirements and assisting tribal initiatives to assume a greater role in their educational programs.

Below are the major Indian education programs in the BIA's fiscal year 2003 budget request and NIEA's recommendations for appropriate funding increases.

Indian School Equalization Program.—Increase from $347,475,000 to $353,475,000

This number includes a $3,542,000 increase over fiscal year 2002 and is $2,000,000 short of covering the required pay adjustments. While there is an estimated decrease in student enrollment, it is unlikely that this will be the case in SY 2003–2004 when these forward funded dollars become available.

While NIEA understands that there is little chance of substantial increases in domestic programs this year, we believe that the costs for pay adjustments under ISEP should be fully met. NIEA believes that the amounts of increase in the BIA education should be commensurate with increases in the Department of Education. We support an increase of no less than $6 million so that the pay adjustments can be made without a reduction in the program. An increase commensurate with Title I funding in the Department of Education would require an increase of over $34 million.

Indian School Equalization Program (Program Adjustments).—$5,675,000

This line item is increased by over $5,000,000 and its use is clearly being expanded. This is where the Bureau has included dollars for the "privatization" initiative; $2 million for employee displacement (transferred from the "Special Projects and Pooled Overhead" portion of the Budget) and $3 million for costs to implement privatization that are unclear.

NIEA has strong reservations concerning the "privatization" initiative. NIEA supports additional resources to encourage self-determination, namely increases in employee displacement funding and administrative cost grants. The lack of funding in these two line items has squelched granting and contracting of schools in the past

and continues to do so today. NIEA recommends that the $3 million be used for planning by tribal organizations that are interested in assuming more control of their educational programs.

Early Childhood Education.—$15,263,000

This increase of $3,053,000 over last year will add about seven more schools to the popular FACE program in keeping with the Education initiative of this Administration. NIEA strongly supports this request and the continuing expansion of this program.

Student transportation.—Increase from $38,506,000 to $50,000,000

This item contains a welcome increase of $1,960,000 for this perennially underfunded part of school operations. These additional dollars will reduce the amount that ISEP dollars must pay to get the students to school; therefore, this counts as an actual increase for instruction. NIEA supports full funding for this line item which would be around $50 million. While any increase is appreciated, the NIEA must go on record to state that it is not enough. The failure to fully fund this line item drains instructional dollars from the schools.

Facilities Operations.—Increase from $57,687,000 to $70,000,000

This seriously under-funded program receives an increase of $2,214,000, very welcome, though it will not be anywhere near enough to end the under-funding. As in the case with Student Transportation, this increase will decrease the amount that ISEP must pay each year on facilities costs, but schools will still have to pay out large amounts for basic facilities operation from their ISEP funding. NIEA supports full funding under the needs based formula which would require over $70 million. Failure of the Congress to provide this money results in school facilities that deteriorate more rapidly than they should. Schools, in order to keep the lights on and the facility in good repair, must cover the costs from amounts appropriated for instruction. No school should have to make this decision.

Administrative Costs Grants.—Increase from $46,065,000 to $60,000,000

As in years past, the BIA has requested an increase for this under-funded line item; this year totaling $3,000,000. This amount falls far short of fully funding the statutory formula. Congress has repeatedly failed to appropriate the amount requested by the BIA, much less fully fund the formula. This increase may not even be adequate to cover the administrative cost grants needed for the new grants and contracts that should be in place by SY 2004, when this money becomes available.

The amount requested in this line item is inconsistent with the BIA's stated initiative to encourage tribes to contract/grant the remaining BIA schools. Failure to fully fund administrative cost grants prevents tribes from authorizing additional grants/contracts due to adverse impact on schools that are already operating under grant/contract. The $3 million increase will probably not be adequate to fund new grant schools, nor would it be sufficient to fully fund the statutory formula even if there were no new schools converting. The BIA states that the current level of funding for administrative cost grants is at the seventy percent level and that the $3 million would increase that level to 75 percent. NIEA supports full funding of these grants, requiring an increase to at least $60 million. Since this line item is forward funded, even that amount will be inadequate by SY 2004 if the schools currently expected to convert to grant do so.

Tribal Education Departments.—Increase from $0 to $5,000,000

The Bureau's Tribal Education Departments program has been funded except on one occasion. NIEA recommends funding this line item at least $5 million to ensure that tribal education departments are given the best opportunity to fulfill there roles in the event the privatization initiative moves forward.

Tribally Controlled Colleges.—Increase from $38,029,000 to $42,000,000

This line item contains a cut of $2,000,000, seemingly unrelated to any cutbacks in TCCC programs. This program has been successful in getting increases over the past few years, but here they seem to be losing ground. NIEA opposes this cut in the college fund. Community colleges are playing an increasingly important role in Indian country, as they are called upon to support the activities of the local schools in many ways. This cut would be very detrimental to these important efforts. NIEA supports an increase in this program of $2,000,000 rather than a cut, resulting in a level of about $42 million.

Employee Displacement.—$2,235,000

This line item that pays severance costs to Federal employees who lose their jobs when programs are contracted/granted is reduced by $2,000,000 from last year. The

BIA is obviously expected very little by way of new grants/contracts next year. This reduction seems at odds with the idea of an initiative to encourage tribal or private grants/contracts of school programs.

The cut in this line item is inconsistent with the "privatization" initiative. As with Administrative Costs Grants, any real move to increase the amount of contracting/granting would require an increase in this line item. As it is, we do not believe that this amount will be sufficient to fund even those schools already in the pipeline for conversion this coming July, and this fund pays severance costs for any Public Law 93–638 contracting/compacting as well as grant conversions.

It is very difficult to estimate the amounts needed very far in advance and a better method for determining or meeting the needs should be considered. It appears that $2 million has been transferred from this line item to ISEP Program Adjustments. It is unclear whether this is only for severance pay in cases where "privatization" is occurring and whether the regular employee displacement line item would still be used for tribal grant conversions.

Replacement School Construction.—$125,223,000

The steady flow of construction dollars continues. Though this line item is reduced by $2,576,000, it is more than made up in the FI&R line item for renovation. NIEA strongly supports the funding level in this request.

Facilities Improvement and Repair.—$164,374,000

This line contains an increase of $2,784,000 over last year as the Administration continues with its commitment to eliminate the backlog of school facilities by fiscal year 2006. NIEA strongly supports and is very appreciative of the funding level of this line item.

Special Programs and Pooled Overhead, Postsecondary Training Programs.—Increase from $0 to $7,071,000

Several training programs are recommended for zero funding, including, United Tribes Technical College, United Sioux Tribe Development Corporation, National Ironworkers Training Program, Alaska Native Aviation Training Program, Yuut Elitnauviat People's Learning Center and the Crownpoint Institute of Technology. NIEA supports continuation funding these post secondary training programs since they are vital for the economic development of the reservations they serve. This will further exacerbate unemployment and the resulting problems on reservations. These programs give people hope for a better life.

PREPARED STATEMENT OF THE YAKAMA NATION

BACKGROUND

Location, Size, & Composition of Reservation.—The Yakama Reservation is located in south central Washington on the east slope of the Cascade Mountain range. We have approximately 10,000 enrolled members, have a reservation of approximately 1.3 million acres, of which 613,200 acres are forested, and have treaty-based interests and rights in a ceded area of more than 10 million acres of Washington.

Spruce Budworm Epidemic.—Our forest is currently experiencing an epidemic spruce budworm infestation resulting from past management practices by the Federal government. The epidemic threatens our economy and increases the risk of catastrophic fires that threaten our lands and the adjacent federal, state and private forestlands. At great expense, we are having to vastly exceed our normal harvest to salvage budworm damaged timber. If budworm infected timber is not harvested at a certain stage, its value is profoundly reduced and after it dies, it becomes highly ignitable. We must have help from the United States on this matter. It should be noted that the mismanagement of this timber by the federal government is going to leave the United States in a position of major liability.

Wapato Irrigation Project (WIP).—WIP is the largest Indian irrigation project administered by the BIA, serving predominantly non-tribal agricultural interests that generate crops (predominantly fruit, hops and hay). It is the largest irrigation district in the Yakima Basin annually delivering 655,000 acre-ft of water to more than 140,000 acres of irrigated land on the Yakama Reservation.

Our economy is based in forestry and our lands support an enormous local agricultural industry. Income we realize from timber sales is used for forestry management, Tribal government and services, and nominal per capita payments to Tribal members. Our large land base requires an enormous effort to manage natural resources. We realize that our needs are unlikely to be fully met by the likely budget for natural resources or any other component of the BIA and IHS budgets. We hope

they will dramatize the extreme need and gross underfunding of these programs, and that the Subcommittee will begin to address our needs and those of Indian country generally.

WATER RESOURCES

Water Planning and Pre-Development.—We participate in the Yakima River Basin Water Enhancement Project (YRBWEP) that includes the Irrigation Water Conservation Plan for the Wapato Irrigation Project, the Toppenish Creek Corridor Enhancement Project, and the Irrigation Demonstration Project. We are currently preparing a Comprehensive Water Management Plan for the Toppenish and Simcoe Basin. Information in this plan and other existing reports can supplement the preparation of a needed reservation-wide Comprehensive Water Management Plan. A Secretary-approved plan is required so that the WIP can comply with ESA. We request $125,000 for fiscal year 2003 to hire Natural Resources Consulting Engineers, Inc. (NRCE) to prepare a draft plan.

Upgrading of WIP Facility to Comply with the Endangered Species Act (ESA).—Operation and maintenance procedures of the WIP negatively impact the listed Bull Trout and Yakima Basin Steelhead Trout (an andromous species). The BIA is currently developing a Biological Assessment (BA) of WIP operations to determine how operating procedures will need to be changed and upgraded. Initial findings indicate that WIP is deficient in many areas and immediate action is necessary to avoid jeopardizing the project's ability to deliver irrigation water. The Yakama Nation and WIP have recently cooperated on the development of the "Irrigation Water Conservation and Management Plan for the Wapato Irrigation Project" utilizing NRCE. This study indicates that it will require a capital investment in excess of $150,000,000 to upgrade the project to current standards and address project ESA concerns. To begin addressing these urgent needs we request a non-reimbursable funding of $1,000,000 to begin to develop a Tribal resource management plan for the WIP.

Additional needs for the WIP facility include unmet costs of $1,080,000 for personnel, idle land water payments, and major construction of $3,000,000 to replace the main diversion facility on the Yakama River.

WILDLIFE MANAGEMENT PROGRAM

By ensuring compliance with NEPA and the ESA, the Wildlife Management Program plays a key role in keeping the BIA's timber sale program running. The $527,000 (plus the contracted $38,365 that goes to the Yakama Agency) annual BIA Spotted Owl Inventory and Monitoring Grant is critical for ensuring ESA compliance. These funds ensure that our timber harvest, the basis of our economy, can take place each year in compliance with the law.

We request that the Subcommittee restore funding in the following line items in the BIA budget. In the "Other Recurring Program Funds" category:

BIA 638 funds for YN Wildlife Program Operations	$220,336
BIA-Funded "Klickitat Basin Deer Study"	95,776
Washington State Timber-Fish-Wildlife (all WA tribes)	3,041,000
Under "Non-Recurring Programs": Endangered Species	541,000

Washington State Timber-Fish-Wildlife (T-F-W).—The YN is a subsistence hunting and fishing culture, it is important to have a presence as a co-manager of these critically important resources within its ceded area. The right to utilize these resources were guaranteed under the Treaty of 1855. T-F-W in the BIA budget supplies critical funding to the Yakama Nation and 26 other tribes in Washington State to evaluate the effects of state and private forest practices on tribal resources, conduct adaptive management work to improve forest land management, and advocate for proper protection measures for tribal and public resources with other forestland stakeholders.

FORESTRY

Spruce Budworm Epidemic

We have identified 200,000 acres in need of forest development treatment, which was acknowledged by the BIA Central Forestry Office. GAO report GAO/RCED–91–53 states that the Yakama Nation was not able to accomplish all of the regular forest development work even when approximately one-half of the projects are paid for with tribal funds.

In order to continue the sound forest management practices which preserve our resources while at the same time protects the welfare of the Yakama People, we re-

quest $1,000,000 of new Forest Development Add-on funds for forest development treatments on approximately 76,000 acres of the most severely Spruce Budworm infected stands. Forest development activities include reforestation, timber stand improvements, and related investments that enhance productivity.

Personnel, Supplies, & Equipment

Forestry's fiscal year 2002 recurring budget totaled $3,244,398 and employed about 54 fulltime personnel. The fiscal year 2002 funds were insufficient to properly and efficiently manage and protect the forest resource. Severe forest health problems such as the spruce budworm epidemic and bark beetle infestations threaten over 200,000 acres and hundreds of millions of board feet of our commercial timber. Additional funds totaling $1,846,000 would add 32 forestry personnel along with supplies and equipment. This increase in staffing would boost Forestry's capability to gain control of the budworm epidemic. The additional personnel would write silvicultural prescriptions, plan timber sales and contracts, designate timber for harvest, administer timber sale contracts, and supervise the Fire Management Section to integrate wildfire control and prescribed fire projects into forest-wide planning and management of our natural resources.

Vegetation Management.—We utilize Integrated Pest Management (IPM) techniques to protect our reservation and ceded lands from invasive, non-native plant species. IPM uses cultural, mechanical, biological and chemical management aspects to control foreign plant pests. Herbicides, equipment, vegetative seeding, and equipment repair costs are incurred at a level of approximately $100,000 annually from a BIA funding source. Additional funding is always welcome to upgrade our computer technology that is applied such as Global Positioning System (GPS), Geographic Information System (GIS), and associated hardware.

REAL ESTATE SERVICES

The Real Estate Services section is the key to all other agency functions. Their records must be accurate and up to date for all trust lands and individuals with interest in trust lands because all land and financial transactions relating to these lands and individuals depend upon these records. Responsibilities of Real Estate Services include leasing and distribution of income (>1,300 active leases), acquisition and disposal of real property, including fee to trust conversions, probates and wills.

Real Estate Services is understaffed and backlogged, affecting Leasing, Probates, and Acquisition and Disposal (A&D), including fee to trust conversions, and our computer files are not current with paper records. This latter is critical for proper distribution of trust funds and furnishing accurate information to our clients. The need for increased staff is also critical. Part of the problems with Realty can be dealt with by a temporary increase in the budget to bring on or detail personnel to deal with the backlogs. However, additional funding is also required for additional permanent personnel. Our present budget is $671,735 and we request an increase of $293,825 to bring us to a total of $965,560.

LAW ENFORCEMENT AND PUBLIC SAFETY

Our Department of Public Safety's police officers and game wardens patrol over 1.3 million acres. As grant funding will be running out for the COPS program there is a need to fund the officers hired under that program at the current level of $395,836. Along with salaries there is a need to keep the maintenance on the patrol vehicles, a cost of $50,000 a year.

The Tribe's Justice Service Department consists of the court system, Probation Department, and Public Defender's office. The Department needs a computer technology overhaul of computers and software at a cost of $50,000. We also need a new court building. The original study for the new Law and Justice Center estimated costs at $25,000,000. Today it would cost $29,000,000.

HUMAN SERVICES

IHS Budget.—The Yakama Nation supports the $1 billion increase for the IHS in the Senate Budget Resolution. Of particular concern is the need for an increase to Contract Health Service (CHS) funding which pays for health care from private providers for eligible patients. CHS costs are seriously affected by Medicaid Reductions, high pharmaceutical costs, medical and general inflation, population growth, pay costs, population growth, new tribes funding, staffing new facilities and Contract Support Costs.

Homeland Security.—We urge the Subcommittee to include IHS and Tribes into any comprehensive plan developed to improve our public health and tribal health

systems' security and protection from potential terrorist threats. For distribution purposes, we urge Congress to treat the tribes as states and, thus, fund the tribes directly for Homeland Security.

Adult Vocational Training Program.—Currently the program serves 25–50 clients a year, but 200–300 clients are turned away due to lack of funding. These individuals are waiting for an opportunity to improve their work skills so that they can secure a job and become productive citizens. We are requesting a funding level of $300,000.

PREPARED STATEMENT OF THE NAVAJO NATION

There is good new and bad news in the President's fiscal year 2003 Budget Request for BIA Education. While many domestic programs have been cut back to funds the War on Terrorism and to beef up domestic security, BIA Education programs have not been reduced. They have instead received a slight increase, about 1½ percent. This amount is not sufficient to cover pay cost increases, so the net result is a slight decrease in the dollars available for program purposes even though there is an $18.8 million increase over last year in School Operations funding.

ISEP $347,475,000

This number includes a $3,542,000 increase over last year; however it comes about $2,000,000 short of covering the required pay adjustments. This affects BIA operated schools more than grant schools since BIA operated schools are required to provide the increase to staff while grant/contract schools are not.

While the Navajo Nation understands that there is little chance of substantial increases in domestic programs this year, we believe that the costs for pay adjustments under ISEP should be met in full. We support an increase of no less than $5.5 million.

ISEP (Program Adjustments) $5,675,000

This line item is increased by over $5,000,000 and its use is clearly being expanded. This is reportedly where the Bureau has included dollars for the "privatization" initiative; $2 million for employee displacement (transferred from the "Special Projects and Pooled Overhead" portion of the Budget) and $3 million for costs that are as yet unclear.

The Navajo Nation might support this request if the $3 million is available to the Nation for planning the Navajo Education System.

Early Childhood Education $15,263,000

This increase of $3,053,000 over last year will add about 10 more schools to the popular FACE program in keeping with the Education initiative of this Administration.

The Navajo Nation strongly supports this request.

Student transportation $38,506,000

This item contains a welcome increase of $1,960,000 for this perennially underfunded part of school operations. These additional dollars will reduce the amount that ISEP dollars must pay to get the students to school; therefore, this counts as an actual increase for instruction.

Full funding for this line item would be about $50 million. While any increase is appreciated, the Navajo Nation must go on record to state that it is not enough. The failure to fully fund this line item drains instructional dollars from the schools.

Facilities Operations $57,687,000

This seriously under-funded program receives an increase of $2,214,000, very welcome though it will not be enough to end the under-funding. As in the case with Student Transportation, this increase will decrease the amount that ISEP must pay each year on facilities costs.

Full funding under the needs based formula would provide over $70 million. Failure of the Congress to provide this money results in school facilities that deteriorate more rapidly than they should. Schools, in order to keep the lights on and the facility in good repair, must cover the costs from amounts appropriated for instruction. No school should have to make this decision.

Administrative Costs Grants $46,065,000

As in years past, the BIA has requested an increase for this under-funded line item; this year totaling $3,000,000. This amount falls far short of fully funding the

statutory formula. Congress has repeatedly failed to appropriate the amount requested by the BIA, much less fully fund the formula. This increase may not be adequate to cover the administrative cost grants needed for the new grants and contracts that should be in place by SY 2004, when this money becomes available.

The amount requested in this line item is inconsistent with the BIA's stated initiative to encourage tribes to contract/grant the remaining BIA schools. Failure to fully fund administrative cost grants prevents tribes from authorizing additional grants/contracts due to adverse impact on schools that are already operating under grant/contract. The $3 million increase will probably not be adequate to fund new grants on Navajo alone, nor would it be sufficient to fully fund the statutory formula even if there were no new schools converting. The Navajo Nation supports an increase to at least $55 million. Since this line item is forward funded, even that amount will be inadequate by SY 2004 if the schools currently expected to convert to grant do so. The Navajo Nation strongly recommends that the BIA conduct the study called for in the newly enacted ESEA to develop an empirical basis for standard amounts that are used in the formula. The formula seems to have no credibility with the Congress and increases have not been forthcoming.

Tribally Controlled Colleges $38,029,000

This line item contains a cut of $2,000,000, seemingly unrelated to any cutbacks in TCCC programs. This program has been successful in getting increases over the past few years, but here they seem to be losing ground.

The Navajo Nation opposes this cut in the college fund. Community colleges are playing an increasingly important role in Indian country, as they are called upon to support the activities of the local schools in many ways. This cut would be very detrimental to these important efforts. The Navajo Nation supports an increase in this program of $2,000,000 rather than a cut.

Employee Displacement $2,235,000

This line item that pays severance costs to Federal employees who lose their jobs when programs are contracted/granted is reduced by $2,000,000 from last year. The BIA is obviously expected very little by way of new grants/contracts next year. This reduction seems at odds with the idea of an initiative to encourage tribal or private grants/contracts of school programs.

The cut in this line item is inconsistent with the "privatization" initiative. As with Administrative Costs Grants, any real move to increase the amount of contracting/ganting would require an increase in this line item. As it is, we do not believe that is amount will be sufficient to fund even those schools already in the pipeline for conversion this coming July, and this fund pays severance costs for any Public Law 93–638 contracting/compacting as well as grant conversions. It is very difficult to estimate the amounts needed very far in advance and a better method for determining or meeting the needs should be considered.

Replacement School Construction $125,223,000

The steady flow of construction dollars continues. Though this line item is reduced by $2,576,000, it is more than made up in the FI&R line item for renovation.

While the Navajo Nation strongly supports the funding level in this request, we also express our concern with the current method of determining priorities. It appears that there is little assurance that the schools identified for projects are actually the schools most in need of replacement. There needs to be a more objective process for setting the priority listing and for setting limits on the costs that can incurred for new schools. The Bureau's credibility in this area both with Indian country and the Congress is at stake.

Facilities Improvement and Repair $164,374,000

This line contains an increase of $2,784,000 over last year as the Administration continues with its commitment to eliminate the backlog of school facilities by fiscal year 2006.

The Navajo Nation strongly supports and is very appreciative of the funding level of this line item.

Special Programs and Pooled Overhead—Crownpoint Institute of Technology $0

In 2002, CIT received $1.2 million. This year, along with several other training programs in this budget category, the President proposes to zero them Out.

The Navajo Nation supports continuation funding for CIT at the $1.2 million level. Technology training such as is offered by CIT is critical in developing the kind of job skills so necessary in today's world.

We thank the Committee for this opportunity to submit testimony. If there are any questions, please direct them to Ms. Merlee Arviso, Director, Division of Dine' Education.

PREPARED STATEMENT OF THE NAVAJO NATION

The Navajo Nation welcomes this opportunity to provide recommendations on the proposed federal fiscal year 2003 budget for the Interior, including the Indian Health Service and the Bureau of Indian Affairs requested budgets. The Navajo Nation requests that:

The Appropriation Subcommittee not appropriate funding for the Department of the Interior's proposed BIA Reorganization.—The Navajo Nation is opposed to the Interior's proposal due to lack of tribal consultation. The Interior has yet to submit a formal proposal to Congress, the Navajo Nation or Indian tribes to consult and comment on.

The Appropriation Subcommittee not appropriate funding for the Proposed BIA "Privatization" School Initiative.—In the President's budget, increased funds were requested to make BIA schools attractive for private educational companies, yet the Navajo Nation and other tribes have repeatedly asked the BIA to increase funds for its BIA schools but have been constantly denied. The BIA has yet to have consultation to fully discuss tribal education plans.

The Navajo Nation requests fiscal year 2003 appropriations in the amount of:

Navajo Indian Irrigation Project (NIIP)—$30,000,000.—The Navajo Nation does not support the President's request of $13,095,000, which is a $12,230,000 decrease from the fiscal year 2002 enacted level. NIIP construction is a legal obligation of the federal government based on statute.

Navajo Southwest Judicial Complex—$20,000,000.— Current court facilities built in the 1950's are dilapidated. This funding would enhance self-determination and encourage economic self-sufficiency.

Crownpoint Institute of Technology (CIT)—$1,200,000.—The President did not request funding for fiscal year 2003, which is a $1,200,000 decrease from the fiscal year 2002 enacted level. CIT is a critically important educational institution that reduces unemployment and attracts businesses to the Navajo Nation.

Southwestern Indian Polytechnic Institute (SIPI)—$5,730,000.—The Navajo Nation supports the President's request. SIPI is one of two fully accredited universities in the Bureau's education system.

INDIAN HEALTH SERVICE

Contract Support Cost Grants—$20,000,000.—Contract support costs are necessary to fund the Navajo Nation's self-administered healthcare to the Nation's approximately 250,000 citizens.

Facilities.—The Navajo Nation supports the President's request for $20,400,000 for Fort Defiance Hospital Staff Quarters; $13,900,000 for the Pinon Health Center; and $7,658,000 for the Red Mesa Health Center.

Services.—$10,000,000 for full time positions at Fort Defiance Hospital. The Navajo Nation supports the President's request.

BUREAU OF INDIAN AFFAIRS

BIA Roads Maintenance—$30,000,000.—The Navajo Nation does not support the President's request of $27,672,000. Tribes are in need of solid infrastructure and the funds to maintain existing roads and new road construction.

Law Enforcement—$158,989,000.—The Navajo Nation supports the President's request. The Navajo ratio of 0.3 police officers per 1,000 population is dangerously below the necessary minimum rural-setting ratio of 3 officers per 1,000 population.

Indian Police Academy—$2,379,000.—The Navajo Nation supports the President's request. The Indian Police Academy provides basic and advanced law enforcement training for Bureau law enforcement and detention officers.

Justice Systems—$10,000,000.—Congress passed the Indian Tribal Justice Act of 1993, but has never provided appropriations for adequate based funding for tribal courts.

Tribal Courts—$17,096,000.—The Navajo Nation supports the President's request. Tribal courts have long been under funded and under developed. The Navajo Nation is focusing on strengthening its courts as a means for creating safe communities and building infrastructure for economic development.

Tribal Education Department (TEDs)—$500,000.—Congress authorized appropriations for the development of TEDs in Public Law 95–561, but has never appropriated this initiative.

School Construction.—The Navajo Nation supports President Bush's request for the following school replacement for the Navajo Nation: $33,605,000 for Kayenta Boarding School; $21,215,000 for Wide Ruins Boarding School and $22,500,000 for Low Mountain Boarding School.

Facilities Improvement and Repair (FI&R)—$164,374,000.—The Navajo Nation supports the President's request, which includes the following schools: Hunters Point Boarding School, Hunters Point, AZ; Wingate High School, Fort Wingate, NM; and Chilchinbito Day School, Chilchinbito, AZ. This funding will correct backlogged repairs at these schools.

Education Facilities Operations—$70,000,000.—The Navajo Nation does not support the President's request of $57,687,000. If the Administration requested full funding, then schools would not have to cover operations from funds appropriated for instruction.

Minor Improvement and Repair (MI&R).—$16,586,441, of which the Navajo Nation requests $3,000,000 for the Navajo Area. The Navajo Nation does not support the President's request of $16,425,000. The Navajo Nation has the majority of BIA education facilities to maintain.

Indian School Equalization Program (ISEP)—$349,500,000.—The Navajo Nation does not support the President's request of $347,475,000, which is a $2,000,000 decrease from fiscal year 2002. This amount will at least cover the required pay cost adjustments and prevent actual declines in the instructional program. However, since education is a priority of the President and the Congress, it is disappointing that there is not a significant increase in this line item.

ISEP-Program Adjustments—$5,675,000.—The Navajo Nation supports the President's request. This amount would allow tribes to plan and assume greater control of their educational programs.

Administrative Cost Grants (ACG)—$50,000,000.—The Navajo Nation does not support the President's request of $46,065,000. The Navajo Nation's request is consistent with the BIA's stated initiative to encourage tribes to contract/grant the remaining BIA schools.

Student Transportation—$50,000,000.—The Navajo Nation does not support the President's request of $38,506,000. The Navajo Nation's request would help to fully implement President Bush's education policies, as funds for Indian student transportation is a must.

Family and Child Education Expansion (FACE)—$15,264,000.—The Navajo Nation supports the President's request to expand the FACE program.

New Schools and Program Expansion.—The Navajo Nation requests that the Appropriations Committee lift the 1992 Appropriation Act moratorium on BIA program expansion and new BIA schools so that the Navajo Nation may better serve its students.

Johnson O'Malley Program (JOM)—$17,113,000.—The Navajo Nation supports the President's request.

Scholarship Funding—$30,000,000.—The Navajo Nation does not support the President's request of $27,953,000. If the President is committed to education, there needs to be a strong commitment to assist students in Higher Education.

Adult Education Scholarships—$3,000,000.—The Navajo Nation does not support the President's request of $2,696,000. While the Administration may emphasize elementary and secondary education, the Navajo Nation still believes in including all of its citizens to gain education opportunities.

Special Higher Education Scholarships—$1,500,000.—The Navajo Nation does not support the President's request of $1,328,000. There must be an emphasis on adults achieving higher education. BIA Scholarship provides supplemental financial assistance to Indians for graduate level study.

Tribally Controlled Community Colleges (TCCCs).—$42,000,000 of which, $40,029,000 would be for Operating Grants. The Navajo Nation does not support the President's request of $39,118,000, which is a $2,000,000 decrease from Operating Grants enacted in fiscal year 2002. TCCCs encourage tribal members to attend school, obtain new skills and a better quality of life.

Environmental Projects/Assessments/Inspections/Abatement—$11,651,000.—The Navajo Nation does not support the President's request of $11,000,000, which is decrease of $651,000 from fiscal year 2002. Funding should be maintained at the fiscal year 2002 level to address three schools (underground storage tank and asbestos vinyl floor removal) and to establish an Environmental Regulatory Specialist position on the Navajo Nation to provide regulatory oversight of the Bureau's asbestos abatement program. EPA eliminated the Navajo Nation's asbestos program under

the Asbestos Hazardous Emergency Response Act (AHERA), which concentrated primarily on Bureau schools.

Environmental Management—$10,805,000.—The Navajo Nation does not support the President's request of $9,805,000, which is a decrease of $11,000 from fiscal year 2002. Illegal dumping and cleanup of open dumps remain a major public health concern for Indian Country. The Navajo Nation requests a gradual increase in its contribution to the Interagency Solid Waste Workgroup by $100,000 ($1,500,000 contribution) increasing the fiscal year 2003 funding level to $10,805,000.

Social Services under Tribal Priority Allocations—$31,177,000.—The Navajo Nation supports the President's request.

Indian Child Welfare Act—$11,645,000.—The Navajo Nation does not support the President's request of $11,112,000, which is a decrease of $523,000 from fiscal year 2002. Protecting Navajo children is a duty for creating healthy families and strong communities. Reducing these funds does neither.

Housing Improvement Program (HIP)—$33,000,000.—The Navajo Nation does not support the President's request of $19,621,000, which is a decrease of $13,000 from fiscal year 2002. The Navajo Nation strongly encourages full funding of HIP to maintain safe living environments for Indian people living in harsh and economic deprived environments.

Public Safety Minor Improvement and Repair (MI&R)—$801,000.—The Navajo Nation does not support the President's request of $776,000. The Navajo Nation requests $75,000 for the Navajo Area as it has many facilities that need immediate repair to keep its Public Safety facilities safe. The Navajo Area receives the lowest of the BIA regions and is requested at only $50,000.

Navajo-Hopi Settlement Program—$1,525,000.—The Navajo Nation does not support the President's request of $1,153,000, which is a decrease of $186,000 from fiscal year 2002.

Water Management, Planning, and Pre-Development—$8,052,000.—The Navajo Nation supports the President's request.

Safety of Dams—$20,975,000.—The Navajo Nation supports the President's request, which will modify construction activities for the Canyon Diablo Dam and Conceptual and Final Design for Asaayi Dam, Tsaile Dam and Wheatfields Dam, all on the Navajo Nation.

BUREAU OF RECLAMATION (BOR)—BUREAU OF RECLAMATION EFFICIENCY INCENTIVES PROGRAM

Ganado Water Conservation and Management Project—$300,000.—This amount will allow irrigators to have access to water from the Ganado Resevoir. This is the second phase of the BOR and BIA supported project.

Navajo-Gallup Water Supply Project—$300,000.—This amount would complete the EIS and draft legislation to be submitted in fiscal year 2004, which will authorize the project.

OFFICE OF NAVAJO AND HOPI INDIAN RELOCATION

Office of Navajo and Hopi Relocation—$30,000,000.—ONHIR received $15 million in fiscal year 2001 and again in fiscal year 2002. Many Navajos continue to wait to receive housing and other promised benefits under the Navajo-Hopi Settlement Act. In order to accelerate the provision of such benefits, the Navajo Nation requests that this federal agency's budget be doubled to $30 million.

Bennett Freeze Area Rehabilitation—$20,000,000.—As a result of the Bennett Freeze, construction and development in the western portion of the Navajo Nation has been impossible for nearly 40 years. During these 40 years, Navajo families living in the Bennett Freeze area could not take advantage of federal, state or tribal programs. The area is in severe need of these development funds.

Relocation Act Study—$1,000,000.—The relocation law has resulted in the dislocation of 10,000 Navajos, dramatically impacted local Navajo and non-Indian communities, and cost the federal government approximately $400 million. The time has come for a comprehensive study of the effects of the relocation law, with a focus on long-term impacts that may have to be mitigated over the next 20 years.

HPL Community Center—$1,000,000.—Due to construction and development freezes, Navajo families who reside on the Hopi Partitioned Lands, have never had any facilities developed to support their community. This funding would facilitate badly needed community services.

PREPARED STATEMENT OF THE BIA/TRIBAL BUDGET ADVISORY COMMITTEE

This testimony is submitted by the Data Management Subcommittee of the BIA/Tribal Budget Advisory Committee concerning our data management and information technologyrecommendations and requests on the fiscal year 2003 BIA budget.

Appropriation Funding Priorities.—Increase of $289 million to implement the eGovernment and Information Technology (IT) projects within the BIA. This budget estimate attempts to correct the continuing technology gap between the current infrastructure and the information technology services needed to support a modern, efficient and effective Bureau of Indian Affairs.

BIA/TRIBAL BUDGET ADVISORY COMMITTEE

The BIA/Tribal Budget Advisory Council was established approximately 2 years ago to provide a forum wherein BIA Administration could meet with tribal representatives to: (1) assess the BIA budgets relative to the needs of BIA administration, Tribal governments, and individual Indian and Alaska Native beneficiaries, (2) recommend improvements the BIA budgeting process, (3) recommend strategies to increase budget amounts to meet unmet needs, and (4) recommend policy changes that improve BIA budgeting for the long-term.

DATA MANAGEMENT POLICY

Both Tribal governments and the BIA recognize the importance of credible data for the purposes of justifying needs and showing progress and measuring outcomes that result from program activities. The complexity of determining "Tribal unmet needs" or to measure the current status of Indian Country as compared to mainstream America is difficult due to the differences among tribes' geography, demographics, economics, government structure, etc.

Notwithstanding these complexities, the Data Management Subcommittee has as its mission to establish standards and benchmarks: (1) to measure existing needs and conditions in American Indian and Alaska Native communities to support the goal of bringing about a level of service provided in Indian tribes, which at the very least, is equal to conditions enjoyed by the balance of America; and (2) to provide for a data collection system that accounts for the performance and use of federal funds provided to the BIA and Tribes serving the Indian communities.

The Budget Advisory Committee formally adopted a Data Management Policy to provide guidance to the task of collecting useful data in collaboration with Tribes, Tribal organizations and other federal agencies.

BIA/TRIBAL DATA COLLECTION FORMS

The Data Management Sub-committee developed separate forms to report unmet needs for five Tribal programs, including (1) welfare assistance; (2) housing improvement program; (3) higher education/scholarships; (4) tribal courts; and (5) law enforcement. These forms have been used in the fiscal year 2004 budget formulation process. We anticipate expanding the use of these forms for other programs.

It is the Data Management Sub-committee's intent to have the data collection automated. However, give the unique circumstances surrounding the current shutdown of the Department's automated data systems, this activity has been deferred for future action.

The Subcommittee is also aware of the importance of the goals and objectives used by the BIA pursuant to the Government Performance and Results Act. Future activities of the Subcommittee may involve an effort to strengthen these goals and objectives to ensure that they reflect Tribal priorities and directions.

STRATEGIC GOALS

The following goals and objectives are paramount to the establishment of a comprehensive database IT system within the BIA:

Enhance information collection and sharing;

Improve data analysis and reporting;

Provide the essential and appropriate IT tools to Indian Affairs and Tribal staff;

Work with businesses (Tribes, Regional & Central Offices) to automate business processes and meet program needs;

Leverage and coordinate information sharing across all BIA programs;

Enhance internal administrative processes;

Improve IT governance & coordination processes; and

Improve services to tribal governments.

eGOVERNMENT AND INFORMATION TECHNOLOGY PROJECT

According to the President's fiscal year 2002 Management Agenda, Initiative 4-Expanded Electronic Government, the Federal government has spent billions of dollars on IT, but this expenditure has not produced measurable gains in public-sector worker productivity. Hence, the Federal government must secure greater services at a lower cost through implementing and deploying eGovernment.

The Government Paperwork Elimination Act (GPEA) requires that Federal agencies provide individuals or other entities the option to submit information or transact other business with Indian Affairs electronically, when practicable, and to maintain records electronically by October 21, 2003. The Office of Management & Budget (OMB) has been tasked with the responsibility of overseeing the implementation of GPEA. In a recent memorandum to Federal Chief Information Officers, OMB advises that "effective implementation of GPEA is an essential building block in our collective efforts to move to electronic government."

Clearly, the current emphasis on eGovernment provides Indian Affairs an opportunity to implement an eGovernment strategy and deploy electronic transactional services.

To achieve the objectives and desired outcomes of the eGovernment/GPEA Implementation and Deployment Plan, the following must be involved:

American Indian & Native Alaskan Tribes and individuals.

The Office of the Secretary, Department of Interior.

The Office of the Assistant Secretary, Indian Affairs.

Central Office and Regional Directors.

Office of Audit and Evaluation.

Office of American Indian Trust.

Office of Self Governance.

Office of Indian Education Programs.

The request of $289 million will be used to begin the first phase of development to enhance information technology. This funding will be used to:

Electronically automate BIA information collections;

Reengineer, consolidate, and automate business transactions, and consolidate and web enable Bureau databases where feasible to better serve citizens needs;

Ensure that Indian Affairs business systems are interoperable;

Implement workflow and document/content management solutions;

Develop eGovernment and GPEA performance measures & relationships to the IT strategic plan; and,

Develop eGovernment and GPEA process models.

Successful implementation of this Project will:

Provide high quality customer service to Indian country;

Reduce the expense and difficulty of doing business with Indian Affairs;

Reduce Indian Affairs operating costs;

Provide program recipients with easier access to Indian Affairs programs & services;

Increase access for persons with disabilities to Indian Affairs web sites and eGovernment applications; and

Make Indian Affairs more transparent and accountable.

CONCLUSION

This Plan relies upon significant technology improvements in BIA information systems and expanded use of electronic communications with clients and business partners to do business with the BIA's clients. Congress must make information technology investments to support the BIA; its Trust Responsibility and the changing technology and delivery of BIA products and services to Tribes and Native Americans. The proposed budget will significantly enhance the information capacity of Indian Affairs to account for the performance and need of resources to responsibly address the federal government's duty to the Tribes and their communities.

Tribes and their leadership must be in control of their future and the sufficiency of the BIA budget for the Tribes as well as the Bureau's operations is essential to achieve this goal. While the Bureau has made very modest budgetary progress over the past several years, Tribal governments have developed many innovative approaches to these issues and stand ready to continue the work with BIA to advocate these initiatives to others within the federal government and to Congress.

PREPARED STATEMENT OF THE LUMMI INDIAN NATION

My name is Darrell Hillaire, Chairman of the Lummi Nation. The Lummi Nation, is located on the northern coastline of Washington State, and is the third largest tribe in Washington State serving a population of over 5,200. On behalf of the Lummi Nation I want to thank you and the members of the Committee for the opportunity to express our concerns and requests regarding the fiscal year 2003 BIA, IHS appropriation allocations and funding needs of the Lummi Nation.

The following written testimony presents the Lummi Indian Nation's funding priorities, as well as regional and national concerns and recommendations for your consideration. Further, the Lummi Nation strongly opposes any bill, language or legislative riders that undermine tribal sovereignty. The Lummi Nation desires to have direct consultation and formal hearings, with respect to our long-standing government-to-government relationship, on issues that will alter this relationship, in the future.

Tribal Specific 2002 Appropriation Priorities:

+*$1,500,000 Semiahmoo Memorial Park and Heritage Center*.—Provide the Lummi Nation with National Park Service, Conservation and Historical Preservation construction program funds. Provide the Lummi Nation with initial planning and design phase funding for a Semiahmah Memorial Park and Heritage Center preserve ancestral burial grounds that were desecrated by non-Indian officials in 1999 and to commemorate this traditional village encampment.

+*$1,076,000 BIA-Financial and Social Service "General Assistance" program*.—Funds for the Lummi Nation to effectively respond to a critical need for tribal fisherman to receive disaster relief assistance in response to 1999–2001 unrealized revenue from the local commercial fishing industry and inability to exercise "treaty" protected fishing rights.

+*$500,000 Water & Sewer Infrastructure Planning*.—Provide the IHS Sanitation Facilities Construction Program with tribally earmarked funds to support the planning of water and sewage system infrastructure development project.

+*$1,150,000 BIA Economic Development Program*.—Lummi Nation is requesting resources to establish a Small Business Development Office to provide over 500 dislocated fisherman with economic and business assistance services from: technical assistance, support services, training services, business planning, and loan services.

+*$350,000 BIA-Office of Indian Education Programs, Facility Management and Construction Contract (FMCC) for provision of "Quarters"*.—Lummi Nation seeks funds to cover planning and construction costs for development of school based housing units through the BIA-FMCC "Quarters program" that remains an unbudgeted need.

+*$500,000 Lummi Youth Safe House*.—Provide Lummi Nation with earmarked line-item allocation through the IHS Facilities Construction Program to design and construct a youth "safe-house" for the provision of emergency holistic' care, shelter and/or wrap-around social and health services for local youth living in the Lummi community.

+*$1,300,000 BIA Tribal Government Services—Water Negotiations*.—Provide for the following water negotiation costs: $300,000 for attorney fees, $400,000 for on-Reservation technical studies, and $600,000 for Nooksack River Basin technical studies.

+*$2,000,000 BIA Office of Indian Education Programs*.—The Lummi Nation reports the new tribal school facility possess a student enrollment of 750. Lummi Nation anticipates that the new school shall require additional revenue to provide quality educational services to a student population that is up to three times the current service level. The new Lummi Nation School is a BIA operated school (elementary and secondary educational services for grades K–12) located on the Lummi Indian reservation.

+*$700,000 Increase to Lummi Nation Shellfish Hatchery Operation*.—Provide support to the ongoing operation of the tribal shellfish hatchery consistent with the expansion of the Boldt decision to Pt. Elliot Treaty right to harvest, manage shellfish resources.

+*$740,000 Support Realty*.—Provide the Lummi Nation with funding to ensure the major elements such as land consolidation, land records management, tribal probate, and training services are available to effectively manage tribal realty resources.

Tribal Specific Appropriation Summaries, Justification Semiahmoo Memorial Park and Heritage Center—+$1,500,000

Provide the Lummi Nation with National Park Service, Conservation and Historical Preservation construction program funds. Provide the Lummi Nation with initial planning and design phase one funding for construction of a Memorial Park and Heritage Center to commemorate and preserve ancestral burial grounds that were desecrated by non-Indian officials in 1999. The National Park Service, National Registry of Historic Places, lists the site. The desecration of over 100 human remains and graves was primarily due to the expansion of a local sewage treatment plant financed with federal funds and permitted by the state. The Lummi Nation has created a Memorandum of Agreement that includes terms to relocate the existing non-Indian treatment plant. The Memorial Park is to be constructed on the existing site as a unique tribute to promote regional education of the traditional Indian encampments reflecting the culture and lifestyle of the Coastal Salish people in Northwest America. Planning and design of a Heritage Center is envisioned to house educational, social, and economic events and meetings.

BIA-Financial and Social Service "General Assistance" program—+$1,076,000

Lummi Nation seeks disaster relief assistance to 500 fishermen to meet their basic needs for housing, food and clothing assistance. The Lummi Nation declared the Lummi Indian reservation as an Economic Fishery Resource Disaster Area for the third consecutive year. These funds will enable the tribe to effectively respond to a critical need for tribal fishers to receive disaster assistance in response to the 1999–2001 unforeseen and unrealized revenue loss from the local commercial fishing industry. The Lummi Nation has historically relied upon the salmon resource and it's cultural and economic value to the tribe and membership is irreplaceable.

Water & Sewer Infrastructure Planning—+$500,000

The Lummi Reservation supports a population of nearly 5,200 persons, which has pushed water and sewer system capacities to their limit. Additional capacity must be obtained now to support the existing population. In the short-term, water and sewer systems redesign and upgrades will handle the problem. However, the long-term solution must include additional treatment capacity and water source location and development. Public Works infrastructure development and investments like these require substantial planning. The Lummi Nation is not able to undertake this level of planning without the assistance requested herein. Lummi Nation recommends that the IHS Sanitation Facilities Construction Program to receive funds to support tribal planning of water delivery and sewage treatment system infrastructure for the existing and projected population of the Lummi Indian Reservation.

BIA Economic Development Program—+$1,150,000

Lummi Nation is seeking funds to create a tribal Small Business Development Office to provide fisherman with economic and business training technical assistance services. Approximately $250,000 is requested to establish the Small Business Development Office with the goal of aiding fisherman to utilize profits horizontally within the fish marketing industry and/or create new small business opportunities to sustain self-sufficiency. Another $900,000 is requested form the BIA Credit Services program to enable the Lummi Nation to establish a fisherman revolving loan fund to enable participants to access development capital to support their small business plans.

BIA-Office of Indian Education Programs, Facility Management and Construction Contracts (FMCC) for provision of "Quarters"—+$350,000

Lummi Nation seeks additional finances to cover planning and construction costs for development housing units through the BIA-FMCC Quarters program that remains an unbudgeted need in the Portland Area budget. The Lummi Nation's new school facility site is located in a rural area and is eligible to receive construction revenue for housing units for administrative and security staffing needs. No funds are allocated to fulfill the Lummi Nation need for the provision of staff quarters.

Lummi Youth Safe House—+$500,000

Provide the Lummi Nation with a Family-centered Youth Facility to provide a continuum of care to "At-risk," Homeless and/or Runaway adolescents. The primary components of this continuum are screening, intervention, substance prevention, respite and after-care services consistent to youth needs. Participating youth are supported through center-based continuum and "wrap around social/health services" to overcome barriers to achieve their goals. Lummi youth entering and/or completing treatment successfully make the transition to return to daily life through a

traditional "holistic" approach towards recovery involving family members and dependency counselors.

Water Negotiations—+$1,300,000

The Lummi Nation signed an Agreement in Principle with the Federal Government and the State of Washington on January 27, 1998. This agreement is a stepping stone toward a final settlement of the "on"-reservation water rights conflict, which were and still are, attributable to the non-Indians disregard for treaty-reserved water and fishing rights in the Nooksack River Watershed. Many difficult issues remain to be resolved which require significant technical studies and legal consultation before a final agreement may be produced and signed. To complete this work the Lummi Nation is requesting $1.3 million during fiscal year 2003: $300,000 to defray legal consultation costs, $400,000 for on-reservation technical studies, and $600,000 for technical studies in the Nooksack River Basin. Lummi Nation recommends this support be included in the BIA Water Rights Negotiation/Litigation, Attorney fees and technical studies.

BIA Office of Indian Education Programs—+$2,000,000

Lummi Nation seeks increased school operational revenue to cover increased expenditures for the new tribal school in fiscal year 2003. The new school is projected to house 750 students that is over three times the current fiscal year 2002 Lummi Tribal School student enrollment level. The Lummi Nation anticipates that the new school shall need increased funds to cover expanded operational expenses in the areas of: Administrative Cost Grants, Maintenance and Improvement funds, Transportation services; Special Education funds; High School and Tribal school operational funds. The Lummi Nation is reporting that this large school facility and increased student enrollment shall require additional revenue to provide quality educational services.

Lummi Nation Shellfish Hatchery Operation +$700,000

The 30-year old hatchery supplies oyster and clam seeds to a majority Northwest Washington Indian tribes and growers. The recent SC decision to uphold the shellfish ruling supports the need to provide both the treaty and non-treaty growers for oyster seed, clam seed, enhancement projects. These dollars benefit both the tribal government and Washington State. The Lummi Nation recommends that $350,000 increase be identified for this effort in the BIA Hatchery Operational program.

Support Realty—+$740,000

The Lummi Nation has a multi-year plan to address the realty tribulations. Its major elements include land consolidation, land records management, tribal probate process, revision of realty procedures, backlog elimination, and training. Land consolidation requires untangling the heir ship disarray by conducting research to land titles, appraisals, surveys, subdivision and other technical work. Land records management requires development of a tribal land database with electronic connection to BIA databases. Existing process of tribal probates is time consuming and a contributive factor land is so fractionated. Development of an on-site process using Lummi Tribal Court is needed to shorten the processing time.

Self-Governance and Other National Considerations:

The Lummi Indian Nation supports the IHS, Office of Tribal Self-governance, Tribal Self-governance Advisory Committee fiscal year 2003 Health Care Priorities and the Appropriation request. This includes the following IHS line-item allocation request for increases:

—Full Funding for Contract Support Costs—+$150,000,000
—Full funding for Contract Health Services Care—+$150,000,000
—Appropriation increases for the Indian Health Care Improvement Fund—+$160,000,000
—Increase to IHS Alcohol & Substance Abuse program services—+$150,446,000

I appreciate your consideration of the fiscal year 2003 requests and recommendations of appropriations for the BIA, IHS resources on behalf of the Lummi Nation. Thank you.

PREPARED STATEMENT OF THE LOWER ELWHA KLALLAM TRIBE

The Lower Elwha Klallam Tribe respectfully submits this written statement on the fiscal year 2003 Appropriations for the Bureau of Indian Affairs and the Indian Health Service. We ask the Subcommittee on Interior and Related Agencies Appropriations, to consider holding hearings for oral testimony in the future to allow Na-

tive Americans and Alaskan Natives to present our requests to Congress on a government-to-government level rather than this in this informal manner.

TRIBAL REQUEST

Supports the Administration request for $18 million for the removal of the Elwha Restoration Project, the Environmental Impact Study and the Protection of Water Rights and Water Resources.

REGIONAL REQUESTS

Restore $500,000 for the Western Washington Tribal Shellfish Management Initiative and increase this amount by $6.3 million to implement tribal treaty rights through the further establishment of tribal shellfish programs.

Restore $320,000 to the Unresolved Hunting and Fishing Rights account.

Support the base funding level of $3.048 for the Timber-Fish-Wildlife Agreement, and increase this amount by $1.0 million to implement tribal obligations under new state and private forest practices rules and regulations pertaining to ESA obligations.

The Lower Elwha S'Klallam Tribe is a direct beneficiary of the collective Tribal efforts and continues to support the requests and recommendations of the Affiliated Tribes of Northwest Indians, Northwest Portland Area Indian Health Board, and the Northwest Indian Fisheries Commission.

SELF-GOVERNANCE AND NATIONAL REQUESTS

1. Restore $256,000 and request for a $100,000 increase to the DOI Office of Self-Governance for the Self-Governance Communication and Education Project and Self-Governance Advisory Committee;

2. Provide increase for BIA and IHS to fully fund Contract Support Cost (CSC) to address documented Tribal needs;

3. Provide a minimum of $25,000,000 in BIA Tribal Priority Allocation (TPA) General Increase for inflationary adjustment;

4. Provide $314,000,000 increase for IHS unfunded mandatory, medical inflation, pay costs and population growth needed to maintain existing health care services; and,

5. Support all requests and recommendations of the National Congress of American Indians.

SHELLFISH MANAGEMENT INITIATIVE

For centuries, members of Puget Sound and Coastal Treaty Tribes have harvested shellfish for their commercial, ceremonial and subsistence needs. Hard shell and razor clams and oysters were collected from shoreline areas. Other shellfish species, such as crab and shrimp, were also gathered for subsistence and commercial uses. Shellfish harvesting was as important to tribal traditional life and commerce, as was fishing for salmon and steelhead.

Tribes signed treaties with the United States in the mid-1850's, that included guaranteed tribal rights to gather shellfish. However, over the course of the past century and a half, conflicts arose, and the tribal right to harvest these resources was diminished. As a result, tribes were forced to seek a reaffirmation of their rights through the federal courts system. In 1999, the Supreme Court denied cert. and let stand the favorable decision of the 9th Circuit Court. Tribes have steadily moved forward during this time in implementing their treaty rights to harvest their share of the resource. However, Tribes need monies to implement this right, in much the same way as they did after the original *U.S.* v. *Washington* case was decided. Several dozen regional shellfish management plans have been successfully negotiated with tribal and state agencies, and tribes have redirected efforts to conduct the minimum management needed for their fisheries. Agreements and processes to access private tidelands have also been proceeding peacefully. Without new resources this success will be short-lived.

As tribal shellfish programs develop and expand, other needs have arisen. For instance, very little data and technical information exists for many of the fisheries which are now being jointly managed by state and tribal managers, which will make it difficult to assess treaty/non-treaty sharing arrangements. Additionally, intertidal assessment methodologies differ between state and tribal programs, and can lead to conflicts in management planning.

During the course of the court case, tribal and state attorneys were able to negotiate a consent decree regarding shellfish sanitation. This agreement establishes shellfish sanitation programs designed to protect the public health. The implemen-

tation of the decree has revealed that the presence of biotoxins in shellfish is dangerously unacceptable, and threatens the viability of both the state and tribal fisheries. Additional research and monitoring of this biotoxin is necessary to prevent illness and death that may result from consuming toxic shellfish. The significant value of deep-water shellfish fisheries has increased illegal harvesting and enforcement is inadequate. Tribes and state enforcement agencies are addressing problems by coordinating patrols, but additional monitoring of harvest is needed.

It is clear that more needs to be done to adequately address resource concerns for the benefit of all fisheries, Indian and non-Indian alike. The Western Washington tribes request the Subcommittee to restore last years funding of $500,000, and add an additional $6.3 million to tribal fishery management contracts as part of the permanent base. This request is supported by a wide range of individuals, organizations, and governments. We ask that the Subcommittee direct the Bureau of Indian Affairs to include this amount in their fiscal year 2003 budget.

UNRESOLVED HUNTING AND FISHING

The quality and quantity of the habitat upon which the wildlife resources in Western Washington depend are declining rapidly. Tribal members have been forced to hunt farther and farther away from home to harvest their treaty-reserved share of wildlife resources. They are constantly challenged, limited or restricted from access to these resources and may be forced to seek a clarification of their treaty hunting and fishing rights through the federal courts. In 1974 and again in 1994, the U.S. Supreme Court upheld federal court rulings on tribal treaty rights. The treaty tribes in Western Washington have a cultural and spiritual bond with the wildlife resources of the region. These tribes, as responsible co-managers with the state of Washington, have as a primary goal to ensure the health of these resources for future generations. Western Washington Tribes have developed and nurtured a co-management relationship with the State of Washington to protect, restore and enhance the productivity of natural resources in the state. Treaty tribal hunters account for only about 2 percent of the total combined deer and elk harvesters in the state, whereas the ratio of take by non-Indian hunters compared to tribal harvesters is 43–1.

There are many factors surrounding the protection and management of these resources, which continue to impinge on tribal unresolved hunting and fishing rights. An Inter-tribal Wildlife Committee of the Northwest Indian Fisheries Commission (NWIFC) provides a unified voice in discussions with state and federal wildlife managers. In addition the NWIFC serves as the grassroots technical resource to tribes on resource assessments, data collection, and design, fieldwork and implementation of research projects and a myriad of other skills.

I would hope that this Committee sees the importance of re-establishing this funding which was eliminated from the BIA base budget for the western Washington tribes. This program will allow these tribes to develop cooperative and collaborative management efforts with the state and federal governments that work to resolve highly contentious issues in lieu of litigation. The cost to protect this unresolved hunting and fishing right is the trust responsibility and treaty obligation of the federal government.

TIMBER-FISH-WILDLIFE AGREEMENT EXPANSION

We are supporting additional funding to tribes for expansion of our Timber-Fish-Wildlife program that cooperatively and collaboratively allows tribes to actively participate in state forest practice rules and regulations that have an affect on listed salmon populations. Tribes, as a result of their co-management status, are deeply involved in this management forum. Tribes bring to the table a very high level of skills and technical capabilities that if appropriately funded, would greatly facilitate a successful outcome. The negotiations leading up to the development of the TFW Forest and Fish Report were exceedingly contentious. Most all of the tribes were extremely concerned about one or more of the key provisions in the report. However, most all agreed the only way to actually resolve these issues is for a strong monitoring and adaptive monitoring process be put in place, which will require additional funding.

Tribes are using the funds provided last year by the Committee in a very organized fashion. Tribes have a strong central and regional coordination component and are focusing implementation efforts at their local watersheds. The strategy calls for two tracks. One is aimed at supporting the development of the Habitat Conservation Plan (HCP) development process at TFW. A second track supports tribal participation in TFW in a continuing effort to shape and steer forest management practices toward greater fish protection.

For fiscal year 2003, we are requesting $3.048 million be restored to the base, plus an additional $1.0 million to further develop tribal participation in the TFW Forest and Fish effort. We are further requesting that the committee direct the Bureau of Indian Affairs to include this amount in their fiscal year 2004 budget.

On behalf of the Lower Elwha S'Klallam Tribe, thank you for considering these requests.

PREPARED STATEMENT OF THE NORTHWEST INDIAN FISHERIES COMMISSION

On behalf of the Northwest Indian Fisheries Commission member tribes, I want to thank the Subcommittee for the opportunity to present this written testimony on our fiscal year 2003 fisheries and habitat management needs that fall within the Bureau of Indian Affairs budget.

SUMMARY OF FISCAL YEAR 2003 APPROPRIATIONS REQUEST

The NWIFC generally supports the enacted fiscal year 2002 appropriation levels. We request funding and direction which will achieve the following for fiscal year 2003:

—Restore $320,000 to the Unresolved Hunting and Fishing Rights account;

—Restore $500,000 for western Washington tribal shellfish management and enforcement funding request and increase this amount by $6.3 million to implement tribal treaty rights through the further establishment of tribal shellfish programs;

—Continued support of the existing $3.0 million Bureau of Indian Affairs, Forest Development, Woodland Management, Northwest Forest Plan, "Jobs in the Woods" Initiative line item and from this amount a continued earmarking of $400,000 for the Wild Stock Restoration Initiative;

—Support the base funding level of $3.048 for the Timber-Fish-Wildlife Agreement, and increase this amount by $1.0 million to implement tribal obligations under new state and private forest practices rules and regulations pertaining to ESA obligations;

—Support, at a minimum, existing funding levels within the Bureau for Trust Responsibility, Tribal Priority Allocation, and Self Governance that pertain to Fisheries Management and U.S.-Canada Pacific Salmon Treaty at fiscal year 2002 levels;

—Provision of Contract Support Funding at 100 percent levels necessary for existing and emerging programs.

INTRODUCTION

Twenty-seven years ago, the *U.S.* v. *Washington* case was decided by the federal court system. In 1999, tribal rights were once again upheld when the U.S. Supreme Court denied cert. on our decade long shellfish litigation. These decisions, respecting the treaty rights of our member tribes, have propelled major changes in not only fisheries management in the Pacific Northwest, but have also fostered a nationwide quest for tribal self-determination and self-governance led in part by the Northwest tribal leadership.

TRIBAL AND NWIFC BASE PROGRAMS NEED CONTINUED SUPPORT

We are at a turning point in natural resource management in the Pacific Northwest. Tribes have made great strides in institutionalizing management consistent with tribal values, treaty rights and federal court decisions. Tribes have developed great professional capabilities and policy respect, and are efficient and effective, but find ourselves far short of where we would like to be in our capabilities. And, while we have efficiently organized our tasks and assigned responsibilities between our tribal communities to extend our collective efforts, the management obligations are many. New and highly difficult complexities abound, many are precipitated by the demands of the Endangered Species Act (ESA) and the Clean Water Act (CWA). Treaty rights to harvest shellfish are thwarted due to pollution in marine waters. To meet this challenge, we will need all of our existing funding and additional new resources.

Over the past decade, tribes have been able to secure new monies for additional responsibilities. However, over the same time, tribes have seen other monies they once received for other duties diminish, either through inflation or through the elimination of program and support funding. And in this process, Indian natural resource management capacity has been unfairly affected. Therefore, we strongly urge the Subcommittee to guard against any diminishment of the tribal program funding

base, and do all it can to strengthen and enhance the Bureau's Trust, Tribal Priority Allocation and Self-Governance Program funding. We ask that the Subcommittee ensure that the Western Washington-Boldt Implementation and the Pacific Salmon Treaty base budgets be fully funded as was included in last year's appropriation. We note with concern the reduction of $320,000 from the Unresolved Hunting and Fishing Rights line item. These funds have been utilized by our member tribes in support of co-management programs that facilitate cooperative resolution of issues that respect tribal treaty rights to fish, hunt and gather. Tribes are using these monies to develop in-common and co-management databases with the state of Washington to work through hunting and wildlife management.

SHELLFISH MANAGEMENT INITIATIVE

For centuries, members of Puget Sound and Coastal Treaty Tribes have harvested shellfish for their commercial, ceremonial and subsistence needs. Hard shell and razor clams and oysters were collected from shoreline areas. Other shellfish species, such as crab and shrimp, were also gathered for subsistence and commercial uses. Shellfish harvesting was as important to tribal traditional life and commerce, as was fishing for salmon and steelhead.

Tribes signed treaties with the United States in the mid-1850's, that included guaranteed tribal rights to gather shellfish. However, over the course of the past century and a half, conflicts arose, and the tribal right to harvest these resources was diminished. As a result, tribes were forced to seek a reaffirmation of their rights through the federal courts system. In 1999, the Supreme Court denied cert. and let stand the favorable decision of the 9th Circuit Court. Tribes have steadily moved forward during this time in implementing their treaty rights to harvest their share of the resource. However, Tribes need monies to implement this right, in much the same way as they did after the original *U.S.* v. *Washington* case was decided. Several dozen regional shellfish management plans have been successfully negotiated with tribal and state agencies, and tribes have redirected efforts to conduct the minimum management needed for their fisheries. Agreements and processes to access private tidelands have also been proceeding peacefully. Without new resources this success will be short-lived.

As tribal shellfish programs develop and expand, other needs have arisen. For instance, very little data and technical information exists for many of the fisheries which are now being jointly managed by state and tribal managers, which will make it difficult to assess treaty/non-treaty sharing arrangements. Additionally, intertidal assessment methodologies differ between state and tribal programs, and can lead to conflicts in management planning.

During the course of the court case, tribal and state attorneys were able to negotiate a consent decree regarding shellfish sanitation. This agreement establishes shellfish sanitation programs designed to protect the public health. The implementation of the decree has revealed that the presence of biotoxins in shellfish is dangerously unacceptable, and threatens the viability of both the state and tribal fisheries. Additional research and monitoring of this biotoxin is necessary to prevent illness and death that may result from consuming toxic shellfish. The significant value of deep-water shellfish fisheries has increased illegal harvesting and enforcement is inadequate. Tribes and state enforcement agencies are addressing problems by coordinating patrols, but additional monitoring of harvest is needed.

It is clear that more needs to be done to adequately address resource concerns for the benefit of all fisheries, Indian and non-Indian alike. The Western Washington tribes request the Subcommittee to restore last years funding of $500,000, and add an additional $6.3 million to tribal fishery management contracts as part of the permanent base. This request is supported by a wide range of individuals, organizations, and governments. We ask that the Subcommittee direct the Bureau of Indian Affairs to include this amount in their fiscal year 2003 budget.

WILDSTOCK RESTORATION INITIATIVE, WATERSHED RESTORATION, NORTHWEST FOREST PLAN, AND ENDANGERED SPECIES ACT IMPLEMENTATION

In 1999, a number of species of Pacific Salmon were listed by the National Marine Fisheries Service as threatened under the terms of the Endangered Species Act (ESA). Last year, the Bull Trout was listed as threatened by the U.S. Fish and Wildlife Service. This ESA listing process is triggering a cascading chain of events, and will culminate in significant changes to harvest, hatchery and habitat practices for the region and its inhabitants.

Tribes are affected by this federal process. As fisherman, the listing raises serious questions about the status of the stocks and poses a threat to the individual's opportunity to continue to harvest this salmon, a treaty-secured resource. As govern-

ments, the ESA process places inordinate demands upon the tribes as co-managers of the resource. Biological Reviews, Listing Decisions, Assessments, Opinions, Consultation, and Recovery Planning are just a few of the processes tribes will now be forced to participate in just to ensure their treaty protected fisheries. The tribes harvest opportunity and management are placed in severe jeopardy by these actions without additional funds to manage through the risks imposed by this federal mandate. It is partly for these reasons that the tribes have worked very hard over the years to bring about positive and effective change in resource management. Unfortunately, the process has overtaken tribal efforts, and new obligations are upon us.

We are requesting that the Subcommittee continue to provide $400,000 for the Wild Stock Restoration Initiative from the $3.0 million Bureau of Indian Affairs, Forest Development, Woodland Management and the Northwest Forest Plan "Jobs in the Woods" Initiative line item. The WSRI is essential to developing a habitat inventory base from which restoration efforts can begin. The remaining $2.6 million from this initiative will allow tribes throughout the Pacific Northwest to continue to conduct watershed analysis and watershed restoration within their Usual and Accustomed Areas. This approach is identical to last year's request, which the Subcommittee supported.

TIMBER-FISH-WILDLIFE AGREEMENT EXPANSION

We are supporting additional funding to tribes for expansion of our Timber-Fish-Wildlife program that cooperatively and collaboratively allows tribes to actively participate in state forest practice rules and regulations that have an affect on listed salmon populations. Tribes, as a result of their co-management status, are deeply involved in this management forum. Tribes bring to the table a very high level of skills and technical capabilities that if appropriately funded, would greatly facilitate a successful outcome. The negotiations leading up to the development of the TFW Forest and Fish Report were exceedingly contentious. Most all of the tribes were extremely concerned about one or more of the key provisions in the report. However, most all agreed the only way to actually resolve these issues is for a strong monitoring and adaptive monitoring process be put in place, which will require additional funding.

Tribes are using the funds provided last year by the Committee in a very organized fashion. Tribes have a strong central and regional coordination component and are focusing implementation efforts at their local watersheds. The strategy calls for two tracks. One is aimed at supporting the development of the Habitat Conservation Plan (HCP) development process at TFW. A second track supports tribal participation in TFW in a continuing effort to shape and steer forest management practices toward greater fish protection.

For fiscal year 2003, we are requesting $3.048 million be restored to the base, plus an additional $1.0 million to further develop tribal participation in the TFW Forest and Fish effort. We are further requesting that the committee direct the Bureau of Indian Affairs to include this amount in their fiscal year 2004 budget.

CONTRACT SUPPORT FUNDING IS ESSENTIAL TO TRIBAL PROGRAMS

We continue to have concerns that the Bureau of Indian Affairs has failed to fully request Contract Support Funds for tribal programs. We are also concerned that Congress has not fully appropriated their necessary funds. An artificial cap upon the funding pool for indirect cost reimbursements places a huge burden on tribal fisheries programs. We have been, and will be forced to continue to reduce our programs to cover these costs as mandated by law. Such a burden cannot be borne by tribal programs again this year or into the future without onerous results.

CONCLUSION

We appreciate the Subcommittee's continued support for the tribes and the NWIFC as we implement co-management responsibilities. It takes funding resources to make our management system work, but the returns to our efforts are many. The challenges are great, and we must continue our effort with renewed vigor. We thank you for your attention to our needs. We have provided the subcommittee staff with additional supporting documentation for our requests. We are available to meet with you and your staff at your leisure.

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 2003 Budget.

INDIAN EDUCATION

The Tribal membership continues to express to me the need to educate our youth. Education is one of the Band's top priorities and we look for congressional support on this issue. We strongly support the Administration's proposed increase of $3 million for early childhood development programs. However, while the Budget does provide increases in early childhood education and construction, there is still a need to increase funding for higher education and Johnson O'Malley programs.

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 6 years. In the last 3 years, the Band had 130 tribal members, who were not able to receive funding for college due to funding shortfalls. To fully support our qualified college students, an additional $225,000 of funding for Lac du Flambeau is required.

With the understanding that the Johnson O'Malley program is funded through the Tribal Priority Allocation system, the Band has identified a funding shortfall. Our Education Program receives $55,967 to operate this program in which we concentrate all our efforts and funding to high school students only. We have 495 students in grade school and because of the lack in funding, they do not receive any of the services provide by Johnson O'Malley. To fully fund this program at Lac du Flambeau an additional $84,000 would be required.

NATURAL RESOURCES

I have always been proud of the work the Band's Natural Resource Department staff conducts to protect and conserve the natural resources on the reservation for the Seventh Generation. The Lac du Flambeau Indian Reservation is located in northern Wisconsin and is in the heart of the "north woods" and lakes area. The reservation is 86,000 acres with 46,000 acres of forested land, 20,000 surface acres of water and 14,000 acres of wetland. The land, air and water resources and associated fish, wildlife and plants are very important to the well being and culture of the Band. These resources are what we are as people; they support a subsistence way of life, our culture and are an integral part of our economy. The comprehensive Department includes the following programs: Fish Culture, Fisheries Management, Wildlife, Water Resources, Environmental Protection, Forestry, Conservation Law Enforcement, Parks and Recreation, Land Management and Tribal Historic Preservation. The primary goal of all the programs is to assure that the natural and cultural resources; the Band's most precious assets are protected and preserved. The following lists our funding needs.

Circle of Flight—Great Lakes Wetland/Water Fowl Management Program

We strongly urge the Committee to restore $$593,000 for the Great Lakes Wetland/Water Foul Management Program (Circle of Flight) that the Administration proposes to eliminate entirely.

Since 1991, the Circle of Flight Program has been dedicated to preserving and rehabilitating our Nation's wetlands and waterfowl populations. Over the last 11 years, 60,000 acres of wetland have been managed, 8,000 acres of lakes were planted with wild rice, 6,000 acres of grassland and prairies have been restored and more than 1,000 waterfowl nesting structures have been constructed. The preservation and restoration of wetlands are vital to the culture and economy of the region, as they are the foundation areas for traditional gathering, as well as recreational hunting. Moreover, in addition to waterfowl habitat, wetlands are important in providing flood control, clean water and recreation. Thus, not only have tribes benefited from this important program, but all of the residents of the region and up and down the Mississippi Flyway have benefited from this program.

With the funds that the Tribes have received from Circle of Flight, we have been able to work with Ducks Unlimited, the North American Waterfowl Plan, USDA, USFWS and State Natural Resource Agencies to leverage additional funds to accomplish joint goals. Last year, Lac du Flambeau Band was able to use the $13,000 it received to assist the Wisconsin Department of Natural Resources in replacing and repairing water control structures on the State's portion of the Powell Marsh. Because the Tribes work with so many private and public agencies, we have leveraged

the $6.7 million in Circle of Flight funds into $18 million dedicated to wetland and waterfowl restoration projects throughout the region.

The Circle of Flight Program is a great success and the Tribes and Congress should be proud of the work that has been accomplished. Unfortunately, the President's proposed budget has cut this very important program. We strongly urge the Committee to restore the $593,000 that funds this program. In addition, the program has identified $915,000 for activities within the thirty-one reservations and the 61 million acres of ceded territory land base serviced by the program, a $322,000 shortfall. In light of this significant shortfall, we request that in addition to restoring the $593,000 base funds, the Committee consider increasing the funds for this important program.

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, collecting data 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 by $10 million 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 Programs, consisting of 2 foresters and 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 Tribal Priority Allocation (TPA) within the Bureau of Indian Affairs budget, which has been historically under funded. It is difficult for the Forestry Program to compete for TPA funds when child welfare, education and HIP programs are also competing for the same funds. We are very pleased to see that the Administration's proposed fiscal year 2003 Budget includes a $1.8 million increase for BIA Forestry. We not only respectfully request that the Committee support the President's budget increase, but we would urge the Committee to earmark $188,000 for the Lac du Flambeau Forestry Program. This program has not received any substantial funding increases since fiscal year 1991.

Tribal Historic Preservation

Tribal Historic Preservation Offices are programs that have assumed the functions of the State Historic Preservation Officers on tribal lands in accordance within the provisions of Section 101(d)2 of the National Historic Preservation Act. The Historic Preservation Fund (HPF) administered by the National Park Service (NPS) provides major funding for the THPOs and SHPOs. In fiscal year 2002, this funding was severely cut, which resulted in a fifty percent decrease in funding for the Lac Du Flambeau Historic Preservation Office. The fiscal year 2001 funding was $140,000. This was reduced to $70,000, in fiscal year 2002. Based on the fiscal year 2003 budget numbers, many THPOs across the country will have to close their doors. This means these critical resource agencies will not be unable to assist to ensure compliance with the Act.

LAW ENFORCEMENT AND COURTS

At Lac du Flambeau we are fortunate to have a police department that is able ensure a safe community for our members. For instance in 2001, the Lac du Flambeau Tribal Police Department logged 30,000 man-hours answering 3,937 complaints. The eleven-member Police Department consists of ten full time officers and one administrative assistant responding to calls ranging from domestic violence to juvenile cases including runaways, burglary, fraud, battery and vandalism. The Lac du Flambeau Tribal Police not only responds to tribal complaints but also provides services to the non-Indian community as well. The Lac du Flambeau Tribal Police Department is in dire need of space. Currently, the 50-year-old converted hardware store houses the Tribal Court System, Tribal Attorney's Office, Probation and Parole Department, Child Support Agency, the Great Lakes Indian Fish and Wildlife Com-

mission Wardens and Tribal Police. The cramp conditions do not allow our police officers to conduct private interviews without compromising confidentiality. The lack of an interview area jeopardizes the officer's ability to solve cases and is time consuming because not more than one person can be interviewed at a time.

Because of these difficult conditions, the Lac du Flambeau Band needs a new Police Department building. It is estimated that the new building will cost $800,000. We respectfully request Congress to help us in our effort to provide adequate space for the Police Department.

Our Lac du Flambeau Tribal Court System includes a Chief Judge, 2 Associated Judges, Tribal Attorney/Prosecutor, Clerk of Courts, Deputy Clerk and 2 Peace Keepers. In fiscal year 2001, our Court System had 1,378 cases filed and conducted 1,791 hearings. Cases would range from children and family cases to on and off reservation conservation/natural resource violations. Throughout Indian country, tribal courts are severally under funded and yet continue to fulfill a critical role in bringing justice to our communities. It is vital that these courts start to receive the funding that they need. Currently, the Band is receiving $76,454 from the BIA to support our court system. This only represents 24 percent of the total Tribal Court operating budget. Thus, the Band respectfully requests that Congress support the President's proposed fiscal year 2003 Budget of $17 million for Tribal courts. An additional $156,315 is needed to fully fund the Lac du Flambeau Tribal Court System.

GREAT LAKES INDIAN FISH AND WILDLIFE COMMISSION

The Band supports the Great Lakes Indian Fish and Wildlife Commission request of $4,063,000 to meet the needs outlined in the Commission's testimony submitted to the Committee. The Band is a member of the Commission, which assists the Band in protecting and implementing its treaty-guaranteed hunting, fishing and gathering rights.

INDIAN LAND CONSOLIDATION PROJECT

The Band supports the Land Consolidation Project. We would urge the Committee to restore the proposed $3 million cut to this program. Land consolidation is vital to any trust reform initiative, as fractionation is at the heart of all of the difficulties that any trust reform effort intends to correct. We suggest that in order to improve upon the implementation of this Project, that Congress allow tribes to administer the project through a Public Law 93–638 contract or some other cooperative agreement.

PREPARED STATEMENT OF THE CHUGACH REGIONAL RESOURCES COMMISSION

We appreciate the opportunity to provide this written testimony to the House Appropriations Subcommittee on Interior and Related Agencies. This testimony is directed toward the fiscal year 2003 Bureau of Indian Affairs budget, specifically in regards to the Fish, Wildlife and Parks Program.

The Tribes of the Chugach Region, who make up the Chugach Regional Resources Commision (CRRC), are 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 2003 Fish, Wildlife and Parks budget earmarked for CRRC and add it to the base budget as permanent funding. This funding has been included in the BIA's Fish, Wildlife and Parks budget for the past 12 years, but has been zeroed out for fiscal year 2003. CRRC is a non-profit Alaska Native organization with seven member Tribes located in Prince William Sound and Lower Cook Inlet of Alaska. The mission of CRRC is to work with the 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 12 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 with-

out this funding, 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 pink salmon runs and provide economic opportunities for village residents. The original hatchery was located in an old cannery building which was later 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. CRRC funded the hatchery operations for many years and employed the hatchery staff consisting of 5–7 full time and seasonal employees. The new hatchery was completed in 2000 and is now entering its full production program. The hatchery currently produces local stock Pink Salmon and incubates the sockeye salmon eggs for the nearby Native Village of Nanwalek. The new hatchery has a capacity of 110 million pink salmon eggs, 5 million sockeye eggs and 2 million Coho eggs. The hatchery is expecting back over a million adult pink salmon to return this year which will enable the first full production egg take of 110 million eggs. The future production is expected to reach about 3 million adult pink salmon annually beginning in 2004 with an expected 100,000 to 200,000 adult sockeye salmon returning annually beginning in 2006.

The Nanwalek Sockeye Enhancement Program (NSEP) was also initiated in 1990. The Chugach Regional Resources Commission (CRRC) provided funding, technical and administrative assistance to develop a fry stocking program that would supplement wild fry production and help rebuild the depleted English Bay Sockeye runs. This program was then turned over to the Nanwalek IRA Council with project 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. Pen rearing of sockeye fry in the English Bay Lakes commenced in 1991 and has occurred annually since that time. Over four million sockeye fingerlings and pre-smolts have been successfully released which produced well over 150,000 adult sockeye salmon that have returned to the English Bay River and associated fisheries. CRRC helped to develop the technology and procedures needed to re-establish the English Bay River sockeye salmon run which is expecting about 50,000 adults to return in 2002 and 100,000 adults in 2003. Under a cooperative agreement between the Port Graham Village Council and the Nanwalek IRA Council, the eggs are taken from the salmon in Nanwalek, transported to Port Graham to be hatched and reared to fingerling size, and returned to Nanwalek for further rearing before they are released into the wild. Due to this cooperative remote release program, the community was able to enjoy the first subsistence and commercial fishery after 10 years. 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 which 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 and Pacific oysters for sale to shellfish farms in Alaska. This hatchery is now operated by the Tribe under a contract with the State 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, Geoducks, and Cockles. CRRC has supported this research and development and without this funding, this much needed research would not be able to continue. This would devastate not only the Tribal hatchery, but the shellfish farmers in Alaska who depend upon seed for their own operations. Further, 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 prior to its inception anywhere in the state. 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. 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.

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 $69,000 to the Alaska Sea Otter and Stellar Sea Lion Commission, $454,000 to the Bison Restoration Program, $593,000 in Wetlands/Waterfowl Management, and $320,000 in Unresolved Hunting and Fishing Rights for Tribal management of shellfish resources and associated treaty harvest in the Northwest Region.

In regards to the budget of the U.S. Fish & Wildlife Service, we feel it is vitally important to include funding for a permanent Native American Liaison for Alaska, particularly since the Service has assumed management of subsistence fisheries in the State. The Native American Liaison plays a key role in ensuring the involvement of Tribes in these and other projects. We were also pleased to see that Congress appropriated $5 million for Tribal Wildlife Grants, and $4 million for the Tribal Landowner Incentive Program in fiscal year 2002. We are hopeful that this funding will continue and encourage you to consider increasing this amount for the benefit of the endangered species and wildlife resources we all enjoy.

Once again, thank you for the opportunity to provide this 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.

DEPARTMENTAL OFFICES—INSULAR AFFAIRS

PREPARED STATEMENT OF THE ENEWETAK/UJELANG LOCAL GOVERNMENT COUNCIL

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 increased funding of Enewetak Food and Agriculture Program. Consequently, this statement includes a request to increase the funding of the Department of Interior funded Enewetak Food and Agriculture Program by $309,000 from $1.391 million to $1.7 million.

Other issues that relate to our ability to live on Enewetak Atoll are: 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; monitoring of the Runit dome; and, improvement of the health care program.

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.

Continued and 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 recognized the predicament of the Enewetak people and in Section 103(h) of the Compact of Free Association Act of 1985, Public Law 99–239, authorized funding for the Enewetak Food and Agriculture Program. Such funding provides imported food and an agriculture rehabilitation program.

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. Increase in the funding from $1.1 million to approximately $1.4 million these past 2 years has helped the program keep up with inflation and has created a momentum that we would like to maintain.

However, the increasing population, much improved agriculture rehabilitation techniques, and transportation expenses have increased the costs to 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 increased costs, the program needs to be increased to the sum of $1.7 million in fiscal year 2003. 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), $859,000; 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 requested by the Administration for this program for fiscal year 2003 by the amount of $309,00, 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. We will briefly describe this development and then describe the necessity of resettling the Enjebi island members of our community on their home island, radiation monitoring of our people and the environment, and the background of the food and agriculture program and its components.

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 received 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.

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 55 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, it requires radiological remediation and soil and plant rehabilitation. 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. Nonetheless, these costs were not awarded by the Tribunal because the Tribunal opined that such costs could be funded from the loss of use portion of the award.

In short, the cleanup and resettlement of Enjebi is projected to cost $148 million. The best solution is for the funding of 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.

Improvement of the health care program.—As described in other portions of this statement, over half of the land at Enewetak remains contaminated. In addition, the sufferings of the people during their 33-year exile to Ujelang have arguably caused health problems that continue to manifest themselves in an aging population. These health problems are not adequately addressed by the current health care program.

The program funds need to be increased and the funds need to be allocated in an equal amount to each of the four atolls. The increase would only solve part of the problem. The allocation of an equal amount to each of the four atolls would solve the other part of the problem by allowing each community to best determine how its health care funds be spent.

We would now like to describe the food and agriculture program and its components, and the efforts we have made to make this program as effective as possible.

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 which brings us the imported food, a nutrition education program, 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 required 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 $500,000 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. *Nutrition education program*.—Since our people cannot rely on traditional foods we must import food, the nutritional value of which is unfamiliar to us. Several years ago we became aware that some of our people, particularly our children, suffered from malnutrition. Accordingly, we instituted a nutrition education program. We are pleased to report that we have been apprised by physicians that malnutrition among our children has been greatly reduced.

4. *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.

5. *Field Station*.—Operation and maintenance of the entire program is conducted out of a facility referred to as the Field Station. The machinery and equipment required by the agriculture, food and transportation components of the program are kept at 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. The overall manager of the program is Johnson Hernest. Other management personnel include Samson Yoshitaro and Mathan David. The program employs over 50 members of our community.

CONCLUSION

We thank the Congress for its past funding of the Enewetak Food and Agriculture Program and request that it provide funding for fiscal year 2003 in the amount of $1.7 million to address the increased costs incurred by the program. In addition, we look forward to discussing with the Congress the other issues described in this statement.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

PREPARED STATEMENT OF THE EASTERN FOREST PARTNERSHIP

Overview

The eastern forests are at serious risk of permanent degradation and fragmentation from the nation's most rapid rates of development and timber harvest. Unlike the western United States, where many states have as much as half of the land base in public ownership, eastern forests are predominantly in private hands (86 percent) and unprotected from development. Our ability to provide clean air and water, wildlife, and recreation far over half of the American people will rest in large part on our ability to conserve enough of this unprotected land in the coming decades. In order to achieve this goal, we request that you make an appropriation of $100 million for the Forest Legacy Program administered by the USDA Forest Service and $900 million for the Land and Water Conservation Fund administered by the Department of the Interior.

Threats to Easters Forests

Development and the attendant loss of forestland pose the most widespread threat to eastern forests. Population growth connected to economically thriving urban areas like Philadelphia, Atlanta and Boston combined with inefficient land use patterns is leading to rapid sprawl development that consumes natural areas, including forests. From 1992 to 1997, over 8 million acres of rural land were developed in the eastern states, an area larger than New Hampshire.[1] All trends suggest that this rate of forest and farmland conversion will only increase—sales of new homes set a record in 2001.[2]

Eastern forests, shrinking before sprawl, have also seen a boom in logging over the last decade and now produce over 70 percent of the nation's timber, with removals exceeding growth in many areas.[3] This rapid growth of eastern timber harvest is likely to increase. The Forest Service projects that timber production from non-industrial private forestlands will increase by 64 percent over the next 50 years.[4] Almost two-thirds of the timber removals in eastern forests are from the lands of non-industrial private landowners, land that is largely unprotected.[5]

Impacts of Forest Loss

The loss of eastern forestland to development and intensive timber harvest has serious implications for the residents of the eastern states. Most importantly, eastern forestlands and open space are cleansing sponges that collect and filter the region's drinking water. The widespread eastern drought has highlighted the importance of this natural waterworks. Far example, the 2 million acres of forestland and pure waterways in the Highlands region filter water supplies for 12 million Americans living in and around New York City.[6] Without the Highlands, life in this densely populated region would become near impossible.

No less important is the impact of these lands on quality of life in the densely populated eastern states. In our heavily urbanized landscape, large tracts of forestland like the 37 million acre Southern Appalachian region and 26 million acre Northern Forest are a critical refuge for wildlife and recreationists alike. Eastern forests contain the nation's most biologically diverse forestlands and waterways, treasures that are being lost each year. Our forests also give the eastern states the natural amenities that are increasingly important to Americans from all walks of life. Conserving our forests assures access to a treasured piece of green refuge for every resident in the eastern states.

Public Attitudes

The public is fully aware of the importance of our forests, and open space, and is waiting for the government to take action. In the 2002 National Survey on Biodiversity, conducted in January by the polling firm of Belden, Russonello and Stewart, 26 percent of respondents ranked the loss of natural areas to development as

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[1] USDA Natural Resources Conservation Service. "State Rankings by Acreage and Rate of Non-Federal Land Developed."

[2] U.S. Commerce Department.

[3] USDA Forest Service. "Net Annual Growth, Removals and Mortality of Growing Stock on Timberland in the United States." 1996.

[4] Hertel, Gerard "The Eastern Non-industrial Private Forests." USDA Forest Service. 2000.

[5] Hertel, ibid.

[6] Highlands Coalition.

an "extremely serious" problem. This was the highest percentage for any of the problems listed in the survey, outdistancing toxic waste, air pollution, and water pollution. If we invest in greater land protection, we will address a clearly identified public concern.

Looking Forward

With a mere 14 percent of eastern forestland protected from development, and even less land protected from intensive logging, it is critical to protect more forestland for public needs. These are the lands that will assure an enduring water supply, clean air, wildlife, and recreational opportunities for the more than half of the American people living in the East. In order to achieve this protection, we will need a renewed investment in our federal land protection programs.

FOREST LEGACY PROGRAM

The Forest Legacy Program can help provide adequate protection of eastern forestland by adding some lands to public ownership while protecting other lands kept in private hands through the use of conservation easements. The flexibility of the Forest Legacy Program enables governments and land managers to work harmoniously with local communities, crafting conservation strategies that fit each individual situation.

The Forest Legacy Program also takes advantage of the impressive commitment of states in the region to forest protection. States like North Carolina, New Jersey, and Vermont have been aggressive in funding protection for open space. Throughout the region states are setting aside unprecedented new sums for protection of natural areas, watersheds, and wildlife habitat. The Forest Legacy Program's matching requirement of 25 percent for each project assures that federal money from the program will be leveraged with state and private money for the maximum impact.

The Forest Legacy Program has historically been used to protect forests in New England, with smaller sums going towards projects in other states scattered across the country. However, as pressures on forestlands have grown throughout the East, other states have hurried to join the program. Although the overall program allocation has grown somewhat, it has not increased quickly enough to keep up with overall demand. The appropriation in fiscal year 2002 of $65 million was only half of the almost $130 million in requests that came in from the eastern states in the program.

Now even more states have joined the program, including states like Georgia, Alabama, and Pennsylvania that have some of the nation's highest rates, of timber removals and development. Forest Legacy Program requests for this year could easily exceed $200 million. In the eastern forests alone there are over $129 million in identified Forest Legacy projects for fiscal year 2003 that would meet critical needs. Effective conservation of the eastern forests, including priority areas like the Southern Appalachians, Highlands, and Northern Forest, will require at least a $100 million appropriation for the Forest Legacy Program in fiscal year 2003.

THE LAND AND WATER CONSERVATION FUND

The Land and Water Conservation Fund, like the Forest Legacy Program, is an important resource for increasing our base of protected forestland. Acquisitions funded by the LWCF create parks and forests that filter public water supplies, purify our air, and provide guaranteed access for millions of Americans to natural areas. Full funding for the LWCF would have a profound effect on the lives of millions of Americans living in the eastern states.

The LWCF state matching grants program is particularly important now that many state governments are facing serious fiscal challenges. Eastern states such as New Jersey and North Carolina have made a commitment to protecting more open space for public needs. Full funding for the state matching grants program will help these states keep this important promise in difficult financial times.

The LWCF federal program is also vitally important to eastern states because we have such a shortage of federal public land. In particular, eastern national forests are in desperate need of new acquisition dollars to seize historic opportunities to consolidate fragmented public lands. Many eastern national forests are only half of their authorized size, depriving millions of Americans of the full promise of the Weeks Act that there would be enough national forest to serve the needs of every American. We need to deliver on the other half of this legacy by funding completion of our eastern national forests.

Summary

The densely populated eastern states are deeply dependent on the eastern forests for clean water and air, wildlife habitat, recreational opportunities, and as an en-

during economic engine. Without a dramatic increase in funding for the Forest Legacy Program and Land and Water Conservation Fund, we will continue to lose natural areas at a tremendous rate. This loss of natural lands is already having serious consequences, and events like the current drought are only highlighting the potential consequences of further neglecting to protect our green infrastructure in the eastern forests. Greater funding for land protection will help us avert this crisis while improving the quality of life for millions of Americans. This seems a worthy federal investment.

PREPARED STATEMENT OF THE OUTDOOR INDUSTRY ASSOCIATION

The Outdoor Industry Association urges the Interior Appropriations Subcommittee to substantially increase funding for recreation and conservation. Our highest priority for fiscal year 2003 is $1.44 billion for year three of the Conservation Trust created in Title XIII of the fiscal year 2001 Interior Appropriations bill. In addition, we urge you to provide a major investment in recreation management dollars at the USDA Forest Service: $317 million for Forest Service recreation management; and $100 million for capital improvement and maintenance for Forest Service trails.

Outdoor Industry Association is the trade association of the $18 billion human-powered outdoor recreation industry. Our members include 1,100 manufacturers, retailers, and distributors of outdoor products and services associated with hiking, backpacking, climbing, canoeing, kayaking, and backcountry skiing. In 2000, Outdoor Industry Association's Participation Study found that hiking and mountain bicycling each had over 70 million participants; 34 million went trail running; 5 million went snowshoeing; 18 million canoed; and rock climbing and kayaking had 5 million and 6 million participants, respectively. In total, about 149 million Americans participated in these active outdoor activities last year.

Recreation is an important use of our public lands. The Forest Service estimates they have 209 million visitors per year; the National Park Service attracts 285 million; and the Bureau of Land Management estimates 62 million visitor days per year.

After September 11, the need for protecting our public lands for respite and renewal is more important than ever. According to the Outdoor Industry Association Special Report: "The Effects of September 11 on Recreation, Travel and Leisure," 29 percent of Americans changed their travel plans for the six months following September 11. When exploring what types of vacations or activities that Americans may take in future months, 58 percent of Americans say they would feel safest visiting National Parks; 57 percent also say they would feel "very safe" at a winter mountain resort. These activities scored far higher than cities or theme parks. Clearly, Americans are seeking outdoor experiences in these uncertain times.

In addition, Outdoor Industry Association believes strongly that more investment in the health of our public lands is necessary to maintain quality recreation opportunities for our future.

Land Conservation, Preservation and Infrastructure Trust—$1.44 billion

This new Trust represents a significant commitment to invest in natural resource protection as demands on those resources increase. Strong congressional support for the Conservation and Reinvestment Act (CARA) in 2001 (House vote of 315–102) demonstrated the broad constituency for adequate and dependable funding for state and local programs as well as public land maintenance and urban park, historic preservation and wildlife programs. We urge the Committee to fully fund the Trust in recognition of the compromise struck in 2001.

The outdoor industry sees an incredible need for these dollars. Trail and recreation facility maintenance backlogs are at an all time high. Demand for recreation opportunities is increasing, and the pressure on open space and public lands from development is growing.

Outdoor Industry Association believes it is essential that the federal estate be taken care of with dollars from the Trust, but also that states receive their fair share. We encourage Congress to commit to spending all of the dollars in the Trust each year through fiscal year 2006, using the fiscal year 2001 and 2002 funding levels for programs in the Trust as a base to build on in future years. We respectfully request expenditures of $1.44 billion in this category in the Interior bill in fiscal year 2003.

REQUESTED BASELINES FOR PROGRAMS IN LAND CONSERVATION, PRESERVATION AND INFRASTRUCTURE IMPROVEMENT TRUST

[In millions of dollars]

	Fiscal years					
	2001	2002	2003	2004	2005	2006
Interior Subcomittee:						
Fed, and State LWCF Funding	540	540	540	540	540	540
State & other conservation programs	300	300	300	300	300	300
Urban & Historic Preservation	160	160	160	160	160	160
Maintenance Backlog	150	150	150	150	150	150
Payments in Lieu of Taxes	50	50	50	50	50	50
Funds used for steady growth for each program (particularly state and local programs)	.....	120	240	360	480	600
Interior Total	1,200	1,320	1,440	1,560	1,680	1,800

We have particular interest in three programs inside the Trust:

Land & Water Conservation Fund—$900 million

Outdoor Industry Association strongly supports full funding for LWCF in fiscal year 2003, however, we have great concern that the President would fund non-LWCF projects in the LWCF category. We believe this sets a bad precedent for the program for the future, and strongly oppose this approach.

For more than three decades, the Land and Water Conservation Fund (LWCF) has played a crucial role in American conservation and recreation. Through its early history, the LWCF generally received and allocated close to $900 million annually. In the 1980s and 1990s, however, annual appropriations averaged far less. For many years, the state grant program received no money at all. The creation of the Land Conservation, Preservation and Infrastructure Improvement Trust provides a great opportunity to make good on the earlier promise of this program.

Needs at the state level are particularly great. The demand for outdoor recreation opportunities is increasing. More Americans are participating in activities like hiking, backpacking, climbing and kayaking. To meet the demand, and to address the problem of limited and fragmented leisure time, we must provide more access to recreation close to home.

Urban Parks and Recreation Fund—$75 million

Urban parks are crucial to increasing the quality of life in cities. This program provides places for children to play and for families to go for a respite from their hectic lives. Title VIII dollars should make a significant increase in the program for fiscal year 2003 possible.

Maintenance Backlog Account—$250 million

Maintaining recreation facilities is extremely important for promoting and protecting the outdoor recreation experience. All of the public land agencies are suffering from severe maintenance backlogs. This account is key for bringing these facilities back into repair.

USDA Forest Service Recreation Management—$317 million

The USDA Forest Service is the nation's largest outdoor recreation provider, managing over 133,000 miles of trails—including all or part of 6 national scenic and 11 national historic trails—more than 277,000 heritage sites, over 4,300 campgrounds, and 31 national recreation areas. The Forest Service provides a broad range of outdoor activities including hiking, biking, climbing and paddling. Recreation creates about 75 percent of the Gross Domestic Product generated from Forest Service land, yet only about 10 percent of the Forest Service budget supports recreation.

We encourage the Appropriations Committee to provide $317 million for the Recreation Management, Heritage and Wilderness program at the Forest Service.

An increase will begin to close the gap between the huge need and current low investment in this growth area for national forests. We urge the agency to use these funds to increase the number of recreation staff at the local level, including volunteer support and trail crews, where the need is great and demand is growing. The number of recreation management personnel in the Forest Service decreased from 2,309 in fiscal year 1998 to 1,934 in 1999. Very few forests have even one full-time staff person on trails. Some offices fail to adequately process and supervise outfit-

ters and guides, competitive event promoters, educational institutions, and other commercial and organized groups, and support for volunteer efforts is lacking.

Capital Improvement and Maintenance—Trails—$100 million

Trail maintenance is a basic component of a quality recreation experience. Ensuring visitor safety, protecting natural resources, maintaining visitor access and improving the backcountry and recreation experience require a greater investment in trail maintenance. The Forest Service trail maintenance backlog totals over $118 million. Many trails are so far in disrepair from overuse and long-term under-funding that they need to be completely re-constructed. Increasing the trails budget is crucial to enable the agency to begin to address this tremendous recreational infrastructure need, including bridge replacement, trail relocation, and tread replacement. Without increased funding, trails will continue to deteriorate, costs will increase exponentially and resources will continue to suffer.

Thank you for your consideration of our request. We look forward to working with you to ensure quality backcountry recreation opportunities for all Americans.

PREPARED STATEMENT OF THE INTERNATIONAL RESEARCH INSTITUTE FOR CLIMATE PREDICTION, LAMONT-DOHERTY EARTH OBSERVATORY, COLUMBIA UNIVERSITY

REQUEST

This request for $1.5 million within the Forest Service (USDA) appropriation for Forest Service Research and the National Fire Plan concerns the use of available research tools and scientific expertise that could preserve resources destroyed annually due to forest fires. Columbia University's International Research Institute for Climate Prediction (IRI) produces interannual to seasonal forecasts on variability in precipitation and temperature, the two most naturally occurring critical factors related to forest fires.

BACKGROUND

The National Oceanic and Atmospheric Administration within the Department of Commerce selected the IRI, through a peer review process, to provide long-term climate forecasts and experimental modeling. The IRI is located at Columbia University's Lamont-Doherty Earth Observatory. The IRI produces interannual to season forecasts on probability of variance in precipitation and temperature, primarily based on computer modeling and the influence of major climate forcing agents, such as the emerging El Niño in the Pacific Ocean. The IRI conducts climate forecasts based on numerous international models utilizing multiple sources of sea surface temperature data and satellite analysis. The IRI provides the most accurate long-term forecasts for severe climate-driven events worldwide.

The National Fire Plan identifies several factors that need further research and refinement for the preparedness related to minimizing the damage and destruction caused by forest fires. The plan sets forth goals in (1) Fuel Conditions, Risk Assessment and Fire Management, and (2) Weather and Smoke. These research elements could be greatly enhanced through collaboration with the IRI, which could provide intermediate and long-term forecasts on fuels assessment, precipitation forecasts, and temperature conditions that make fire conditions more probable.

The Forest Service fiscal year 2003 Budget is approximately $4.1 billion, of which $1.457 billion is requested for the National Fire Plan.

RATIONALE

The IRI is prepared to provide its expertise in additional areas of national benefit. The mission of protection and preservation of natural resources could be enhanced with the use of tools and expertise currently available through IRI products and services. The collaboration of the IRI with the Forest Service would result in improved knowledge and performance in the preparation for forest fire conditions.

SUMMARY

In your deliberations on the fiscal year 2003 Interior Appropriations bill, I respectfully request that you provide in the USDA-Forest Service appropriations accounts $1.5 million for an extramural, collaborative research agreement with the International Research Institute for Climate Prediction to assist in implementation of the National Fire Plan and provide long-term precipitation and temperature probability forecasts related to preparedness and fuels assessment.

Thank you for your consideration of this matter.

PREPARED STATEMENT OF THE MOTHER LODE CHAPTER, SIERRA CLUB

The Mother Lode Chapter of the Sierra Club urges the Subcommittee to recommend $2.7 million in Land and Water Conservation Fund appropriations for the North Fork American Wild River in Tahoe National Forest.

This appropriation is needed to purchase 2,700 acres of private lands along and near the North Fork American Wild River in Tahoe National Forest, California, from a willing seller. The Forest Service has already acquired 6,900 acres along the Wild River, and the proposed purchase will complete the acquisitions of presently available private lands in and adjacent to 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. Almost all the private lands to be acquired, originally part of the checkerboard land grant to the Southern Pacific Railroad, lie within the canyon and two major side canyons. Just south of the canyon's rim is a 640-acre inholding within Duncan Canyon's 8,000 acres of old-growth mixed conifer forest. Highquality old-growth mixed conifer forest is now rare in the Sierra Nevada.

Both the Federal Government and the State of California designated a 38-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 pristineness of these private lands could still occur. A previous owner filed helicopter logging plans on several of the parcels. Cabin sites could be developed on some of the parcels, degrading their naturalness and limiting public recreational access.

A fiscal year 2003 appropriation of $2.7 million from the Land and Water Conservation Fund is needed to acquire these exceptional lands along the North Fork American Wild River and preserve them from potential development. The Mother Lode Chapter urges the Subcommittee to recommend this appropriation.

This appropriation 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.

PREPARED STATEMENT OF THE WILDLIFE SOCIETY

The Wildlife Society appreciates the opportunity to submit testimony on the fiscal year 2003 budget for the U.S. Forest Service (FS). In particular, we recommend maintaining the fiscal year 2002 funding level for Forest and Rangeland Research; increasing the Administration's request for Wildlife, Fish and Threatened & Endangered Species by $17.7 million; and increasing the Stewardship Incentives Program by $3 million. The Wildlife Society is the association of professional wildlife biologists dedicated to responsible wildlife stewardship through science and education. The Society is interested in all aspects of federal programs that affect wildlife and habitat management on public lands.

FOREST AND RANGELAND RESEARCH

The Wildlife Society is very concerned about the Administration's proposed shift in FS research, which would result in crippling reductions to research vital to fish and wildlife management. The programs slated for reduction include long-term research that, once halted, will be difficult if not impossible to resume. Natural resources research requires many years of data collection and analysis before yielding the most valuable results, and a spending reduction will limit the extent to which researchers can analyze and use recently collected data. We recommend that new research initiatives not be implemented at the expense of other critical, long-term research projects.

The proposed fiscal year 2003 Forest and Rangeland Research budget represents an increase of $1.877 million over fiscal year 2002. However, the proposal also allocates $37.8 million to five new research and technology initiatives. Consequently,

$35.924 million worth of existing research programs must be terminated to support the new initiatives. This 15 percent reduction will result in dramatic cuts, closures, and terminations of important research projects that provide critical information for forest and rangeland management on National Forests lands. At least 16 Research Work Units will be terminated and 275 research positions will be discontinued. These impacts will curtail research that wildlife biologists need to develop, adapt and evaluate management and restoration plans for wildlife and its habitat. The Wildlife Society is strongly opposed to these reductions to forest and rangeland research, and we urge you to maintain the fiscal year 2002 enacted levels for each of the following programs: $51.702 million for wildlife, fish, water and air research; $107.24 million for vegetation management and protection research; and $38.739 million for resource valuation and use research.

WILDLIFE AND FISH HABITAT MANAGEMENT

The Wildlife Society continues to object to the FS budget structure. The fiscal year 2003 budget approach (initiated for fiscal year 2001) makes it difficult to understand the budget request and to make any kind of meaningful comparison with previous year appropriations. Without budget line items detailing specific expenditures, the current approach does not promote accountability to state partners or the public. We recognize that Congress wants to reduce the number of budget line items, but we believe a better system is needed to show accountability for allocated monies. We request the FS budget include specific line items for: (1) wildlife and vegetation, and (2) watersheds and fisheries, both of which would specify threatened and endangered species efforts within each.

The Wildlife Society is concerned about the nominal increases in the Wildlife ($1 million) and Threatened & Endangered (T&E) Species ($1.3 million) programs in fiscal year 2002. Since 1994, the FS has shifted many wildlife biologists and other resource specialists from on-the-ground projects to writing NEPA documents, processing appeals, and responding to litigation. Today at least 90 FTE wildlife biologists and 85 range scientists are needed at the Ranger District level to address the large backlog of management, monitoring, and research needs. As staffing needs are being met for fire management and the replacement of retiring professionals, we think that maintaining fish and wildlife skills in the workforce should be part of the agency's focus.

The Wildlife Society recommends a $17.7 million increase above the Administration's request of $139.48 million for the Wildlife, Fish and Threatened & Endangered Species program in fiscal year 2003. Of the total amount provided, we recommend making $44.25 million available to ensure that each National Forest has a base infrastructure of personnel to administer viable Wildlife Biology, Terrestrial Threatened, Endangered and Sensitive Species, Botany and other natural resource programs. We also request that $10.8 million of the total amount be provided as base level funding for Forest and District biologists to implement proactive management, monitoring, and research projects.

The Wildlife Society is pleased that the fiscal year 2002 funding for FS wildlife and T&E species habitat management programs is generating improvements for wildlife conservation. FS staff believes that in fiscal year 2002, through the facilitation of nine challenge cost share programs, the agency will reduce the conservation needs of wild turkey, wild sheep, elk, quail, waterfowl, grouse, and woodcock. However, the agency projects an increase in deferred costs for land bird conservation (Partners in Flight) and several critical habitat communities like aspen, sagebrush, fire dependant forests, and early-successional forests. We strongly support the challenge cost share programs that support these wildlife resources and encourage Congress to appropriate money for these specific projects as supplements to a fully funded wildlife program rather than as a substitute for needed appropriations. Since 1996, nonprofit partners of the Forest Service have financed almost two-thirds of the cost needed to implement the agency's cost share programs. It is becoming increasingly important that the Forest Service shares the financial responsibility with its partners.

STATE AND PRIVATE FORESTRY

The Wildlife Society supports the Cooperative Forestry programs that assist States and private landowners in improving and enhancing fish and wildlife habitat, protecting watersheds, and contributing to the economic and environmental well being of urban and rural America.

The Forest Stewardship Program (FSP) and Stewardship Incentives Program (SIP) collectively contribute to sustainable forestry management and wildlife habitat enhancement on 48 percent of the nation's non-industrial private forestlands. Under

FSP, FS officials work with non-industrial private landowners to develop land management plans that improve the quality of forest, riparian and wildlife resources and improve the supply of seeds and planting stock for reforestation. The Wildlife Society supports the Administration's request of a $17.365 million increase for this program. Through SIP, the agency helps landowners cover the cost of implementing the land management plans, but the Administration requested no funds for this program in fiscal year 2003. The Wildlife Society requests that Congress restore SIP to the fiscal year 2002 funding level of $3 million.

The Forest Legacy Program (FLP) is another successful State and Private Forestry Program that The Wildlife Society supports. Through FLP, the FS and participating states identify private forestlands that contain unique environmental features and yield critical resource values (e.g., connectivity of wildlife corridors, clean drinking water) and traditional forest uses that demand protection from land development. With the FS's financial assistance, participating states can acquire lands or interests in lands through a conservation easement. The Wildlife Society supports the Administration's $69.9 million request for this program, which represents a 7.5 percent increase over the enacted fiscal year 2002 spending level.

Thank you for considering the comments of wildlife professionals. We are available to work with you and your staff throughout the appropriations process.

PREPARED STATEMENT OF THE AMERICAN HIKING SOCIETY

SUBJECT: TRAILS AND RECREATION PROGRAMS

Mr. Chairman and members of the subcommittee, I represent American Hiking Society's more than 5,000 members and the 500,000 members of our 160 affiliated organizations. American Hiking Society (AHS) is a non-profit recreation-based conservation organization that works with the hiking community to promote and protect foot trails and the hiking experience. We urge you to support funding increases that will protect trails and recreation resources for the benefit of the nation. American Hiking makes the following recreation and conservation funding recommendations for fiscal year 2003:

[In millions of dollars]

USDA Forest Service:	
Recreation Management, Heritage and Wilderness	317.000
Recreation Management (increase)	40.000
Wilderness Management (increase)	15.000
Capital Improvement and Maintenance—Trails	100.000
National Park Service:	
Rivers, Trails and Conservation Assistance program	13.000
National Trails System	10.850
Geographic Information System Network for National Trails	1.200
Bureau of Land Management:	
Recreation	210.000
Recreation Management (increase)	16.000
National Landscape Conservation System	117.000
Land and Water Conservation Fund:	
Appalachian National Scenic Trail, USDA Forest Service	4.000
Florida National Scenic Trail, USDA Forest Service	6.000
Pacific Crest National Scenic Trail, USDA Forest Service	5.000
Ice Age National Scenic Trail, National Park Service	7.000
Pacific Crest National Scenic Trail, Bureau of Land Management	1.000
Continental Divide National Scenic Trail, Bureau of Land Management	0.584

TRAILS AND RECREATION FUNDING

Human powered recreation, especially hiking, represents an important and increasing use of our public lands, yet federal funding for recreation has not kept pace with demand and continues to fall far short of needs. According to the 2000 National Survey on Recreation and the Environment, hiking and backpacking are among the nation's fastest growing forms of recreation. In 2000, 73 million Americans hiked (196 percent growth since 1982) and 23 million backpacked. The solution is not just to appropriate more money to the National Park Service (NPS), Bureau of Land Management (BLM) and USDA Forest Service, but to couple targeted increased funding with increased on-the-ground trails coordinators and volunteer coor-

dinators. The 16 national scenic and historic trails administered by the National Park Service require a minimum of $10.85 million for natural and cultural resource management and protection, improving visitor services, and strengthening volunteer partnerships. For most of the national scenic and historic trails, barely one-half of their congressionally authorized length and resources are protected and available for public use. Most trail offices are understaffed, hindering the agencies' ability to properly administer and manage these trails and work effectively with other public agencies and non-profit volunteer partner organizations. In 2000, national trail volunteer organizations contributed $5.8 million in financial resources and over 593,000 volunteer hours with an estimated labor value of $8.8 million to the national scenic and historic trails. Volunteer partnerships and contributions leverage federal funding significantly, but they must not be considered a substitute for appropriations. Many of the national scenic trails have made significant strides in trail maintenance and protection efforts, but much work remains for these trails to become the continuous footpaths that Congress intended. 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 figures submitted by the Partnership for the National Trails System.

In addition, NPS requires $1.2 million to continue work on a Geographic Information System network for the national scenic and historic trails. This program, costing approximately $8.4 million over 5 years, will provide accurate information to assist the public, trail managers, maintainers, and other stakeholders in trail protection, development, maintenance, interpretation, and resource management. The project applies state-of-the-art technology and techniques to better administer, manage, and protect trail resources and landscapes. It will also increase efficiency through interagency coordination of staff, data, and resources.

The NPS' Rivers, Trails and Conservation Assistance (RTCA) program requires a $5 million increase to help communities manage and protect their recreational and natural resources. Despite the program's successes, RTCA funding has remained relatively stagnant for the last 8 years. RTCA has experienced a dramatic increase in requests for assistance but is only able to assist half of all applicants. Because of funding shortfalls in fiscal year 2002, RTCA is presently suffering from significant cutbacks to staff, travel, and projects. With its strong focus on partnerships, RTCA is exceptionally cost efficient and effective. In fiscal year 2001, RTCA helped develop more than 2,000 trail miles, protect more than 500 river miles, and preserve almost 50,000 acres of open space. RTCA-assisted projects accomplish much more than conservation goals. They promote physical activity, encourage smart growth, minimize flood loss, provide opportunities for close-to-home recreation and renewal, and revitalize inner-city communities.

We strongly support increased funding for two primary USDA Forest Service programs—Recreation Management, Heritage, and Wilderness and Capital Improvement and Maintenance for trails. The current investment in Forest Service lands does not match the role recreation plays in the agency, yet the Forest Service itself highlights the growing importance of recreation through the continued implementation of its Recreation Agenda released in September 2000.

The Forest Service estimates that recreation creates about 75 percent of the Gross Domestic Product generated from Forest Service land, yet only about 10 percent of the Forest Service budget is for recreation. The Forest Service requires increased funding to restore and maintain thousands of miles of trails; protect and preserve natural and cultural resources; upgrade inadequate, insufficient, and/or poorly maintained recreation facilities; reduce the maintenance backlog; augment on-the-ground recreation staff; and more effectively utilize volunteers. Increased funding is especially crucial to successful and timely implementation of the Recreation Agenda, including reducing the current $298 recreation maintenance backlog by one-quarter, and placing trail and volunteer coordinators and/or recreation planners at each national forest and for each nationally designated area or trail. Just as the Administration is focused on eliminating the maintenance backlogs for the National Park Service and Fish and Wildlife Service, we urge Congress to eliminate the Forest Service and Bureau of Land Management maintenance backlogs.

Despite the agency's increased emphasis on recreation, we are 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—such as recreational supervision, resource protection, visitor services, and maintenance—instead of agency personnel. 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. Ironically, volunteer trail crews have been turned away because of the

agency's inability to provide even minimal supervision or support. In 2000, more than 90,000 volunteers contributed millions of hours in labor to the Forest Service with an estimated value of $35.8 million. Clearly, their efforts warrant an expanded commitment to trails and recreation funding, notably funding for recreation staff on the ground.

The Forest Service must receive additional funding to manage Wilderness effectively and appropriately. With 33,000 miles of trail in FS Wilderness, and an estimated 17.2 million visits in fiscal year 1999, increased funding is necessary to provide quality recreation experiences with minimal impact to the environment. Maintaining the integrity of the land and resources is essential for ecosystem viability and to keep these places truly wild for future generations.

Ensuring visitor safety, protecting natural resources, maintaining visitor access, and improving the backcountry and recreation experience require a greater investment in trails. The Forest Service trail maintenance backlog now totals over $118 million. Inadequately maintained or poorly constructed trails suffer from excessive erosion and trail widening, braiding, and the creation of new "social" trails. Many trails are so far in disrepair from overuse and long-term underfunding that they require re-construction. Increasing the trails budget is crucial to enable the agency to begin to address this tremendous recreational infrastructure need, including bridge replacement, trail relocation, and tread replacement.

The Forest Service administers four national scenic and historic trails and manages significant portions of 11 other national trails. Responsible administration requires the full-time attention of an inter-regional administrator for each trail and continual collaboration with other federal and state agencies and nonprofit partner organizations. Land acquisition by dedicated land teams is underway for the Florida and Pacific Crest Trails. New sections of the Continental Divide, Florida and Pacific Crest Trails must be constructed to fill in gaps in these long-distance trails.

The Bureau of Land Management manages over 4,700 miles of national scenic, historic, and recreational trails as well as thousands of miles of multiple use trails. The agency requires increased funding to manage the rapidly expanding recreational use of BLM lands and protect the wealth of natural and cultural resources under its jurisdiction, including the special areas now managed under the National Landscape Conservation System. Outdoor recreation is an important public use of these lands and management of outdoor recreation resources, facilities, and visitor use are important components of the BLM's multiple use mission, yet the agency remains severely underfunded and understaffed.

BLM requires additional funding to manage existing recreation programs, protect resources, upgrade planning and infrastructure development, adapt to increasing visitor demands, and to manage all-terrain recreational vehicle usage more effectively. Recreation facilities are inadequate in many areas, and staff shortages place recreational, natural, and cultural resources at risk. Additional staffing is especially needed to meet the management demands for each of the National Monuments and National Conservation Areas.

AHS strongly supports Land and Water Conservation Fund (LWCF) appropriations for the Appalachian, Continental Divide, Florida, Ice Age, and Pacific Crest National Scenic Trails. Only one of the national scenic trails—the Appalachian Trail—is nearly complete; we urge you to turn your support toward the remaining national scenic trails and label them as high priority projects under the LWCF. LWCF monies for land purchases must also be accompanied by adequate funding for the agencies to effectively manage the acquisitions process and disburse the appropriations.

AHS recognizes that the Recreational Fee Demo Program is an attempt to meet the growing needs of recreationists at a time when appropriations are not keeping pace with demand, yet recreation fees should not be considered a panacea to this funding shortfall. We urge the Interior Appropriations Subcommittee to continue to oppose any trail and recreation appropriations offsets with Fee Demo revenues. The inequities and inconsistencies in the implementation and administration of the program, combined with the continual extension of Fee Demo through the appropriations process, warrant further evaluation, oversight, and congressional hearings.

On June 1, 2002, American Hiking Society will coordinate the tenth National Trails Day to raise public awareness and appreciation for trails. Participants will gather at more than 2,000 National Trails Day events nationwide. Greater investment in our public lands today is essential to protect and maintain our outstanding natural and recreational resources, including trails, for future generations of hikers. We urge Congress to support these programs and projects that represent investments in both people and natural resources, and benefit the environment, the economy, public health, and communities. Thank you for considering our request. Amer-

ican Hiking Society's members and outdoorspeople nationwide appreciate the subcommittee's support in the past and look forward to continued strong support.

LETTERS FROM THE INTERNATIONAL SOCIETY OF TROPICAL FORESTERS

MARCH 27, 2002.

Hon. ROBERT BYRD,
Senate Appropriations Subcommittee on Interior and Related Agencies, Washington, DC.

DEAR SENATOR BYRD: My name is Warren T. Doolittle, the elected President of the 1,500 member International Society of Tropical Foresters (ISTF). Our society has members in some 120 countries, including tropical, developing countries and most developed countries.

ISTF publishes a quarterly newsletter in both English and Spanish; publishes an annual Membership Directory; distributes publications on tropical forests; sponsors workshops and symposia; organizes chapters of ISTF; and generally serves as a source of information for ISTF members.

FOREST SERVICE INTERNATIONAL PROGRAMS

The President's fiscal year 2003 budget for the Forest Service International Programs (within the State, Private, and International Programs Line Item) is $5,000,000. Last year International Programs for the Forest Service were funded at a $5,250,000 level. I recommend that the $5,250,000 be restored in fiscal year 2003 and if possible be increased to $10,000,000.

There is a great need for solid U.S. leadership and demonstration in forestry worldwide. Currently there is an effort by industry, other governments, and environmental organizations to provide guidelines and assistance for the sustained management of forests—especially in the developing countries. Many of the problems faced by the United States involve these other countries.

For example, the United States depends upon sustainable management of other countries' forests in order to provide long-term availability of their forest products for the United States and also to prevent unfair competition to the United States timber industry. Forest fires in Indonesia, Mexico, Russia, and elsewhere represent a growing threat to forests. The U.S. forests are threatened by invasive plants, insects, and diseases from other countries. Over 20 destructive forest pests are likely to enter the United States during the next 10 years. Migratory birds to the United States from other countries are important to forest recreation areas in the United States. Protection of birds and other facets of biodiversity in these other countries is important to the interests of the U.S. Experts of the Forest Service working in cooperation with counterparts in other countries can provide solutions to many of the above problems.

However, United States efforts in international activities have been seriously restricted by a low budget ($5,250,000) in fiscal year 2002, and a lack of personnel to lead our government in helping to carry out cooperative programs with other countries and with the United Nations. The world's forests provide wood and nonwood products, soil and water protection, recreation, biodiversity, and sequestration of carbon dioxide. The Forest Service can provide some of the leadership and programs needed; but, it means a larger budget for International Programs. In summary, I recommend for fiscal year 2003 a restoration of the fiscal year 2002 appropriation of $2,250,000, and if possible increase the budget to $10,000,000.

Let me know if I can provide further information on international forestry programs.

Sincerely,

WARREN T. DOOLITTLE,
President.

MARCH 27, 2002.

Hon. ROBERT BYRD,
Senate Appropriations Subcommittee on Interior and Related Agencies, Washington, DC.

DEAR SENATOR BYRD: As a former Associate Deputy Chief for Forest Service Research, I would like to point out that the fiscal year 2003 President's Budget for Forest Service Research & Development (FS R&D) is not in America's best interest. It funds new initiatives by redirecting $36 million from existing programs, which substantially erodes the forestry research capacity of the United States. If enacted

as proposed, the jobs of 275 people would disappear, 18 research work units would be closed and 12 research locations would be abandoned.

Rather than focusing your efforts on restoring funding to specific units, I ask you to adopt a broader perspective and undo the proposal's harm in its entirety. Use the fiscal year 2002 appropriation for FS R&D as the basis for building the fiscal year 2003 appropriation rather than the President's proposal. Make clear that fiscal year 2002 and prior year Congressional direction must be continued.

In past years, FS R&D has gotten $6.2 million from the National Forest System (NFS) appropriation for Forest Inventory and Analysis (FIA) on national forests. The Administration deleted those funds from the NFS appropriation and did not add them to the R&D appropriation, where those funds belong. Add $6.2 million to the R&D budget for FIA on national forests to restore the program to the fiscal year 2002 level.

The FIA program is the only program to provide credible and consistent information on the health and productivity of forests across the United States. Its data are extremely valuable to universities, landowners, firms, and interest groups. In addition to the $6.2 million mentioned above, I recommend an additional $7.1 million in new funding to expand the FIA program. This would allow the agency to continue making progress in expanding the coverage to more states.

There is a significant problem with non-native invasive species in the United States. On western forests and rangelands, exotic plants are out-competing native vegetation, damaging the health, diversity, and productivity of ecosystems. The Department's proposal to expand the fight against invasive species lacks a strong research component. I recommend adding $4 million to the fiscal year 2003 budget to provide a sound scientific basis for combating invasive species.

The fixed costs of doing research continue to escalate. Add $7.1 million for fixed costs so the agency can continue work in fiscal year 2003 at the same scale as this year.

I believe the restoration of research funds to the fiscal year 2002 appropriation level and the increased funding for Forest Inventory and Analysis and non-native invasive species are badly needed.

The Research Institute programs described below are a part of the overall Research budget covered above, but as President of the International Society of Tropical Foresters, I would like to add a little special detail on these two institutes.

INTERNATIONAL INSTITUTE OF TROPICAL FORESTRY IN PUERTO RICO

The International Institute of Tropical Forestry (IITF) has a mission of generating and disseminating scientific information in support of sustainable use of tropical forests, the conservation of primary forests, the rehabilitation of degraded lands, and the management of wildlife and watersheds. Research on these programs is conducted in Puerto Rico, the Caribbean, and Latin America.

The President's fiscal year 2003 budget has a decrease of $300,000 over the fiscal year 2002 appropriation for the IITF. This is a drastic reduction and will eliminate collaborative research on carbon sequestration and carbon cycle research with the U.S. National Aeronautics and Space Administration in Brazil. It will also reduce efforts on remote sensing on carbon dynamics and research on water quality and in stream flow.

I would like to be sure that restoration to overall Forest Service Research programs includes restoration of the $300,000 at IITF.

INSTITUTE OF PACIFIC ISLANDS FORESTRY IN HAWAII

The Institute of Pacific Islands Forestry (IPIF) in Hawaii has three multi-disciplinary science teams dealing with ecosystem restoration, forested wetlands, and invasive species. This work is conducted in Hawaii and on several Pacific islands.

The President's fiscal year 2003 budget has a decrease of $168,000 over the fiscal year 2002 appropriation for IPIF. This would terminate research on biological control for Hawaii's invasive weeds, close the insect quarantine facility in Hawaii Volcanoes National Park, and affect increased fixed costs.

I believe the President's fiscal year 2003 budget includes $1,000,000 for the construction of a new headquarters building for IITF in Hilo, Hawaii.

I would like to be sure that the restoration to overall Forest Service Research programs include restoration of the $168,000 at IPIF as well as the $1,000,000 construction funds at Hilo.

Sincerely,

WARREN T. DOOLITTLE,
President.

DEPARTMENT OF ENERGY

PREPARED STATEMENT OF TECHNOLOGY ACUMENTRICS

NATURE OF REQUEST BEFORE INTERIOR APPROPRIATIONS SUBCOMMITTEE

Acumentrics is seeking an increase (to $52M) for the line item: Innovative Systems and Concepts/Solid State Energy Conversion Alliance (SECA) in the Fossil Energy R&D budget. OMB has proposed a reduction in this line item to $22.5M. This is counter to the National Energy Policy, which supports increased application of fuel cells.

WHAT IS SECA?

The Solid State Energy Conversion Alliance (SECA) comprises government agencies, commercial developers, universities, and national laboratories committed to the development of low-cost, high power density, solid state fuel cells for a broad range of applications. Industrial teams, research and development performers, and funding organizations are part of the alliance. SECA is being formed to accelerate the development of the industrial base needed to commercially produce low-cost solid state fuel cells in the near future. Two U.S. Department of Energy (DOE) national laboratories, the National Energy Technology Laboratory (NETL) and Pacific Northwest National Laboratory (PNNL), are the driving forces behind SECA, providing the leadership, focus, and integration needed to bring solid state fuels cell technology into near-term markets.

RATIONALE FOR INCREASED FUNDING

The need for increased funding for SECA in 2003 was recognized in the Conference Report H.R. 107–234, which is excerpted below:

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"9. The increase above the budget request for solid-state energy conversion alliance under distributed generation/innovative concepts is to be added to the base funding for planar solid oxide fuel cell programs and is to be used to continue existing projects, consistent with program plans developed in cooperation with industry partners. The managers understand that base funding for this program will need to be increased substantially in fiscal year 2003 to keep this program on schedule to meet critical program goals."[1]

An increase in SECA funding is necessary for the following reasons:

—To support the National Energy Policy which calls for an accelerating the development and commercialization of fuel cells. Quoting from the Report of the National Energy Policy Development Group: "Despite technical progress, high costs remain the main deterrent to widespread fuel cell use. Significant cost reductions must be achieved before fuel cells will be competitive." It is the goal of the SECA program to reduce costs of fuel cells and thus remove the barrier to their widespread use.

—In order to achieve the aggressive program goal of $400/kW for solid oxide fuel cells, multiple approaches must be taken by Industry Teams to insure success. SECA has not had the funding to fully implement this multiple team approach.

—Multiple teams required to insure a robust fuel cell industry is developed in the United States as no one player will be able to supply the worldwide demand for fuel cells.

—The United States needs to remain economically competitive with Japan and the European Union, both of which are committed to the commercialization of fuel cells. Under the Fifth Framework Programme (FP5), the E.U. is spending $30M euros on fuel cell commercialization, additionally E.U. member states are committing money for this purpose.[2] Japan hopes to generate about 2.2 million kilowatts of power by 2010 and has increased its fuel cell research budget this year to $76.9 million in an effort to reduce dependence upon nuclear power.[3]

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[1] Appropriations for the Department of the Interior and Related Agencies, Fiscal Year 2002 Conference Report, H.R. 107–234.

[2] "Prospects for Fuel Cells in Europe", Grilles Lequeux, Scientific Officer General Research Division European Commission.

[3] "Cell Power", Stephen H. Daniels TheSourceMag.Com Building Industry News and Views.

—According to a report from the Northeast-Midwest Institute:[4] "technological innovation in the production of electricity is one of the most effective means to keep costs low and productivity high in the long run." Furthermore according to the report electric industry restructuring alone is not sufficient to achieve innovation. The SECA program will facilitate technological innovation in the production of electricity through the development of highly efficient and clean fuel cell electrical generation technology.

DESCRIPTION OF FUEL CELLS

Fuel cells are electrochemical devices that direct-convert fuel into electricity without combustion or moving parts. They are environmentally friendly, particularly when run directly on hydrogen where the output is only electricity, water vapor and heat. The prevalent types of fuel cells are proton exchange membrane (PEM), phosphoric acid (PAFC), molten carbonate fuel cell (MCFC), and solid oxide fuel cell (SOFC).

The goal of the SECA program is to facilitate the commercial development of solid oxide fuel cell technology. Solid oxide fuel cells are seen as the "end game" in fuel cell technology and are under development by notable companies such as Acumentrics, Honeywell, McDermott, Siemens-Westinghouse, Sulzer-Hexis (Switzerland), Global Thermoelectric (Canada), and Ceramic Fuel Cells (Australia). SOFC's share the following desirable characteristics:

—Solid state—all components are ceramics and metals, no corrosive liquid electrolyte;
—High temperature, useful heat for cogeneration applications such as hot water heating, turbines and chillers;
—Internal or integral reforming, using hydrocarbon fuels directly, delivers the benefits of a hydrogen economy without the need for building a hydrogen infrastructure; and
—Based on inexpensive ceramic materials.

NATIONAL BENEFITS OF FUEL CELLS

—Enhances National Security by providing a distributed electrical generation technology which is inherently more robust than a centralized generation/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 essential to maintaining competitiveness in the world market;
—Positions the United States to export distributed generation in a rapidly growing world energy market, the largest portion of which is devoid of a transmission and distribution grid;
—Establishes a new industry worth billions of dollars in sales and hundreds of thousands of jobs; and
—Enhances productivity through improved reliability and quality of power delivered, valued at billions of dollars per year.

WHY A NEW SOLID STATE FUEL CELL TECHNOLOGY?

Solid state fuel cell technology as the basic building block for multiple applications offers several advantages. It offers inherently high efficiency 60 to 70 percent in individual systems and up to 80 percent in staged or hybrid systems. It can handle available liquid fuels, such as gasoline and diesel. High-temperature solid state fuel cells couple easily with the high-temperature reformation of liquid fuels. Solid state fuel cells have simple and efficient heat removal designs when operated at high power densities, an important advantage for compact systems. Planar solid state fuel cells can produce the very high power densities needed to meet tough size/weight requirements needed for stationary, transportation, and military markets. Finally, solid state components can be fabricated with advanced manufacturing technology much like computer chips.

[4] "Electricity Restructuring, Innovation, and Efficiency," Julie Fox Gorte, Tina M. Kaarsberg, The Northeast-Midwest Institute and John A. "Skip" Laitner, U.S. Environmental Protection Agency.

WHY NOW?

The stage for low-cost solid state fuel cell technology has been set. Recent breakthroughs in ceramic materials, fuel cell design, and manufacturing technology are converging. These include advances in thin-film capabilities with solid state fuel cell materials; high power density enabling innovations, such as anode supported cells; compact fuel processing technology; improvements in power electronics at the device level; and integration of manufacturing technology from related industries, such as the semiconductor industry.

Market forces are also playing an important role. Deregulation is favoring distributed generation technologies, such as fuel cells. In addition, the Department of Defense (DOD) recently committed to using electric drive for future ship propulsion systems, and it continues to embrace dual use technology development. Moreover, the utility and transportation industries, which are concerned with global impacts of carbon emissions, are exploring advanced technology solutions that will permit the continued use of fossil fuels for the foreseeable future.

APPLICATIONS

Stationary

—Existing fuel cell technologies are likely to plateau at a capital cost of $1,000 to $1,500/kW. Reduction below this plateau requires breakthrough developments for existing technologies.
—High-volume fuel cell applications will require a cost at or below $400/kW.
—Competing technologies have lower system efficiencies and environmental issues, such as NO_X production.

Transportation

—Solid oxide technology offers potentially low system costs when operating on available fuels.
—Solid oxide fuel cell systems are readily adaptable to standard transportation fuels.
—Efficiencies of solid oxide fuel cell systems are very high. When closely coupled with high temperature on-board reforming, overall "wellhead-to-wheels" efficiency can be high.
—No other technologies offer both high efficiency and low emissions.

Military

—Fuel logistics are critical to military applications. Seventy percent of military logistical deployment is the transportation of fuel; increased fuel efficiency will have a dramatic impact.
—There is a strong need for reliable high-efficiency, quiet power sources compatible with defense logistic fuels.
—Future ship propulsion systems will use electric drives and distributed power sources.

PREPARED STATEMENT OF BOB LAWRENCE & ASSOCIATES, INC.

My name is Dr. L. R. Lawrence, Jr. and I am President of Bob Lawrence & Associates, Inc., a consulting firm located in Alexandria, Virginia. Testifying with me today is Ms. Patrice Courtney, a Senior Associate with my firm. We are requesting full funding for the Department of Energy's Building Technology Programs. Specifically, we request fiscal year 2003 funding of $408.8M for these programs within which Weatherization and State Grants would receive no more than $277.1M. I and my firm have been involved in issues of Energy Efficiency and Renewable Energy since 1975, when this Subcom-mittee played an active and major role in helping to solve our country's first, major energy crisis. Ms. Courtney is responsible for communications regarding energy efficiency issues in both national and statewide forums, with a particular focus on New York State.

Although the major oil use in this country is in transportation, buildings account for one-third of all energy used here, once you factor in the significant percentage used to generate electricity to heat, cool, light, and control buildings and their occupants. In addition, most oil use in buildings occurs in those parts of the country where the percentage of imported oil use is the highest. Therefore, efficiency increases in buildings and their associated technologies offset directly the import of foreign oil.

Our purpose today, Mr. Chairman, is to support the Department of Energy's Building Technology, State and Community Programs, which have been uniquely

successful. The GAO has documented $30 billion in savings from just five BTS technologies: building design software, electronic fluorescent lamp ballasts, low emissivity windows, advanced oil burners, and efficient refrigerator compressors. At the same time, these technologies have prevented the emission of millions of metric tons of atmospheric pollutants. Along with BTS's programmatic successes such as Weatherization, EnergyStar® and Rebuild America, technologies like these have become a critical piece in securing our nation's energy independence, a goal that has become even more meaningful in the wake of the tragic events of September 11.

The U.S. economy is significantly threatened by still-high oil prices. Energy efficiency has become an economic priority—because it is key to reducing our vulnerability to high oil prices controlled by unpredictable foreign hands. These developments have important implications for energy efficiency in building technology.

Commercial buildings, homes, factories, and schools continue to be improved by technology developed under BTS programs. From fiscal year 1980 through fiscal year 1999, energy cost savings of an estimated $90.64 billion were realized from greater energy efficiency in buildings. The list of innovations is long: more energy-efficient windows, insulation, heating and air conditioning systems and home appliances; better lighting; advanced oil burners; EnergyPlus design software for architects; and fuel cells, triple-effect chillers and other equipment for advanced, "green" buildings.

Here are some examples of BTS programs and how they are saving energy and dollars:

Building Research and Development.—We have made great strides as a nation in the way we construct and operate our buildings. We have documented energy savings of 30–50 percent at little or no cost increase. But there's much more work to be done. Next generation lighting, windows, envelope, heating and cooling equipment and sophisticated controls can revolutionize the way we design and maintain our buildings. Proper design and advanced energy saving products can result in net zero energy buildings, homes and offices that use so little energy, and generate their own, so that they can give back to the electric grid. Sophisticated controls and indoor environmental quality can reduce the vulnerability of our buildings, a critical factor in the post-9/11 world. We can and must reduce our dependence on foreign oil: to heat our homes annually requires an amount of energy equivalent to all the oil we import from Saudi Arabia. With further research, we will discover many methods to increase comfort and productivity. But the BTS budget was cut by $10 million in the R&D line. By adding $10 million to the Equipment, Materials and Tools line item of the Building Research & Development portion of the BTS budget, we can assure progress in achieving the ambitious goals of making our buildings much more energy efficient.

State and Community Programs.—The State Energy Program is a strong foundation for success in reducing energy use in buildings. SEP was appropriated at $45 million in fiscal year 2002 but DOE is asking for $38 million. BTS needs restoration of that $6.2 million and an additional $3M for the Community Energy Programs. So much of the work really goes on at the community level.

Rebuild America has been a great part of the SEP's success as it delivers technical support that states and localities require. In addition, BTS must increase its capability to apply technologies that have come out of the BTS R&D programs. For example, Building America has demonstrated 50 percent energy savings with major homebuilders like Pulte and Beazer and Ryan Homes. In order to expand that information nationwide and give it credibility in each community, BTS needs to utilize the Rebuild America network. Additional funding of $3 million would let BTS reach more homebuilders, community leaders and lenders and provide for builder and building code training.

Rebuild America is a leading example of BTS's ability to build partnerships with local government and the private sector. Three years ahead of schedule, BTS had more than 300 public-private community partnerships at work around the country. Rebuild is saving $170 million every year by improving the energy efficiency and operations of schools, municipal buildings, businesses, multifamily residences, and other buildings. Rebuild partners have already completed or planned retrofits of more than half a billion square-feet of space. And they are saving more than 10 trillion Btus of energy every year, enough energy to power 250,000 homes.

Schools are a big part of Rebuild America's focus. A nationwide survey conducted by the U.S. General Accounting Office estimated a conservative $112 billion to complete needed repairs, renovations, and modernizations for the nation's public schools. According to the DOE, the nation spends $6 billion each year on energy costs for schools—about 25 percent more than necessary.

A number of rapidly growing school districts are using "EnergySmart" school designs. Clark County, Nevada, for example, is building upwards of 100 new schools

at a cost of $4 billion over the next several years. That school district and others are working with BTS to incorporate the just-released high performance school design guidelines, which have been developed with varying recommendations based on climate, geography and energy mix.

The joint DOE-EPA EnergyStar® designation has become a popular one with consumers. That's because the typical U.S. household spends about $1,300 on its home energy bill. EnergyStar® appliances and heating and cooling equipment can reduce that bill by up to 40 percent. Today more than 4,000 stores nationwide market appliances labeled as EnergyStar®, including retailers such as Best Buy, Circuit City, Montgomery Wards, Sears, Tops, Appliance City and others. There now is a voluntary partnership with the fenestration industry to promote the sales of energy efficient windows, doors, and skylights bearing the EnergyStar® label; and a new generation of Compact Fluorescent Light Bulbs (CFLs) have been introduced, which meet the stringent criteria of EnergyStar®.

High Performance Buildings are a BTS area where research has given way to action and the result is savings. BTS is a leader in technology transfer to professionals in building technologies. For example, on its Web site is a powerful software tool that can be downloaded for free. EnergyPlus, formerly known as DOE–2, is a new generation building energy simulation program designed for modeling buildings with associated heating, cooling, lighting, ventilating, and other energy flows. DOE's Energy Efficiency and Renewable Energy Clearinghouse has received upwards of 80 calls a day from architects requesting Energy Design Guidelines for High Performance Schools: Hot and Dry Climates, after the American Institute of Architects' electronic newsletter publicized the guidelines' availability. Hot and Dry Climates is the first volume in a series of guidelines to help the nation's K–12 schools save millions of dollars on their annual energy costs, which now top $6 billion a year. The guidelines are available at www.energysmartschools.gov, or on a free CD–ROM by calling the Clearinghouse at 800–DOE–3732. BTS will release six more sets of guidelines geared to specific U.S. climate zones this year.

A newer area at BTS is the Emerging Technology program, whose purpose is to increase demand for, and to bring new highly efficient technologies to market for buyers, while assisting manufacturers, ESCOs, and utilities. The goal is to pull these emerging technologies, as they appear in new, highly efficient and affordable products, into the marketplace through competitive procurements that are backed by large volume buyers.

During the 1980s, funding was drastically cut for energy-efficiency R&D. When the programs were revisited in the early 1990s, lost ground had to be regained. Research successes are now turning into commercially viable products. It is crucially important to cost share the field testing phase and to push new products through the R&D pipeline to market acceptance, particularly in the fragmented building industry.

Mr. Chairman, the required annual investment in Energy Efficiency and Renewable Energy is less than one percent of what we invest in defense, but its purpose is no less important. It is an investment in our economy, our standard of living, and our very way of life.

WHAT'S THE PAYBACK?

Five years ago, GAO documented $30 billion in just five BTS technologies. The National Academy of Sciences issued a report last year, "DOE funding, was it worth it?" That NAS report reaffirmed the savings in building technologies developed by BTS has been $30 billion annually. With a track record like that and savings potential of literally tens of billions of dollars, adding $20 million to the non-grants part of BTS is a cheap price that will pay off handsomely in reduced energy use, increased health and productivity and a better environment.

We thank you for your attention to this testimony.

PREPARED STATEMENT OF FUELCELL ENERGY, INC.

This testimony requests the following funds for FuelCell Energy, Inc. (FCE) programs with the DOE's Fossil Energy fiscal year 2003 budget.

—$13.5 million (an additional $3.6 million over the $9.9 million DOE request) for the Direct Fuel Cell Program under Distributed Generation/Fuel Cell Systems budget,

—$3.0 million for Vision 21 Fuel Cell/Turbine High Efficiency Power Plant Development under Central Systems/Advanced Systems/Turbines budget,

—$1.0 million for Recovery and Utilization of Coal Mine Methane (subcategory not indicted in DOE budget),

In addition, FuelCell Energy also strongly supports at least doubling the $22.5 million budget request for the SECA program under Distributed Generation/Innovative Systems Concepts budget.

This statement is provided in support of the U.S. Department of Energy's (DOE) Fossil Energy Fuel Cell Program.

SUMMARY

The DOE/FuelCell Energy (FCE) Cooperative Agreement (DE–FC21–95MC3118) defines that $13.5 million is needed in fiscal year 2003. This Product Design Improvement (PDI) cooperative program has been cost-shared by FCE at the 37 percent rate to date. DOE funding for 2003 is directed at further performance enhancements derived from feedback from a broad-based field test program being conducted throughout the United States. FCE has also increased its production capacity to 50 MW/year in 2001 with further increases contemplated for 2002.

Under a Vision 21 Program, FCE has been developing ultra high efficiency Direct FuelCell/Turbine system. A 250 kW fuel cell has already been integrated with a Capstone microturbine. Packaging and engineering of a submegawatt-class system is being initiated in 2002, with participation from Montana State University and CTA Architect Engineers. The requested funds will be used to conduct a submegawatt demonstration in 2003.

Coal Mine Methane is a potentially valuable fuel source if harvested and used in fuel cells to generate electricity. Unharvested, it leaks into the atmosphere with negative impact on the ozone layer with twenty times more impact than an equivalent amount of carbon dioxide. The requested funds will complete the coal mine fuel cell demonstration program initiated 2 years ago.

SECA is a recent DOE initiative to develop high efficiency low-cost modular SOFC power plants with $400/kW cost target. The latest developments in the thin film technology have made this high power density solid oxide fuel cell (SOFC) power plants feasible. These power plants promise dramatic cost reduction by mass production using a common module approach for multiple applications such as stationary power, automotive and military applications. The requested funds will allow awarding additional industrial team(s) to provide unique market and product design approaches, and to assume successful development of the potentially versatile, low-cost product.

FCE expresses its appreciation of the Subcommittee for its support of the stationary fuel cell programs and the U.S. developers during the 2002 appropriations process. Federal support for the program makes the impressive accomplishments and worldwide implications of the DOE program possible.

BACKGROUND

Fossil fuels provide approximately 75 percent of the U.S. electricity. Coal, oil and gas fueled stationary power plants of various sizes connected by a well-developed infrastructure provides this needed energy in the form of electricity. While this system works well, it uses far more fuel than necessary. Generally, U.S. power plant efficiencies vary from 25 percent to 50 percent with a national average of about 35 percent. Widespread use of high efficiency stationary fuel cell power plants using the existing fuel infrastructure for electricity production or in combination with electricity plus heat cogeneration could dramatically reduce the fossil fuel required. This improvement in fuel usage would have a major impact on reducing carbon dioxide, SO_X and NO_X production. The latter would have broad benefits, political, economic, and defense worldwide.

FuelCell Energy, Inc. is a world leader in the development and manufacturing of the highest efficiency fuel cells. By using fossil fuels directly, we have reduced the complexity of fuel cell power plants and greatly raised their efficiencies.

A simple cycle fuel cell power plant can achieve 47–55 percent efficiency, while a combined cycle fuel cell/turbine power plant is projected by both the company and DOE to achieve 70 percent plus efficiencies. Recently, our partner in Germany, DaimlerChrysler's MTU subsidiary, has reported operating a 95 percent efficient cogeneration Direct Fuel Cell power plant at a hospital complex.

FuelCell Energy currently has Direct Fuel Cell field trials in progress or under contract in California, Alabama, Connecticut, Ohio, Washington, and Kentucky. The Company has operated the largest fuel cell demonstration project in the United States in 1996–1997—2,000 kW and achieved a record 44 percent efficiency for a power plant of that size.

NATIONWIDE INTEREST IS GROWING

States, recognizing the above results and other achievements, have initiated their own fuel cell programs to reduce pollution and increase fuel efficiency. Some of the leaders are CA, CT, MA, NY, NJ, and PA with others in the study process.

Forward looking electric utilities such as Los Angeles Department of Water and Power, Alabama Municipal Electric Authority, PPL, and Southern Company are directly involved with us in these field trials. Additionally, our partners in Japan and Europe are continuing their initiatives and receiving orders for field trial power plants.

FuelCell Energy and DOE have been working together on a Cooperative Agreement since the early 1990's. The results so far from this agreement have been very good leading to the aforementioned demonstration in California of the largest, cleanest and most efficient fuel cell power plant operated in North America. Under a separate project as a spin-off of the cooperative agreement, the first hybrid fuel cell/turbine power plant was successfully demonstrated on a small scale.

Over the past 10 years related programs to the Cooperative Agreement have resulted in demonstrations of Direct Fuel Cell operating on coal gas, natural gas and liquid fossil fuels. The latter has resulted in our ongoing project with the U.S. Navy for ship power applications. In the world, only Fuel Cell Energy has demonstrated the capability of operation on such a diverse mixture of fossil fuels.

We would like the Congress to encourage all of the States to initiate programs that use stationary fuel cells that save energy and reduce pollution.

IMPORTANCE OF DISTRIBUTED GENERATION

Distributed Generation has always been an attractive concept from a reliability and security vantage point. Until now, it was difficult to institute because of low efficiencies and air and noise pollution of existing equipment. FCE's Direct Fuel Cell eliminates these latter issues since it delivers high fuel efficiencies, is quiet, and virtually non-polluting. By locating these stationary fuel cell power plants near the customer, the need for transmission and distribution lines are minimized. This enhances both reliability and security since many smaller power plants distributed at the user sites are less vulnerable to events, which can occur over long transmission lines. Moreover, the aforementioned combined with heat and power efficiency gains are a valuable additional benefit.

Further, we believe the Congress should pass legislation that offers tax credits for users of fuel cells. Those credits should be tied to the actual improved operating efficiency of the installed power plants. For example, credits should be extended to fuel cell power plants producing electricity above an efficiency of 40 percent and electricity plus heat at a combined efficiency above 70 percent. The power plants should operate at least 4,000 hours per year to receive the credit. In Germany, the government has announced a 10-year, $8 billion program providing a subsidy of 5 eurocents per kW-hour, which is equivalent to about a $3,000 per kW for fuel cell power plant installations. In England, a $100/ton carbon credit has been recently initiated. Rewarding the good guys for reducing both pollution and fuel consumption is a worthy national priority to stimulate use of equipment in which the U.S. has worldwide leadership. Moreover, a tax credit based on both performance and usage is a win/win for everyone.

Bipartisan support has propelled the stationary fuel cell program through the many years of study, experimentation and testing. Today, at the threshold of market entry, support is needed to continue the fuel cell development at the aggressive pace. FCE sincerely appreciates the work of the Subcommittee and the Department of Energy on behalf of the stationary fuel cell program. We request that the funds requested in the first paragraph be provided within the Fossil Energy budget.

PREPARED STATEMENT OF GENERAL ELECTRIC POWER SYSTEMS

This statement is submitted by General Electric Power Systems (GE) for the information of the Committee during its review of the Department of Energy's fiscal year 2003 budget requests for Fossil Energy and Renewable Energy and Energy Efficiency programs. The testimony addresses several high priority Department of Energy programs: High Efficiency Engines and Turbines, Integrated Gasification Combined Cycle, the Clean Coal Power Initiative and Distributed Energy Resources.

The support for technology advancement provided through DOE's Fossil Energy and Energy Efficiency and Renewable Energy programs is critical to the development of advanced power generation technologies that utilize a diverse mix of domestic energy resources. DOE's Energy Information Administration predicts that de-

mand for electricity will grow at a rate of 1.8 percent per year until 2020. DOE's cooperative efforts with industry will help to assure that this demand can be met with environmentally superior technologies that enable us to harness our domestic fossil fuel resources.

Continued advancements in turbine technology are a key to realizing the potential for cleaner, more efficient fossil fuel power generation. There still remain formidable challenges in several technology areas, including materials, processing, sensor software diagnostics/prognostics, controls and combustion. By improving the U.S. technology base, government-private sector programs to address these challenges also enhance the international competitiveness of U.S. industry. Several DOE programs will make important contributions in this area, and deserve the Committee's support.

HIGH EFFICIENCY ENGINES AND TURBINES (HEET) PROGRAM

The HEET program is directed at producing the technology base needed to enable the development of advanced turbines and engine modules for 21st century energy plants. It represents the Department and industry's continued commitment to cleaner, more efficient power generation from fossil fuels. The HEET program is designed to develop the "game changing" technology for new systems that will foster U.S. competitiveness, offer improved environmental performance and preserve the options for using our fossil fuel resources.

GE Power Systems has worked cooperatively with the Department of Energy in the development of innovative power generation technologies, and fully supports the HEET program. GE has been an active participant in the DOE stakeholder meetings, workshops and surveys to define the research and development needs for the HEET program and to develop the roadmap to fulfill these needs.

Fuel diversity is a leading objective of national energy policy. However, fuel diversity is not rewarded in day-to-day investment decisions on commercial projects. Fuel diversity is at the foundation of the HEET program, and continued advancements in turbine technologies are essential to realizing this goal, as many advanced, coal-fired power generation systems will incorporate turbine technologies. There is a high degree of risk inherent in the aggressive efficiency, cost and reliability objectives for next generation turbine technologies. The collaborative opportunities available through the HEET program provide an important means to assure continued technological advances that the private sector alone may be unable to support due to competing demands.

Achieving the goals of HEET is, therefore, vital to providing a solid private investment framework for solid fuels such as coal, biomass and opportunity fuels. The HEET program has a central role to play in developing a robust and diverse portfolio of energy supply and its corollary, energy security. Gas turbine technology can provide a powerful means to use our abundant coal resources to best advantage. Without an adequately funded program focused on advanced turbines, there is a substantial national risk of not fully utilizing our solid fossil fuel resources.

The HEET program in fiscal year 2003 will emphasize both the adaptation of turbine systems for use in coal-based systems and the integration of turbines and fuel cells into hybrid systems. In the near term, the new technologies supported through the HEET program will provide conservation of natural gas. These advancements will also benefit coal fueled, Integrated Gasification Combined Cycle (IGCC) which has already been demonstrated to provide high efficiency with low emissions. The support for IGCC technology through HEET can provide the United States with the catalyst for the environmentally compatible growth of coal-and-biomass-based power.

A very important element of the program will be its focus on reliability, availability and maintainability (RAM) technologies, including advanced sensors, diagnostics, and condition monitoring technology. Research and development focused on RAM is critical to improving powerplant operability. Industry is diligently pursuing RAM improvements. Partnering with the government will accelerate the pace of this work and speed the introduction and widespread deployment of new technology in the field. This in turn will have tremendous economic benefit by increasing the operational flexibility of gas turbines to provide more power to the electrical grid during periods of peak demand, reducing the costs associated with unplanned turbine outages, making the scheduling of maintenance more efficient, and optimizing turbine performance to reduce emissions. This is particularly so with new, highly efficient turbines, which are also far more complex to operate and maintain. Advances in RAM technology can be moved into the marketplace quickly and applied to the installed base, including current coal based systems, thus enabling the nation to rapidly recognize the benefits of investment in this area.

Fuel cell hybrids are another important area of concentration within the HEET program. A Solid Oxide Fuel Cell (SOFC)—Gas Turbine hybrid is a high risk, high payoff potential product that can offer tremendous flexibility and can move us toward achieving the performance goals of Vision 21. The SOFC/gas turbine hybrid represents a power generation technology with potential simple cycle generation efficiency above 50 percent and in excess of 65 percent to 70 percent when combined with gas turbine-based bottoming cycles. Current state of the art technology is burdened by high production cost, low power density, rapid performance degradation and inadequate hybridization platforms. Technology demonstrated through DOE supported projects will be critical to defining requirements for these longer term, larger-size hybrid products using multi-megawatt gas and/or steam turbines for baseload applications.

The $14 million requested for the HEET program represents a reduction of $4.5 million from the fiscal year 2002 funding level. This reduction will not allow adequate funding for all of the technology development work that is necessary within this important program. GE recommends that funding for the HEET program be increased.

INTEGRATED GASIFICATION COMBINED CYCLE

GE shares the commitment to Integrated Gasification Combined Cycle (IGCC) technology evidenced in the Administration's budget request. IGCC is a leading option for achieving a robust, environmentally superior and secure national power system utilizing abundant and indigenous fuel sources. It has flexibility to deal with a wide variety of feedstocks—including coal, petroleum coke and biomass.

IGCC is the cleanest and most efficient technology for power generation from coal. If IGCC is adopted as the preferred coal based power generation technology, it will help the country and power producers meet the environmental goals of reducing NOx, mercury, and other air pollutants, while also advancing sound energy policy goals of retaining a secure and diverse mix of fuels for electric power generation and improving the efficiency of coal based power generation. The synthetic gas produced from feedstock gasification in an IGCC system permits the economical removal of carbon to provide a hydrogen-rich feedstock for either low-CO_2 combustion in a turbine, direct export or chemical production. IGCC offers the opportunity for the first commercially relevant steps to a hydrogen economy based on our most abundant domestic energy resource—coal.

GE recommends that Congress and DOE support research that will provide the continued development of IGCC as an environmentally superior technology for all solid fuels. GE recommends support for research that is focused on materials for extending gasifier refractory life and in syngas treatment and combustion systems for air blown gasification. Gasifier refractory failures and scheduled replacements are a key contributor to unavailability of IGCC. Air blown gasification is well suited to biomass and renewables, but faces challenges in the disposition of high levels of ammonia in the syngas which is converted to NOx in combustion. Research and development work also is needed for fuel control systems and combustors to deal with the high temperature (greater than 750 degrees Fahrenheit) syngas typical of air blown gasification. Both air blown and oxygen blown gasification IGCC systems will benefit from advances in NOx and mercury removal strategies. These include development of removal techniques allowing lower levels of emission as well as process cost reduction and simplification. All of these efforts will contribute to the increased use of the U.S. coal, petroleum coke and biomass reserves for clean and low cost electric power generation, in keeping with the overall goals expressed by the Department for the "Vision 21" emissions-free powerplant of the future.

CLEAN COAL POWER INITIATIVE

GE supports DOE's Clean Coal Power Initiative (CCPI) as an effective vehicle to move state-of-the-art improvements in IGCC environmental performance, reliability and efficiency forward to commercial scale demonstration. The structure of the program as a joint government-industry funded program will enable the CCPI to benefit from GE's own investments in combustion development for fuel-flexible, low NOx power generation systems. The CCPI is the right way to build on the experience of Rounds III and IV of the Clean Coal Technology Program and the Public Service of Indiana (now Cinergy) Wabash IGCC repowering and the Tampa Electric Company Polk IGCC demonstration. These two plants, utilizing GE gas turbines, have successfully logged over 50,000 hours operating on coal synthesis gas.

Achieving the maximum benefits of the CCPI needs the engagement of EPA and the regulatory community to identify and remove regulatory barriers and uncer-

tainty in the ultimate commercial deployment of the technologies to be supported through the program.

DISTRIBUTED ENERGY RESOURCES

GE supports funding for distributed generation (DG) technology advances, contained in both the fossil energy and energy efficiency budget requests. The specific areas of focus for combustion-based DG should be reduction in emissions, increased efficiency, fuel flexibility and reduction in equipment cost. Combustion-based DG would include microturbines ranging from 30 to 500 kW and reciprocating engines ranging from 300 to 3,000 kW.

The Department's budget request for distributed generation programs in the fossil energy budget account includes funding for the continued development of Solid Oxide Fuel Cell technology. GE strongly supports this activity leading to development of a commercial prototype of a solid oxide fuel cell/turbine hybrid power systems in the multi-megawatt size range. The Department's planned focus on this technology highlights once again the need for adequate investment in improving turbine technology, which will be a key contributor to the success of proposed hybrid systems.

In addition to the current programs supported by DOE, other efforts should be supported. GE recommends funding of a program to develop technology for high-speed turbines coupled directly to generators and power conversion equipment in the 2–10 MW range. This DG technology will offer energy consumers opportunities to reduce emissions, reduce the size and cost of generation facilities, and the ability to diversify their energy sources. This additional flexibility in energy supply could be quite valuable to owners of factories, refineries, Internet server farms, and other bulk energy users. This technology can displace some generation alternatives, such as diesel-generator sets, with cleaner, less expensive alternatives.

Programs focused on grid interconnection cost reduction, distributed control and dispatch of DG's, increased power quality, system monitoring and reduction in installation and operating cost should all be considered in order to ensure success of all DG technology options. DOE and GE funded research aimed at addressing system integration issues for distributed generation has made substantial progress in addressing technical concerns and barriers with respect to existing electric power infrastructure and businesses. This effort should be continued and expanded.

CONCLUSION

Investments in fossil energy programs remain essential to achieving energy security through a robust portfolio of fuels including coal and renewables. Advanced turbine technologies are critical to achieve the fuel diversity goals of the National Energy Policy. Continued technology development remains vital to assure that a range of options is available for power generation in this country, and to support U.S. technology leadership in export markets.

PREPARED STATEMENT OF THE BUSINESS COUNCIL FOR SUSTAINABLE ENERGY

INTRODUCTION

The Business Council for Sustainable Energy offers testimony on the role it foresees for the Department of Energy's (DOE) energy efficiency and natural gas research, development, demonstration and deployment programs.

The Council was formed one decade ago by businesses and industry trade associations sharing a commitment to achieve our nation's economic, environmental and national security goals through the rapid deployment of clean and efficient natural gas, energy efficiency and renewable energy technologies. Our members range in size from Fortune 500 enterprises to small entrepreneurial companies, to national and international trade associations.

We thank the Congress for its exceptional work in crafting the fiscal year 2002 funding bill but have mixed observations on the Administration's fiscal year 2003 proposals. More so now than ever, it is critical that we put American energy security under the control of American technology and take it, to the greatest extent possible, out of the hands of potentially unreliable international energy suppliers.

A FEDERAL ENERGY COMMITMENT IS CRITICAL

Although circumstances today appear radically different from those of 1 year ago, we remain in fundamentally the same situation from an energy security perspective; the reality has only become that much more stark. While blackouts and price swings

abated, a revived economy may see their return. Furthermore, the events of September 11 have renewed attention on energy security in a way that had been completely unimaginable. The importance of energy security, due to our energy vulnerability, now claims great interest.

Given the breadth of DOE activities, we will not attempt to address all natural gas and energy efficiency programs. Rather, we focus on several programs that the BCSE believes illustrate the value of the federal government's energy efforts.

NATURAL GAS INFRASTRUCTURE

The Administration requested no funding for natural gas infrastructure research in its fiscal year 2003 budget, compared with $10 million appropriated by Congress for the current year. We respectfully request an increase to $25 million for Infrastructure programs.

We strongly support DOE's program for natural gas industry Infrastructure and Operations. This program was initiated in fiscal year 2001 with an appropriation of $4.9 million for infrastructure and has been met by tremendous enthusiasm and project cost sharing within the natural gas industry. More than 70 proposals, totaling in excess of $45 million, were submitted by industry partners in response to the first year's program funding. These proposals exceeded the available dollars by a nine-to-one margin. All proposals met or exceeded DOE's 35 percent cost-sharing requirement. Congress appropriated $10 million for fiscal year 2002 and all indications are that industry partners will respond at least as enthusiastically as last year.

In general, DOE's infrastructure R&D is geared to its mission to make the nation's energy infrastructure more reliable, efficient and able to meet the needs of the economy. It tends toward longer-term benefits. DOE's programs include projects such as: more corrosion-resistant material that can transport gas at higher pressure, more fuel-efficient compressors that are 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. All of these contribute to public benefits in terms of additional domestic energy supply, increased safety and reliability, lower cost to consumers, and improved environmental performance.

Some argue that all natural gas infrastructure research should be conducted by the Department of Transportation. The Office of Pipeline Safety (OPS) in DOT does conduct limited infrastructure-related work. 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. 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 but extremely essential missions and their programs reflect it.

Meeting a large increase in demand efficiently will require continued cooperation between DOE, DOT and the natural gas industry to develop the necessary research tools. It is clear that immediate and substantial investment in research supporting natural gas infrastructure is essential to ensuring energy reliability and security in our nation.

DISTRIBUTED ENERGY RESOURCES

Reliable, on-site generated power continues to increase in its importance as more and more manufacturing processes and information technologies become dependent upon a continuous supply of high-quality power. Whether energy is produced by microturbines, reciprocating engines, fuel cells or other gas-fueled systems or by renewable energy technologies, challenges to widespread deployment remain. Some of these technologies need further refinement, while all need federal intervention in the development of interconnect standards to gain access to the electricity grid. Also, many of these technologies benefit from integration into energy delivery systems, a challenge not undertaken within individual technology development programs. In essence, despite the pull from the marketplace, the federal role remains strong. We request a $90 million appropriation for fiscal year 2003.

The DER program is significantly under-funded. The Office of Power Technologies receives nearly ten solicitation applications for every award it makes. While more manufacturers are entering the market, significant RD&D requirements abound. DER provides the opportunity for more efficient use of waste heat to achieve total system efficiency levels as high as 80 percent. Further, the higher efficiency of DER systems inherently leads to lower emissions since they typically use cleaner feedstock fuels than many central power plants. Developing technologies through such efforts as a special heat engine initiative utilizing Rankine Organic Cycle and Stir-

ling engines utilizing was heat and biogas would move these concepts forward. It is important to move ahead on development of these and thermally activated equipment for combined heat and power applications.

The national economy is inextricably linked to information and electronically sensitive computer systems that require uninterruptible power that the 50+ year old electric grid is increasingly challenged to serve. Many utilities are now exploring the utilization of DER to reduce the strain on congested transmission systems. On-site DER systems are especially important for high-tech and mission-critical facilities as they offer dramatic power quality and reliability increases. Mission-critical systems, be it in high-tech, healthcare, manufacturing or government facilities, are enhanced by DER.

We are very supportive of the modest $7.5 million proposal for proton membrane exchange fuel cell program within the Office of Power Technologies. We highlight the need for these resources to be concentrated toward the research needs to develop a robust and reliable power generation unit.

Collectively, tremendous work remains in the areas of system development, advanced batteries, smart 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, is working in partnership with industry to advance the state of the art of these technologies and is working to promote commercial acceptance.

Alternative Fuel and Natural Gas Vehicles

Transportation remains the fastest growing energy consuming sector. Alternative fuel vehicles (AFVs)—including natural gas and electric vehicles—promise to reduce U.S. reliance on imported oil and shift it over to a far cleaner, more secure and abundant hemispheric resource that virtually eliminates emissions of criteria air pollutants.

The Clean Cities program is an important program that continues to develop. Increasing the use of gas-fueled vehicles in proven markets such as transit and school busses, delivery and other centrally fueled fleets is building experience as well as establishing critical infrastructure to foster further expansion. We request $30 million for this voluntary partnership.

Utility Programs

DOE also works effectively with utilities and power authorities to promote energy efficiency. Through voluntary programs such as Climate Wise, DOE has obtained the commitment of utilities to reduce utility emissions of greenhouse gases. Generally, activities that reduce emissions reduce energy use. Climate Wise participants—such as Council member Sacramento Municipal Utility District (SMUD)—have premised their programs on sound economic principles. California and soon other parts of the nation will recognize that efficiency is one critical tool for maintaining reliable electricity supplies.

OTHER PROGRAMS

We are disturbed by a variety of certain proposed cuts and recommend 20 percent funding increases for programs such as thermal insulation and building materials and Clean Cities. We are supportive of increases to programs such as Building America.

Federal Energy Management Program

The BCSE is very supportive and appreciative of the Congress' support of the Federal Energy Management Program (FEMP) for this fiscal year and lauds the Administration for recognizing the value of this program in their budget request. The federal government is the single greatest consumer of energy in the nation and FEMP's public/private partnership program is working to save both energy and taxpayer dollars. In these times of supply constraint and rising prices, this program should be made more aggressive to include improving significant facilities at all federal agencies. Funding for FEMP should pays dividends to the government, taxpayers and the environment. The proposed budget for fiscal year 2003 should be enthusiastically supported.

Conclusion

The Council believes that the federal government's participation in cost-shared public/private partnerships that develop reliability-enhancing, cost-effective non- and low-polluting technologies is crucial during this time of energy stress. No single technology or fuel is a panacea, and making a wide breadth of technologies available to the marketplace will result in actual energy solutions.

PREPARED STATEMENT OF THE AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY (ACEEE)

DOE's decision not to seek the broad R&D cuts that characterized the 2002 request indicates recognition of the need for a sustained commitment to energy efficiency research, development, and deployment as part of a balanced energy policy. While some programs received deserved increases, DOE's RD&D programs remain well short of the funding levels recommended by independent review panels. ACEEE requests the subcommittee increase funding for 11 programs for a total of $35.8 million. Our analysis of the high-priority program areas meriting increased support are described below.

BUILDINGS SECTOR

Space conditioning and refrigeration R&D.—The budget request cuts this program by $2.7 million, or 47 percent. We recommend this proposed cut be restored and that this program be continued at the 2002 level. DOE needs to be able to pursue its important work in the areas of reducing peak impacts of residential and commercial AC systems, improved air distribution systems, improved AC field performance, and AC system retrofits, which our research has shown are the top priorities for efficiency improvement in HVAC systems. Recommended funding level: $5.8 million.

Appliances and Emerging Technologies.—This program is proposed to take a 22 percent cut; we recommend that it be funded at the 2002 level. Promising work, especially in the areas of heat pump water heaters and commercial refrigerators, needs to be continued to bring important new technologies to market. Recommended funding level: $2.25 million.

Windows R&D.—The 2003 request calls for a $2.7 million, 43 percent cut in windows RD&D. ACEEE's research as well as the National Research Council's review of DOE R&D programs have shown DOE's windows program to be one of the Department's best success stories. We recommend that the proposed $2.7 million cut be restored to the 2002 level. The proposed reduction would create severe damage to the cost-effective activities this program has created, especially in field testing of advanced fenestration technology, development of retrofit fenestration products, and education through the Efficient Windows Collaborative. Recommended funding level: $6.2 million.

Appliance Standards and Building Codes.—DOE standards produce the greatest energy savings of any DOE program. DOE has taken on new commitments in the appliance standards area, based on the objectives of the National Energy Plan. Current legislation is also very likely to add new rulemakings to the Department's agenda. While the 2003 request contains a small 9 percent increase for this program, that would only serve to restore the cut that occurred in 2002. We recommend that an additional $2 million be added to this vital and cost-effective program. Building codes also need increased support as states respond to their EPAct mandate to review and adopt the 2000 International Energy Conservation Code. State technical assistance and grant support was cut from $4.2 million to $1.8 million in fiscal year 2002. The 2003 request remains at the 2002 level; we recommend it be restored to the 2001 level of $4.2 million. Recommended funding levels:

[In millions of dollars]

Lighting and Appliance Standards	11.2
Updating and Implementing State Energy Codes	4.2

TRANSPORTATION SECTOR

Materials Technologies.—The 2003 request cuts materials technologies by $10.5 million (26 percent), with the bulk of the cuts coming from the light duty vehicle program. High-strength, lightweight materials, along with hybrid vehicles, have been one of the success stories of DOE's transportation technologies program and there is much left to be done here, such as work with carbon composites, magnesium, and titanium. This program should be at least sustained at 2002 levels. Recommended funding level: $40.3 million.

Vehicle Technologies R&D.—Hybrid Systems would be cut 8.6 percent in the 2003 request, from $46.6 to $42.6 million. Most of the cut is on the light duty side, where hybrids have been a notable success. Further technological advances will help to accelerate hybrids' market penetration, so this is not the time to reduce DOE commitment to this technology. Heavy-duty hybrids are lagging behind light duty hybrids, despite their enormous energy savings potential. Yet the budget request proposes to slow the pace of this work. We recommend that both light-duty and heavy-duty

hybrid technology funding be sustained at 2002 levels. Recommended funding level: $46.6 million.

Advanced Combustion Engine R&D.—This program is reduced 17 percent, from $49.1 million last year to $40.7 million in the budget request. We recommend restoring funding to 2002 levels if the funds are used for improvements to heavy vehicle engines, which are already overwhelmingly diesel, or for light-duty diesel engines that are as clean or cleaner than gasoline engines. Recommended funding level: $49.1 million.

Technology Deployment.—The budget proposal for Technology Deployment is essentially level funding. This program houses some of DOE's most effective and publicly popular efforts, such as the Clean Cities program. Moreover, without a commitment to regulatory solutions such as CAFE to push the market, DOE must increase its commitment to market pull through voluntary deployment programs. It should also be noted that initiatives such as a nationwide Green School Bus Pilot Program that may arise from the energy bill will necessitate significant additional funding for Technology Deployment. We recommend an increase in this program area of at least 10 percent. Recommended funding level: $16.5 million.

INDUSTRIAL SECTOR

While the overall funding for OIT programs is appropriate, we recommend that funding be increased for the Industrial Best Practices program by at least 10 percent. This program offers crosscutting benefits to the industrial sector, and based on ACEEE analysis has proven to be very cost effective. The Motor Best Practices part of the program has been an effective market deployment effort, but has been under-funded in recent years. The assessment activities (i.e., Industrial Assessment Centers, Targeted Assessments and Plant Wide Assessments) within the Best Practices program are very important, and could benefit from expanded funding of 10 percent. Recommended funding levels:

[In millions of dollars]

Industrial Assessment Centers	8.5
Industrial Best Practices	9.1

ENERGY INFORMATION ADMINISTRATION

EIA needs additional funding for its critical market data collection and analysis programs within the Energy Markets and End Use office. The residential (RECS), commercial (CBECS), and industrial (MECS) surveys have been under-funded in recent years. This has forced EIA to reduce the frequency and the level of detail in these survey efforts. Without this critical data, it is impossible to measure the effects of several important policy initiatives. For example, voluntary climate change programs will need regular, detailed information on energy use by sector and end use to assess the impact of various programs. We recommend at least a $1.2 million increase for these program activities. Recommended funding level: Energy Markets and End Use, $13.8 million.

DOE FISCAL YEAR 2003 ENERGY EFFICIENCY BUDGET SUMMARY OF ACEEE RECOMMENDED ADDITIONAL APPROPRIATIONS

[In thousands of dollars]

Buildings	Amount	
Space Conditioning and Refrigeration R&D	2,700	Restore to 2002 level.
Appliances and Emerging Technologies R&D	500	Restore to 2002 level.
Windows R&D	[1] 2,700	Restore windows program to 2002 level.
Appliance Standards and Building Codes	[2] 2,000	Needed for likely new mandated rulemakings.
	[3] 2,400	Needed for mandated state code reviews.
Transportation:		
Materials Technologies R&D	10,300	Restore to 2002 levels.
Vehicles Technologies R&D	4,000	Restore to 2002 levels.
Advanced Combustion Engine R&D	8,400	Restore to 2002 levels.
Industrial:		
Industrial Assessment Centers	800	10 percent increase.
Industrial Best Practices	800	10 percent increase.
Energy Information Administration: Energy Markets and End Use.	1,200	10 percent increase in end use surveys .

DOE FISCAL YEAR 2003 ENERGY EFFICIENCY BUDGET SUMMARY OF ACEEE RECOMMENDED ADDITIONAL APPROPRIATIONS—Continued

[In thousands of dollars]

Buildings	Amount	
Total	35,800	4 percent overall increase in efficiency budget.

[1] To windows program.
[2] To appliance standards.
[3] To state grants.

PREPARED STATEMENT OF HONEYWELL

On behalf of Honeywell, I am submitting testimony related to the Energy Efficiency (EE) programs at the Department of Energy (DOE). We request that the total Energy Efficiency Research and Development Budget be appropriated in fiscal year 2003 at the fiscal year 2002 level of $636.0 million. Under the Distributed Energy Resources Program (DER) Office of Power Technology, we recommend $11.0 million in funding for microturbines in fiscal year 2003; $9.3 million for Advanced Materials and Sensors to include high and medium velocity rigs; and $2.0 million within the budget request for the Federal Energy Management Program technical assistance program for specific technologies. In the Office of Transportation Technology (OTT), we request $5.5 million for engine boosting technology research for both diesel and gasoline engines.

TRANSPORTATION (OFFICE OF TRANSPORTATION TECHNOLOGY)

To meet the Department of Energy's vehicle technologies research and development goals, key technologies are needed, including electrically assisted turbocharging (EAT) and adequate funding is required. Under the Vehicle Technology, R&D, Light Truck Engines, Advanced Combustion Engine R&D program, Honeywell has been conducting a development program for EAT which will demonstrate improved vehicle response, reduced fuel consumption for light trucks and SUVs. Honeywell requests an additional $1.0 million to the DOE fiscal year 2003 budget request of $500,000 to continue this program. So far, Honeywell has designed, developed and procured prototype hardware for small diesel engines and diesel manufactures have tested this hardware successfully on their engines/vehicles. The additional funding would be used to test two small turbochargers on a large SUV size engine, identify issues with electrically assisted turbocharging on large engines and develop scale factors from small to large turbochargers. Honeywell also recommends that a $1.0 million heavy-duty diesel engine EAT program feasibility study be initiated.

Honeywell also requests $3.0 million to demonstrate advanced engine downsizing to engine/vehicle manufacturers. Engines in passenger vehicles are sized to give good acceleration and driveability performance. The result is that engines are oversized by a factor of two.

Under normal, road load, cruise conditions the large engine is underused and is therefore inefficient, resulting in poor fuel economy. If a downsized engine is used, it gives better fuel economy but poor driveability performance.

Turbocharging enables the best of both worlds—a small engine for cruising, turbocharged to supply high power as needed, for driveability. Data taken from European gasoline engines in 1992–1993 model years and 2000–2001 model years indicates that for the same power, a turbocharged gasoline engine is fifty percent smaller (2 litre versus 3 litre) and gives about 8 to 10 percent better fuel economy.

Turbocharging technology needs to be adapted to American driving conditions and emissions standards, for gasoline and diesel engines, for various size vehicles. Funding would be used to reduce cold start emissions to meet more stringent emissions regulations, improve materials to withstand higher temperatures under highway conditions and to improve turbocharger response to make it completely transparent to the user.

Honeywell also recommends an increase of $1.0 million so that the DOE can carry out the high temperature foil bearing development program being conducted at Garrett Engine Boosting Systems and Engine Systems & Services.

For Advanced Combustion Engine R&D, Honeywell recommends that the Committee restore the fiscal year 2003 budget request of $17.6 million to the fiscal year 2002 appropriated level of $19.9 million. Honeywell is in the process of negotiating the final contract to complete an ambitious program to develop an emission control

device for diesel vehicles that will allow them to meet the new lower emission standards expected to be effective in 2007 for NO_X emissions. The original plan called for a $2.4 million budget over 3 fiscal years beginning in fiscal year 2002. Funding for this program was reduced in fiscal year 2002, thus causing concern that the program will extend past the 3 year time frame and delay the introduction of the product into the marketplace. This will mean that the 2007 target will be missed. An additional $400,000 should be added to the fiscal year 2003 budget request to put the program back on schedule so that EPA and DOE timetables can be met.

DISTRIBUTED ENERGY RESOURCES (OFFICE OF POWER TECHNOLOGY)

Honeywell remains concerned about the delivery of constant, quality power. It is estimated that power interruptions cost the nation's economy approximately $50 billion annually. Potential threats to large generating systems and the transmission network in the wake of the events of September 11 cause additional concern regarding the delivery of power.

Honeywell introduced the Parallon 75 microturbine in 2000. The Parallon, a 75kW microturbine, creates energy by compressing and combusting gaseous or liquid fuels at a high temperature to operate a high-speed generator.

As the Committee will recall, last year, General Electric attempted to acquire Honeywell. In the aftermath of that failed acquisition and, as part of the settlement between the two companies, Honeywell sold its microturbine business to General Electric. Honeywell, however, in the on-going microturbine contract still retains a forty-percent interest in the contract and remains committed to seeing efficient microturbines reach the marketplace. Honeywell recommends that the budget request of $7.0 million be increased to $11.0 million for fiscal year 2003, the same level as provided for in fiscal year 2002. Within an appropriation of $11.0 million, an increase of $1.0 million should be included for the advanced microturbine system program so that Honeywell can carry out its ceramic development engine test activities as proposed in a revised microturbines statement of work.

Achieving significant improvements in efficiency, emission and durability for all prime mover technologies require new approaches to the various components and the use of materials like metals and ceramics. DOE has funded and advanced materials development for turbine and engine components such as combustion liners, turbine tips, and engine shrouds. Advanced ceramics for turbine engine applications has been a major thrust at Honeywell and several other engine companies to overcome the limitation set by the metallic parts in turbine engines. As a result of collaborative efforts between industry, government and national laboratories, particularly Oak Ridge National Laboratory (ORNL), significant advances in a ceramic engine design and silicon nitride materials and fabrication technologies have been achieved. A number of silicon nitride components are in production and being implemented in gas turbine applications; some are in final stages for commercialization, others are in development programs from the Department of Defense (DOD), NASA and DOE. A large part of the success of these ceramic components is due to the continued support of this Committee.

Honeywell Ceramic Components is in production with several silicon nitride parts. The work includes 30,000 seal runners (oil seals) for the Honeywell 731-series turbofan propulsion engine installed with over 6 million operating hours for the accumulated fleet and gerotor silicon nitride rings for Honeywell Auxillary Power Units (APUs) on Boeing and Airbus aircraft. In January 2002, a 2-year ceramic blisk field evaluation was launched in an ASE8–800 industrial engine at Questar Gas Company in Salt Lake City. A field evaluation on two ceramic nozzles on APUs on a Lufthansa A300–600 has accumulated over 6,000 hours of reliable operation. A third evaluation was begun in February for Royal Jordanian Airlines. Honeywell Engine Systems & Services is developing a high-speed burner oxidation rig at its facility which will be available for use in the testing of ceramics for DOE's contractors.

This should be ready for operation in early 2003. Honeywell recommends an additional $1.0 million for the multi-functional high-speed burner rig to complete its development and cover start-up costs for the first year of operation. Honeywell also recommends $1.0 million for the low-flow burner oxidation user rig at ORNL. Honeywell is requesting an increase of $2.0 million for these programs funded through the Technology Based Advanced Materials and Sensors program.

Honeywell Engines and Systems has continued to work with its partners Precision Combustion (PCI) and Texas A&M University on the Fuel-Flexible Ultra-Low Emissions Combustion System for Industrial Gas Turbines program.

In the last year, sub-scale catalyst modules were manufactured and conversion rate testing was completed on various fuels. Results were sufficiently encouraging to proceed to the sub-scale combustion tests. These were completed on natural gas,

diesel and a simulated landfill gas at conditions appropriate for the ASE50DLE engine. Target NO_X emissions below 5ppm were achieved on both the gaseous fuels at 100 percent simulated power, with part power diesel emission below 9ppm. The study to integrate the catalyst modules into the ASE50DLE engine is nearing completion at Honeywell. Texas A&M has completed the laboratory demonstration of the NO_X sensing system and is working on the CO system. Immediate plans are to complete the integration study and perform a demonstration test on the emissions sensing system in an engine environment at Honeywell. Honeywell recommends that $500,000 be added to the fiscal year 2003 budget for continued development of emissions and flame temperature sensing technology leading to testing.

Honeywell is working on a Building, Cooling, Heating and Power (BCHP) development program that packages technologies that will include operational optimization in real time and automate the make-buy decision for on-site generation. The reference package designs will allow BCHP systems to be applied to a variety of customer sites. Honeywell supports the $2.8 million for this program in fiscal year 2003 within the $19.4 million budget request for End-Use Systems Integration and Interfaces, Cooling, Heating and Power (CHP).

FEDERAL ENERGY MANAGEMENT PROGRAM (FEMP)

Honeywell is a leader in Energy Savings Performance Contracting (ESPC) and commends the Administration's budget request for the FEMP that reflects an increase over the fiscal year 2002 appropriated level. Within the fiscal year 2003 budget request of $27.8 million, $2.0 million should be provided for technical guidance and assistance for design and procurement for new distributed energy, energy efficient and renewable technologies.

PREPARED STATEMENT OF DETROIT DIESEL CORPORATION

Detroit Diesel Corporation (DDC), a DaimlerChrysler Powersystems Company, provides this statement for the record addressing the Administration's fiscal year 2003 budget request for the Department of Energy's Office of Transportation Technologies (OTT). We have been made aware of the just announced reorganization of the Energy Efficiency and Renewable Energy (EERE) Office into eleven new integrated program offices. Nevertheless, we provide this statement relative to the Administration's formal submission to the Legislators. We generally support the Administration's budget request for "OTT", but we respectfully urge the Committee to consider further enhancements to critical key line items that require prompt and immediate attention to reduce the U.S. 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 OTT 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 over a decade.

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. This "next generation" technology requires substantial level of new inventions. However, we believe that it is equally important to support the "bridge technologies" to meet our near and mid-term transportation needs, as the Energy Secretary clearly affirmed during his statement before the Senate on March 7, 2002. The CIDI (clean diesel) engine technology, along with the mandated low sulfur fuel, is well positioned to be our nation's prime mover for goods and people in the near-term and through the middle of this century, essentially following Eu-

rope's lead. In this regard, our comments will focus on the program line items that provide substantial potential payback for this important area of national interest.

Three line items under the proposed fiscal year 2003 Advanced Combustion Engine R&D program element are CIDI Combustion and Emission Control, Heavy Truck Engine and Light Truck Engine. The CIDI 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. For decades to come, clean diesel engines are the most relevant solution offering significant fuel economy savings with cleaner environments. Initial developments show potential for lower emissions meeting the mandated 2007/08 Tier-II 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 $17.6M request in this area by an additional $5.5M (Total = $23.1M) to handle the urgent technical issues of the relevant emerging technologies.

The Heavy Truck Engine has an fiscal year 2003 request of $6.979M, less than the fiscal year 2002 enacted $9.396M budget! The new 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 mandates will further reduce both NOx and particulate emissions by an additional 90 percent from the yet-to-be practically demonstrated 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. We urge the committee to consider increasing the Heavy Truck Engine line item by an additional $6.5M (Total = $13.5M) to assert and support the urgency of accelerated development of these related high risk emerging technologies.

The Light Truck Program fiscal year 2003 budget request of $13.106M, less than the fiscal year 2002 enacted $17.783M budget, targets the development of clean diesel engine technologies for light and medium trucks. This area of collaboration is at a critical stage of development, having been a competitively bid highly cost-shared effort which is targeted for completion by fiscal year 2004. This program line item includes multiple industry teams that are near the culmination of their R&D efforts aiming towards demonstration of viable technologies to meet stringent future Tier-II emissions levels. We believe that increasing the funding level to at least $16M would help harvesting the fruits of the already initiated efforts. This would help in decreasing the technical risks for launching its application into this significant market segment, thus making the technology ready for further developments via independent industry R&D investments.

The Materials Technologies is a separate OTT program element having a budget request of $18.8M, a reduction from the $21.22M enacted in fiscal year 2002. This program element incorporates Propulsion Materials Technology, Lightweight Materials Technology and High Temperature Materials Laboratory. 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 2002 $21.22M level to leverage the insertion of advanced materials into applications supporting the previously mentioned emerging technologies.

Once again, we applaud the Administration's initiative to develop a National Energy Policy, the Department Energy's FreedomCAR initiative and the new EERE reorganization. We take this opportunity to affirm our strong endorsement to the proposed Department of Energy's fiscal year 2003 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 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 the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy, energy conservation programs. Specifically, we are testifying in support of no less than $68 million for the State Energy Program (SEP) and the President's request of $277 million for the Weatherization Assistance Program (WAP). These funding levels move towards President Bush's promise included in his campaign issue paper on energy to double Weatherization and SEP. We also support an important program which has been a dramatic success, the State Energy Programs Special Projects account, which should receive at least $18 million, consistent with the fiscal year 2002 funding levels. NASEO also endorses funding for the State cooperative RD&D initiative at no less than the $6 million provided in fiscal year 2002. While this program was not included in the President's budget request it is strongly supported by the states and the Subcommittee. This effort has been successful and enormous opportunities for future work is available.

NASEO supports increased funding for the Energy Information Administration (EIA), including especially updates for the State Heating Oil and Propane Program (SHOPP) and other state data sets. Doubling of the frequency of information collection, the addition of natural gas and increasing the number of state participants is critical.

NASEO supports funding for DOE's Building and Industrial efforts, as well as the increased funding requested by the Administration for the Rebuild America program within the Buildings division. Rebuild America delivers technical assistance and project funds to state and community partnerships to implement building retrofit projects, utilizing public and private financing. NASEO also endorses funding equivalent to fiscal year 2001 levels for the Committee on Energy Efficiency Commerce and Trade (COEECT), which has not been supported by the Administration. Within the international line item, the states are actively involved in energy export promotion.

As you prepare your mark for fiscal year 2003 energy efficiency funding we ask that you fund the State Energy Program at least at a level of $68 million. We also ask that you fund the Administration's request of at least $277 million for the Weatherization Assistance Program. Our request is consistent with a bi-partisan letter currently being circulated throughout the House and Senate. Mr. Chairman, these programs are successful and have a strong record of delivering energy savings to low-income Americans, homeowners, businesses and industry.

The state energy offices that operate SEP focus on balanced energy programs, including the utilization of all resources. Funding of SEP is critical to this effort. It leverages an enormous amount of non-federal funds, from private, state and local sources.

Another critical piece of the energy puzzle is the necessity to respond and prepare for energy emergencies. Certainly, after September 11 there has been a renewed focus both nationally and on the state level on addressing these serious energy security needs. This has placed enormous additional burdens on the energy offices. With increased energy price volatility, as evidenced by the unprecedented run-up in gasoline prices this month, state efforts are pressed to the limits. Energy offices have responsibilities to ensure that energy infrastructure is operational and the offices work with industry to improve operations. These offices also coordinate with law enforcement and emergency teams to address ongoing needs. Our infrastructure is being severely tested. SEP funds are utilized to prepare for these emergencies. We have seen during the past 3 years dramatic price spikes in a variety of fuels, historically low inventory levels and multiple problems across the country ranging from the western electricity crisis to midwestern natural gas and gasoline price spike issues.

As we consider comprehensive energy legislation, the importance of the work and the funding support of this Subcommittee has certainly been placed more clearly in the forefront. SEP is critical to a balanced national energy strategy.

The State Energy Program provides tremendous benefits to energy consumers while leveraging significant private sector resources. In particular, SEP has documented a return of over $4 in private sector funds for every Federal dollar contributed. SEP also allows states and regions to implement their own energy programs targeting state priorities. The State Energy Program provides assistance to virtually every sector of the economy. While there are examples from every state, a few are as follows:

—Alabama has operated a water efficiency program for a number of years, including leak detection. The production, treatment and distribution of water is highly

energy-intensive. During the year 2000, 20 systems with 50 operators were surveyed, with changes producing monetary savings of over $400,000. Since this program began operations over 7.5 billion gallons of water have been saved with a corresponding savings of $9 million.

—In California, SEP provided approximately $2 million while the state provided base funding of $85 million in 2000–2001, with additional one-time funds of $390 million in 2001. New energy efficient building and appliance standards have produced savings on reduced utility bills of approximately $16 billion since the program began. New initiatives in the area of "cool roofs", efficient vehicle incentive programs, energy efficient technology programs, etc. have produced savings in the billions.

—Kentucky has matched an array of SEP activities with industrial energy efficiency, Energy Star partnerships, Rebuild America and performance contracting to produce a number of successful initiatives. In the industrial area enormous savings and research has been developed to help reduce energy use and preserve jobs covering 21 percent of the state's manufacturing sector.

—Iowa's building program has helped schools, hospitals, local governments and community facilities reduce energy use through energy efficient financing of projects. $150 million in improvements have been implemented with cumulative savings of $134.7 million in energy costs thus far. During the past 2 years alone Iowa received approximately $950,000 in SEP funds and has leveraged $27.4 million in improvements.

—Maryland's activities have ranged from alternative fuels promotion to energy efficiency in public buildings to the development and enforcement of new building codes and renewable energy activities. Maryland has implemented a new tax credit for energy efficient buildings. The state has leveraged Federal dollars at a ratio of over 3:1.

—Missouri has focused attention on energy efficiency in schools, with 315 loans and $33 million in investment, with estimated annual energy savings of $6.6 million. The Pattonville School District in St. Louis borrowed $112,000 to utilize methane gas from a nearby landfill to power school boilers. This is saving $40,000/year, thus paying for itself in approximately 3 years. Kansas City replaced 4,000 red stop lights with light emitting diodes (L.E.D.s), saving $125,000 per year.

—Nebraska created an energy savings loan program capitalized with $10 million. A total of $14.14 million has been added to the loan pool. Revolving loan funds of this type are operated throughout the nation. In a study done a few years ago, the program had saved $17 million through 1997, with significant reductions in sulfur dioxide and nitrous oxide.

—Nevada has initiated a number of programs including the development of a new biodiesel industry. Performance contracting has become commonplace through the work of the energy offices, leading to successful programs of the type implemented at the White Pine County courthouse.

—Ohio has implemented programs across a variety of sectors, including industrial activities with the glass, metal casting and steel industries. A program to implement "best practices" in public housing has led to the redesign and investment of $6.5 million in buildings with an investment of $174,000 from SEP. The energy office is now operating an energy efficiency revolving loan fund totaling $15 million/year for low-income households and $100 million over 4 years for other households. SEP is a key component to help implement this program.

—Oregon has used SEP funds to help leverage and operate its energy loan program for renewable resources and alternative fuels. Since this program began, $291 million in investments have been made. A business tax credit of 35 percent for investments in efficiency, renewables and recycling has produced $467 million in investments and a residential energy tax credit for energy efficient appliances, heat pumps, air conditioners, etc., has produced $124 million in investments.

—Pennsylvania has focused on integrating their energy and environmental programs, emphasizing pollution prevention. The state has recently arranged the purchase of 100 million kilowatt-hours of green power over 2 years. The state has also begun a high performance schools program for energy and environment. The state has also implemented a compressed natural gas alternative fuels program, which has avoided 2 million gasoline gallon equivalents since the program began.

—Texas has focused on promotion of alternative fuels, implementation of a housing partnership program, a renewable energy demonstration program and the implementation of schools and local government efficiency programs. The Texas "LoanSTAR" program has saved Texas consumers over $100 million through en-

ergy efficiency projects in taxpayer-supported institutions. Interest rates are set at 3.0 percent at the present time. SEP has been critical in implementing these activities.

—Utah has focused on energy improvements in schools. For the University of Utah, $19,000 in technical assistance to allow them to implement performance contracting has netted $44 million in energy upgrades. Schools throughout the state have utilized these funds to implement similar projects.

—West Virginia has operated innovative industrial efficiency programs in industries including aluminum, chemical, forest products, glass, metal casting, mining and steel. The state has also implemented projects in utilizing poultry litter, developing a poplar plantation for biomass and energy efficiency projects in historic structures.

—Wisconsin operates its Wisconsin Energy Initiative for elementary and secondary schools. Through the most recent data available, 314 projects were implemented in 32.3 million square feet, reducing electricity consumption by 34 million kilowatthours and reducing natural gas consumption by 3.9 million therms, while saving $3.4 million/year.

As noted earlier, SEP Special Projects has been a dramatic success. It permits the states to compete for funds distributed by DOE to expand the reach and leverage of funding for priorities set forth by Congress. This allows the states to develop innovative projects with non-federal partners and promotes replicability of these efforts. We hope the Subcommittee can support funding equal to fiscal year 2002 efforts of over $18 million.

In conclusion, we would urge the Subcommittee to fund SEP at a level of $68 million. SEP allows the energy offices to deliver significant savings to the taxpayer with a small federal investment. The states' success is based upon our ability to directly meet the needs of consumers, small businesses, farmers and industry.

PREPARED STATEMENT OF CATERPILLAR, INC.

Caterpillar, Inc. appreciates the opportunity to present its comments for the record addressing the Department of Energy fiscal year 2003 budget request for the Office of Heavy Vehicle Technologies (OHVT). 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. Caterpillar is the leading worldwide supplier of heavy-duty off-road vehicles and diesel engines for medium- and heavy-duty on-road trucks. We are only one of a hand-full of major companies that compete globally primarily from a U.S. manufacturing base, making Caterpillar one of our nation's largest net exporters.

Caterpillar is involved in a number of projects managed by the Office of Heavy Vehicle Technologies. Our longstanding partnership with the Office of Heavy Vehicle Technologies has resulted in the development of a technology road map to assure that the project goals are consistent with national priorities and are fiscally responsible.

In general, Caterpillar is concerned with the significant reductions in key line items in the Office of Heavy Vehicle Technologies contained in the Department's fiscal year 2003 budget submission to Congress. These cost-shared programs focus on developing technologies to maximize energy efficiency while reducing exhaust emissions . . . addressing national goals that have taken on increased importance and significance in recent months. Yet these same program areas have been targeted for substantial funding reductions.

Caterpillar understands the need for the Department of Energy to focus attention on emerging technologies such as fuel cells and hydrogen power. But we believe it is equally important to maintain and accelerate R&D efforts that will provide "bridge technologies" to meet the needs of our transportation industry through this decade and the next. Our comments will focus on five programs that will provide the collaboration and funding of these "bridge technologies" that are essential to retaining the competitiveness of our nation's commercial transportation sector.

HEAVY TRUCK ENGINE

The Heavy Truck Engine Program, with a fiscal year 2003 agency request of $7.0 million, is competitively bid and designed to respond to federal emissions requirements that demand an aggressive development plan. These emissions reduction requirements, targeted for 2007 and beyond, could result in a 5 to 10 percent fuel penalty for heavy-duty trucks, which currently consume 30 percent of on-road transportation fuel.

The primary focus of this program is to develop technologies that will enable engine manufacturers to meet federal emissions requirements by 2006 while improving fuel economy by ten percent. The technological complexities of meeting this goal in such a short time frame necessitates a collaborative, 50–50 cost shared effort with the Department of Energy and the federal laboratories to maximize R&D resources. 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.

Now that we are 2 years into this program, we have learned that the technical challenges are even greater than originally expected. Very significant fuel penalties are a near certainty unless a technology breakthrough is created through this well focused, competitively bid, collaborative program. Progress on HCCI (homogeneous charge compression ignition) combustion with near zero emissions has been encouraging and holds great promise for all commercial trucks and off-road equipment. However, much work remains to provide the overall control and power capability needed for market acceptance. In addition, the application of exhaust aftertreatment technologies has numerous challenges that this program is addressing. If adequate funding is provided, there is a reasonable possibility to deliver a diesel engine demonstration by 2006 that will enable the industry to meet the 2007 emissions regulations with improved fuel efficiency.

Therefore, Caterpillar strongly urges the committee to consider an increase in this line item to $13.5 million to reflect the urgency of pulling forward advanced technologies to meet the environmental and commercial challenges facing our transportation system.

LIGHT TRUCK ENGINE

This program, with an agency request of $13.1 million (a $3.7 million decrease from fiscal year 2002), targets the development of compression ignition engine technologies for light-duty applications (trucks, sport utility vehicles and vans). It is focused on achieving a 50 percent improvement in vehicle miles per gallon over comparable production vehicles. This 50 percent cost-shared program involves multiple industry teams comprised of both heavy-duty engine and light-duty vehicle manufacturers, plus significant involvement of the DOE laboratories in developing breakthrough emissions reduction technologies.

Like the Heavy Truck Engine Program, the Light Truck Engine Program addresses national energy security concerns and offers a tremendous return on taxpayer investment. For example, a 50 percent market penetration of fuel efficient light trucks could result in a half-million barrels per day of oil saved, reducing our dependence on imported Mideast OPEC oil by over 20 percent. This could translate into a $10.7 billion annual saving in fuel costs to our economy. As our reliance on foreign oil continues unabated, the development of fuel efficient, cleaner burning technologies for the largest segment of the light-duty vehicle market is critically important.

Caterpillar's focus in the program is to maximize key enabling technologies essential to improving fuel efficiency and emissions reductions. Elements of the corporation's research will include development of advanced fuel and combustion systems. Again, HCCI is a key building block of our strategy to achieve the ultra low emission levels required for light duty trucks. The HCCI combustion approach applies even better to the typical light duty operating cycle. Light trucks, vans and sport utility vehicles spend the vast majority of their time at light loads where HCCI works best. The fundamental HCCI work is similar to the effort underway in the Heavy Truck Engine program. However, the light-duty application is different, especially its duty cycle, aftertreatment and systems integration requirements. Caterpillar's strategy is to develop the fuel system technology that is the key enabler for HCCI combustion and work with light truck makers to incorporate this technology into vehicles to dramatically reduce emissions of their diesel engines.

Based on the genuine progress made in this program to date, and the enormous potential impact on fuel efficiency, Caterpillar strongly urges the committee to increase the funding for this program to $15 million, which still represents a decrease of $1.8 million when compared to the fiscal year 2002 spending level.

OFF-HIGHWAY ENGINE R&D

According to the U.S. Environmental Protection Agency, nonroad diesel engine emissions of oxides of nitrogen (NO_X) will comprise 38 percent of all mobile source 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 to control pollution from mobile off-highway equipment. Tier 2 regulations began in 2001. Tier 3 regulations are scheduled for implementation be-

ginning in 2006. 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 air flow to the engines, differing power demands, and use of extremely high sulfur fuel necessitate the development of new technologies to meet the demands of off-highway equipment. Caterpillar intends to leverage fuel system and combustion technology from the heavy and light truck engine programs described above while adding advanced cooling system and specialized aftertreatment.

In fiscal year 2002, the first year of the program, the funding level was a modest $500,000. However, for 2003 Caterpillar strongly supports an increase in the level to $2.0 million to assure that government and industry can work collaboratively to pull forward the needed technology to provide cleaner air without unacceptable fuel use penalties.

COMBUSTION AND EMISSIONS CONTROL

Caterpillar supports the DOE request of $17.6 million for diesel combustion and aftertreatment R&D. However, we strongly disagree with the allocation of this funding between the Office of Heavy Vehicle Technologies, which would receive $3.6 million and the Office of Advanced Automotive Technologies, which would receive $14.0 million. This program, currently underway at Sandia Livermore, Lawrence Livermore and Los Alamos national laboratories, addresses the need to understand fundamental combustion processes and involves the development of computer modeling of these processes and validation on laboratory engines. The development of sophisticated computer modeling is critically 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 (CRADAs) working on the development of exhaust aftertreatment technologies requiring the unique equipment and personnel expertise of the DOE national laboratories.

The development of this technology is critically important to the heavy-duty diesel engine companies as we face more stringent emissions standards and associated fuel economy penalties. Therefore, we urge the committee to support the allocation of a majority of this line item to OHVT where the development and commercialization of clean diesel technologies is the top priority for the heavy-duty engine and vehicle sector.

MORE ELECTRIC TRUCK

The More Electric Truck program, included in the Vehicle Systems Optimization line item, is focused on developing technologies to convert various truck accessories, currently operating on engine belt and drive gear, to electricity. The economic and environmental implications of this initiative are impressive. When fully implemented, trucks could realize a 9–18 percent annual fuel savings. And by providing heating, cooling and accessory power without idling of the truck, the environmental benefits can be significant. Reducing truck idling was targeted in the National Energy Plan. This program specifically addresses our nation's goals of reduced fuel consumption and emissions. Caterpillar continues to fully support this important DOE initiative.

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 funding duplication and redundancies. All of the above mentioned OHVT programs except the Off-Highway Engine R&D program are included under the 21st Century Truck Partnership. Caterpillar supports this unique R&D collaborative effort and commends the Department of Energy for its leadership.

Mr. Chairman, Caterpillar believes that the OHVT programs effectively address 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 CUMMINS, INC.

Cummins, Inc is pleased to provide the following statement for the record regarding the Department of Energy's fiscal year 2003 budget for Energy Efficiency and Renewable Energy and Fossil Energy programs. Cummins is the only independent diesel engine manufacturer in the United States and we are the world's largest producer of commercial engines over 50 horsepower. We share the goal of improving our air quality and we are committed to pursuing technologies that benefit the environment.

ADVANCED COMBUSTION ENGINE R&D—HEAVY TRUCK ENGINE (OHVT)

The EPA 2007 Diesel Rule represents the biggest challenge ever faced by the diesel engine industry, and has the potential to significantly increase the cost of transporting goods in the United States. From 1970 to 2002, the NO_X and particulate emissions of heavy-duty diesel engines were reduced by 90 percent through a series of very costly new product launches. The 2007 Rule requires a further reduction of 90 percent between 2002 and 2007, and the technology to achieve this reduction has not been developed. The DOE-OHVT created the Heavy Truck Engine program in fiscal year 2000 to fund research, on a 50/50 cost-shared basis, that would focus on developing the technology to both meet more stringent emissions standards and to improve fuel economy over today's levels. The considerable progress on this research program has served to bring the underlying technical challenges into focus: system performance to 435,000 miles, sulfur tolerance, overall emissions degradation, and fuel economy penalties that may be as high as 5–10 percent. The Administration's fiscal year 2003 funding request of $6.98M is below the $8.9M level appropriated in fiscal year 2002. The reduced funding level will inhibit the focus and acceleration of research that is required to meet the very challenging goals of the 2007 emissions standards along with approximately 10 percent higher energy conversion efficiency than current production engines. Cummins urges that this program be funded at $13.5 million for fiscal year 2003.

ADVANCED COMBUSTION ENGINE R&D—DIESEL ENGINE TECHNOLOGIES FOR LIGHT TRUCKS (OHVT)

Over fifty percent of the total vehicles sold in the United States are light trucks and sport utility vehicles (SUVs). Light trucks now consume about 2.2 million barrels of gasoline each day. Projections indicate that at even moderate dieselization rates in the light truck/SUV sector, up to one-sixth of this fuel could be saved, translating to more than $5 billion in annual fuel cost savings and a 20 percent reduction in the 1.6 million barrels daily of imported oil. Clean diesel engines also produce 33 percent less CO_2 emissions per mile traveled in light duty trucks and SUVs, when compared to gasoline power.

The Department of Energy (DOE), Office of Heavy Vehicle Technology has developed a light truck diesel engine program to provide clean efficient power plant alternatives for future light trucks and sport utility vehicles. The light truck diesel program provides the technology that would decrease the foreign oil dependence, while continuing to satisfy the current consumer demands for light truck vehicles. Funding of this program allows companies to develop technological solutions to meet the very demanding Tier II emission standards for light-duty vehicles while maintaining customer values of reliability, performance and durability that will assure market acceptance and deployment.

Although this program is scheduled to expire after fiscal year 2004, several critical enabling technologies have yet to be proven, including Tier II emissions with a robust engine/aftertreatment solution. It is vital that the level of effort be maintained at this critical point through the end of the program. The Administration request of $13.1M will not allow sufficient effort in this critical period. The appropriation for fiscal year 2002 was $16.8M, and Cummins urges that $17.1M be appropriated for this program for fiscal year 2003.

ADVANCED COMBUSTION ENGINE R&D—COMBUSTION AND EMISSION CONTROL R&D (OHVT/OAAT)

The Combustion and Emission Control R&D program underpins the DOE diesel engine programs through the development of advanced component and subsystem technologies for emission control and fuel economy. This work is a combination of fundamental research at universities and National Laboratories and cost-shared research with industrial partners. Cummins supports an increase in this funding from the request of $17.570M by $5.5M to bring the program total to $23.070M in fiscal year 2003. $20.876M was appropriated in fiscal year 2002. A funding split between

OHVT and OAAT is recommended as follows: OHVT: $5.5M. This increase is necessary to fund increased CRADA activities at National Labs on improved engine-out emissions and improved fuel efficiency through development of advanced combustion systems, and increased funding for the Multi-year HDDE Emissions Control Program at the National Labs. OAAT: $17.570M. The increase is necessary to maintain the current level of effort, which has demonstrated a complete aftertreatment subsystem and control on a Dodge Ram vehicle validated by test results. The program is facing critical hurdles and milestones on durability, effective operation during transient and low temperatures, recovery from exposure to high sulfur fuels, and desulfurization for peak emissions efficiency and fuel economy.

OFF-HIGHWAY HEAVY VEHICLE ENGINE R&D—EFFICIENCY AND EMISSIONS IMPROVEMENT (OHVT)

The diesel industry has invested billions of dollars in R&D and new products development for on road applications. Off-highway vehicles are another important area of investigation. Off-highway vehicles and machines operate under severe environmental conditions, including high dust, debris, 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. The lack of ram air for cooling and limited space for accessories and engine components present a particular challenge.

The program focus is to deliver Tier III emissions standards with minimum sacrifice of fuel economy and vehicle complexity. Since Tier III emissions standards come into force in 2005, increases in this new DOE initiative are necessary to demonstrate Tier III capabilities within critical timing hurdles and milestones, determine system robustness and performance, and begin to set the technical stage for the development of Tier IV-compliant emissions technology. Cummins recommends an increase in the request ($0.50M) of $2.0M to bring program total to $2.5M in fiscal year 2003.

DISTRIBUTED GENERATION TECHNOLOGY DEVELOPMENT—ADVANCED RECIPROCATING ENGINE SYSTEMS (ARES)

Natural gas fueled reciprocating engine power plants are preferred for their reliability, low operating costs, and unattended operations. However they have not kept pace with the fuel efficiency of their diesel engine counterparts. As gas and electric power industry restructuring has created opportunities for distributed power generation, 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 engine technologies and products that increase engine efficiency towards 50 percent and reduce NO_X to 0.1 g/bhp-hr. These goals are very 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 for advanced technology development and integration projects like this one that would be too 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. Cummins recommends an appropriation of $16M, which would increase the request of $10M by $6M in fiscal year 2003.

SOLID STATE ENERGY CONVERSION ALLIANCE (SECA)

The goal of this cost-shared project is to develop a commercially viable 3–10 KW solid oxide fuel cell module for RV, commercial mobile, and telecommunications markets. This module will also form the building block for much larger stationary power systems. Fuel cells will play an important role in securing the nation's energy future by providing efficient, environmentally sound electrical energy. Fuel cell systems offer 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 the SECA program is to create a solid oxide fuel cell that can be mass produced in modular form using automated manufacturing processes. Federal funding is needed to help support moving this technology from the laboratory to the point where a commercially viable development program can totally support it. This development of high volume production technologies for fuel cells will reduce the per-unit costs and allow fuel cells to be an affordable energy option for a variety of applications. This is a 10-year program that combines the efforts of the DOE national laboratories, pri-

vate industry, universities, and other research organizations. Cummins supports an increase of $5M in the appropriation from the requested $22.5M to a total of $27.1M in fiscal year 2003. Note that there are currently four teams working with DOE to meet the goals of the program. If additional teams are added, funds beyond $27.5M would be necessary to maintain a level of effort sufficient to meet the program goals in the time frame specified.

MATERIALS TECHNOLOGIES R&D—PROPULSION MATERIALS—AUTOMOTIVE PROPULSION MATERIALS

Over the past decade, we have seen an explosion of development in various nanotechnologies. Cummins primary research in nano-technologies will center on improving the utilization of nanofiber technology for air and liquid filtration to reduce emissions from mobile and stationary diesel engines. A major area of research work would be to overcome the technical challenges and develop a manufacturing method that can economically produce nano-fibers utilizing a number of materials, including ceramics which have the potential to withstand the high temperature environment of the exhaust system. Initial testing of nano-fiber in filters has shown that it can dramatically increase the particulate capture efficiency of filters with only minor changes in flow restrictions. Cummins urges that $1.5M be appropriated in fiscal year 2003 to begin a new cost-shared 3–5 year industry/government R&D program.

THE 21ST CENTURY TRUCK PARTNERSHIP

The 21st Century Truck Partnership is an initiative aimed at focusing and coordinating research and demonstration work for a future generation of trucks that would meet several important policy goals: fuel efficiency and emissions significantly improved, improved heavy vehicle safety, and affordability to assure wide application. Over the last 12 months, an unprecedented collaboration of four government agencies (DOE, DOD, EPA, and DOT) has developed with 16 industry partners, program teams that are attacking system problems on a broad front. These teams include: Anti-Idling, Materials, Clean Diesel, Hybrid Systems, and Military Requirements, with more under development. Cummins supports the 21st Century Truck Partnership, and urges careful consideration of the fiscal year 2003 priority programs put forward by the 21 Century Industry Working Group.

Thank you for this opportunity to present our views on these programs which we believe are of great importance to the United States 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 NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICES PROGRAMS

The states represented by the National Association for State Community Services Programs (NASCSP) would like to thank the members of Interior Appropriations Subcommittee for their recent support in providing $230 million for the Weatherization Assistance Program (WAP) in 2002. The positive impact of last year's funding is already being felt throughout the WAP service delivery network. Here are some examples of our expectations for these funds:

—Nearly 6,000 full time, high skilled, higher paying jobs will be created within the service delivery network and in related manufacturing and supplier business to supplement the 11,000 skilled staff already employed to deliver the WAP;

—An additional 32,000 to 34,000 homes occupied by low-income families will receive energy efficiency services, thereby reducing the energy use and associated energy bills of nearly 105,000 families;

—Greenhouse gases and environmental pollutants will be significantly reduced due to the decrease in energy use by these newly weatherized homes; and

—Continuation of skills training by national, state, and local organizations to help enhance the results of our service delivery and to promote new technology transfer within the network. Technology deployment (like the NEAT Audit, blower door use, and furnace efficiency improvements) has resulted in an increase in the energy savings achieved per household.

As Executive Director of NASCSP, the member organization representing the states on issues related to the WAP and the Community Services Block Grant, I am pleased to submit testimony in support of the President's 2003 Budget request of $277.1 million for the Department of Energy's (DOE) WAP. These funds will be used to provide weatherization services to more than 123,000 eligible families throughout

the country and will help the states to continue the excellent work started this year through the increase provided in 2002. Our organization also supports an increase in funding for the State Energy Programs, also funded by this Subcommittee.

The WAP is the largest residential energy conservation program in the nation. Its purpose is to increase the energy efficiency of homes occupied by low-income persons, particularly the elderly, those with disabilities, and families with children, while ensuring their health and safety. The WAP exists in all fifty states, the District of Columbia, and on several Native American reservations and serves a vital function in helping low-income families control their energy consumption, thereby reducing their energy costs and increasing usable income to buy vital necessities like food, shelter, clothing, 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 $1.80 in energy savings over the life of the weatherized home, based on recent energy prices. Since the program's inception, more than 5 million homes have been weatherized using federal, state, utility and other monies.

Low-income families pay a disproportionate share of their disposable income on energy, experiencing energy burdens equal to 14 to 20 percent of their total income. 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 as compared to the 3 to 7 percent spent by their middle-income counterparts. There is no reason to believe that these families will receive relief from their energy burden unless programs like the WAP can be used to reduce their energy use and reduce their energy bills.

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 introduction of "base load" and cooling measures during recent years will help reduce overall energy use beyond simple heating load and cost. The Oak Ridge Meta-Evaluation report also concluded that the WAP possessed a favorable cost-benefit ratio of 2.40 to 1.0. Simply stated, the federal funds provided to support the Program have a 140 percent return on investment, or nearly $2.50 in benefits for every dollar invested. By reducing overall energy use, families can realize average savings of $250 or more each year, thereby increasing disposable income and helping families move closer to economic self-sufficiency.

Our organization believes that the WAP has an even greater national impact and serves national interests by creating a technological and programmatic foundation for individual state programs. When the early evaluations of the 1990's noted that greater savings were achieved by the use of more sophisticated auditing techniques, states moved immediately to incorporate them. Other important advances included the increased use of blower-door directed air infiltration reduction, in-depth furnace efficiency analysis, duct system diagnostics, and air quality improvement measures. Today, nearly 11,000 trained professionals employed by 970 local agencies use state of the art diagnostic equipment and techniques along with 26 years of practical experience to make homes more energy efficient, safer, and more affordable.

The DOE supports state program efforts to ensure that the individuals involved in the implementation of the program at the local level have adequate training on the latest and best energy conservation practices. Many states have created competency standards for various disciplines in the field. DOE funds are used to support training centers in OH, IN, NC, CA, VA, PA, WV, SC, and KS to provide standardized skills training and technical support to local weatherization staff. In Florida, the Solar Energy Center provides training on warm climate weatherization measures. In the Seattle Region, a peer exchange occurs between states to help meet locally-determined training needs. Regardless of which option is used for transferring technology and skills improvement, the results are the same—well-trained, highly skilled, competent people using the latest technologies are providing the most cost effective and energy efficient services in low-income households throughout the country.

The WAP serves as a testing ground and provides a fertile field for the deployment of research conducted by national laboratories. 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 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 for eligible multi-family residents. One of the major effects of field deployment through the WAP is that the private sector eventually adopts these technologies. This pattern has been established with several technology 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 for individual states 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 $1 million 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 $277.1 million requested in the President's budget, nearly 17,000 full-time, above minimum wage jobs are created in local communities and in related service and material industries. These workers will help weatherize the homes of more than 123,000 low-income families during the 2003 program year.

—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 $277.1 million in the WAP could yield more than $1.1 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.

The WAP is no longer characterized as a "cold climate" program, but one that acknowledges energy as a basic commodity that every American household needs. Since the 1990 reauthorization in the State Energy Efficiency Programs Improvement Act (Public Law 101–440), the rules promulgated by the DOE ensure greater flexibility in the Program, which has led to even greater energy efficiency and savings in the homes of low-income families. Based on this reauthorization language, the Program now includes services to reduce the cost of cooling homes. The language also called for a review of the factors in the funding formula, leading to the development of an entirely new funding distribution method. The new formula addresses issues of equity between states who use energy to heat their homes (north) and those states that use the greatest portion of energy to cool their homes (south). At this higher funding level, states in the South and Southwest will receive an ever-greater share of the national allocation to implement the Program in their states.

NASCSP is concerned about the low level of funding proposed for the State Energy Programs (SEP) in 2003. 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's funding has fallen steadily from a recent high in 1995 of $53 million to its fiscal year 2002 level of $45 million. The President's fiscal year 2003 request is a further cut to $38.7 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 consid-

eration this growing burden, the increasing difficulty of managing energy resources, together with increasing opportunities for states to implement cost-saving, efficiency-enhancing measures, we are supporting their request of $68 million for fiscal year 2003. This level would restore the program's recent funding cuts and allow for inflationary impacts since 1995.

In summary, our organization strongly supports the President's 2003 Budget request of $277.1 million for the Weatherization Assistance Program and respectfully requests this Committee to favorably consider funding the DOE State Energy Program at $68 million. By the evidence provided herein, this Committee can be assured that the increase in the number of low-income families served by the WAP will result in greater energy savings, more economic investments, increased leveraging of other funds, and less reliance on high cost energy like foreign oil—outcomes that will benefit the nation.

PREPARED STATEMENT OF SOUTHERN COMPANY

This statement of Southern Company is in support of a $62 million increase in the Coal and Power Systems Programs of the U.S. Department of Energy (DOE) Fossil Energy R&D program for fiscal year 2003 recommended by the Coal Utilization Research Council (CURC [1]). Details of the specific technology recommendations are included in CURC's testimony presented before this committee.

Southern Company, through its operating companies, supports and conducts research to use the Nation's abundant coal resources to produce low-cost power and minimize environmental effects. As a result, Southern Company has participated extensively in cost-shared projects in both DOE's Clean Coal Technology (CCT) and Fossil Energy Research and Development programs.

In addition to the request for an overall increase in funding for coal R&D, I would also like to thank this subcommittee for its past support for the Power Systems Development Facility (PSDF) and to request continued support for the PSDF as part of DOE Fossil Energy Research budget.

IMPORTANCE OF COAL TO THE U.S. ECONOMY

The 1990's were a decade of great prosperity. One of the major contributors to this prosperity was low and stable energy prices. However, recent events on U.S. soil and the ongoing tensions in the Middle East reinforce concerns over America's large dependence on foreign sources of energy. Manipulation of the oil market to the benefit of foreign interests recently resulted in the largest increase in the price of gasoline since records were kept. In the short-term, such increases will weaken the current economic recovery. In the long-term, increasing energy prices will have a profound negative effect on the U.S. economy, producing higher inflation, increased unemployment, and slower growth. Potentially, the 2000's may be more like the economically troubled 1970's and 1980's than the prosperous 1990's.

Until 1987 federal law prohibited electric utilities from burning natural gas to produce electricity. This law arose from shortages of natural gas and its importance to commercial and domestic heating. Over the past 10 years natural gas-fired power plants have captured over 90 percent of the new electric generation market. This rapid expansion of usage, combined with higher oil prices and increased activity in the general economy, will result in upward pressure on natural gas prices to all consumers—domestic, commercial, and commercial. In the past natural gas produced only a small fraction of U.S. electricity and changes in its price had little effect on the price of electricity, but today there is an increasing connection between the price of these two vitally important commodities. As natural gas prices increase so too will the price of electricity, robbing the Nation of the benefit of low-cost energy. Cost-effective, environmentally acceptable coal-based electricity generation will preserve low-cost energy and bolster U.S. competitiveness in international markets.

Coal's most valuable characteristics are its domestic abundance, its ready availability, and its low-cost as a fuel source for affordable electricity. Events outside U.S. borders need not affect coal's use or cost. However, coal must also be clean and efficient. Over the past 2 years more than 20,000 MW of new coal-based electricity generation has been announced in response to electricity shortages in the West and concerns about the near-term volatility and long-term price levels of natural gas. With few exceptions these plants are planned with conventional coal combustion

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[1] CURC has over 35 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.

technology using advanced emission control systems. Few of these plants will use advanced clean coal technologies due to the technical and financial risks associated with current versions of these technologies. Enormous strides have been made in developing clean coal technology, but more can and must be done reduce cost and increase reliability.

The value of advanced coal technology to the U.S. economy is enormous. Southern Company estimates that past DOE coal-based research related to large-scale power generation will provide over $100 billion in benefits to the U.S. economy through 2020 at a cost to the Federal budget of less than $4 billion—a benefit cost ratio of 25 to 1. The Electric Power Research Institute (EPRI) recently used the modern financial technique called "Real Options" to estimate the value of advanced coal research and development (R&D).[2] The major conclusion 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.

In summary CURC's testimony, as presented in more detail before this Committee, describes a Technology Roadmap that is similar to DOE's Vision 21. The Roadmap identifies the technical, economic, and environmental performance that advanced clean coal technologies can achieve over the next 20 years. CURC believes that over this time period coal-fired power generation efficiency can be increased to over 50 percent (compared to 40 percent today) while producing de minimis emissions and developing cost-effective technology for carbon dioxide management. The Roadmap also identifies the R&D cost to achieve this performance. From now until 2010 $6.5 billion is needed and over the following decade approximately $3.5 billion is needed—a total of around $10 billion. About half of these funds will come from industry and half from the Federal government. This is a $10 billion investment over the next 20 years that can be reasonably projected to return at least $300 million in benefits to U.S. consumers by 2050. But, for these benefits to be realized the critically important R&D outlined in the CURC Technology Roadmap must to be conducted.

POWER SYSTEMS DEVELOPMENT FACILITY—AN EXAMPLE OF ADVANCED COAL R&D THAT WORKS

The Power Systems Development Facility (PSDF) near Wilsonville, Alabama is a key national asset for ensuring continued, cost-effective, environmentally acceptable coal use. It is a joint effort of DOE's National Energy Technology Laboratory (NETL) and several of the world's leading energy technology and supply companies. Current participants include Southern Company, EPRI, Kellogg Brown and Root, Siemens Westinghouse Power Corporation, and Peabody Energy. Foster Wheeler Corporation is a major past participant and Air Products and Chemicals, Praxair, Inc., and U.S. Filter/Shumacher among others have proposed significant participation in the future. In addition to the Wilsonville plant site major work is planned, or components for the PSDF are being developed at the following locations: Grand Forks, ND (sub-scale gasifier testing), Houston, TX (gasifier development); Indianapolis, IN (combustion turbine development); Orlando, FL (gas turbine low-NOx burner), Pittsburgh, PA (filter fabrication), Allentown, PA and Tonawanda, NY (advanced air separation technology); and Deland, FL (filter fabrication).

DOE conceived the PSDF as the world's premier advanced coal power generation R&D facility. Work there to date has fulfilled this expectation. DOE's vision is that: "The Wilsonville PSDF will serve as the proving ground for many new Advanced Power Systems and Vision 21 Technologies. . . . The Wilsonville Power Systems Development Facility gives U.S. industry the world's most cost-effective flexible test center for testing tomorrow's coal-based power-generating equipment. . . . Capable of operating at pilot to near-demonstration scales, the facility is large enough to give industry real-life data, yet small enough to be cost-effective and adaptable to a variety of industry needs." A key feature of the PSDF is the ability to test new systems at an integrated, semi-commercial scale. Integrated operation allows the effects of system interactions that are 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 a factor of ten below the cost of testing at commercial scale.

The PSDF staff works continuously with technology developers to transfer the lessons learned there. As an example, testing at the PSDF has progressed to where

[2] The technique of real options analysis is being used increasingly by businesses to assess investments in physical assets, particularly in fluctuating markets. Leaders include Chevron, Hewlett Packard (Business Week, June 7, 1999), Shell and IBM. Also discussed in: "Real Options: A better way to make decisions about power plants", Global Energy Business, March/April 2001.

a new, more efficient coal gasifier is ready for commercial demonstration at the 300 MW scale. In addition, work at the PSDF was instrumental in advancing the design of the Foster Wheeler (FW) Advanced Circulating Pressurized Combustion concept. As a result, FW changed its approach to advanced power generation and a $400 million commercial demonstration plant was reconfigured to avoid significant problems.

While the first phase of PSDF developed coal technologies are ready for commercialization, substantial further improvements are possible at this National test center. NETL and industry participants at the PSDF have developed a 5-year R&D plan for the facility. The plan's objectives are to support: (1) DOE's Vision 21 Program, and (2) commercialization of the advanced gasifier and other technologies currently under development at the PSDF.

Current major subsystems at the PSDF include:

—An air-blown, circulating bed coal gasifier called a transport reactor
—Two advanced particulate removal devices to clean the product gases
—Coal and reagent feed subsystems
—Ash and gas disposal subsystems
—A slipstream Direct Sulfur Recovery Process
—Balance-of-plant subsystems for electricity, water, propane, and natural gas supply; waste water treatment; total electronic data collection, management, and dissemination; heat rejection and cooling; and maintenance and materials management facilities
—In addition to this physical infrastructure there is a highly experienced staff that has a demonstrated ability to solve complex technical problems and rapidly move new technologies to commercial application.

The 5-year plan will build on this platform and recommends the following modifications and subsystem additions:

—Modify the current air-blown gasifier to also operate oxygen-blown (Oxygen-blown operation is necessary to support Vision 21 objectives, including carbon capture and sequestration.)
—Add and test advanced oxygen separation technology integrated with the gasifier (This technology is projected to reduce the cost of oxygen by one-third to one-half.)
—Add new, improved coal feed, char cooling, and char combustion subsystems
—Test an entirely new, revolutionary syngas cooling concept
—Connect the gasifier to an existing 3.8 MW combustion turbine and a new syngas burner to evaluate the new burner and more fully evaluate system integration
—Install new improved internals in one of the advanced particulate collection devices
—Add new syngas cleanup subsystems for hydrogen sulfide and hydrochloric acid removal (to parts per billion levels) and mercury removal (to parts per trillion levels)
—Evaluate the effect of these high levels of cleanup on a fuel cell stack to determine contaminant removal requirements for coal-based fuel cells.
—Add advanced carbon dioxide and hydrogen separation technology
—Install and evaluate several advanced instrumentation and gas analysis systems necessary for reliable, safe operation of coal gasification and fuel cell technology

Work on the PSDF began in 1991. The initial 5 years were spent on permitting, design, and completing most of the construction. The last 5 years have been spent advancing development of the technologies installed there. Annual federal funding at the PSDF during the last 5 years averaged $24.6 million with a peak year of $40 million associated with construction completion. The first year of the 5-year plan is fiscal year 2002 and this committee provided $24 million. Because of new construction associated with the last 4 years of the R&D plan, $34 million is needed for the PSDF in DOE's fiscal year 2003 budget and similar amounts are needed thorough fiscal year 2006.

SUMMARY

The United States has always been a leader in energy research. Current DOE fossil energy research and development programs for coal, if adequately funded, will assure that a wide range of electric generation technology options continue to be available for future needs. The choices that confront Congress when it examines the near-term effects of research programs on the Federal budget are difficult. 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 research has already provided the basis for $100 billion in consumer

benefits at a cost of less than $4 billion. Funding the CURC Technology Roadmap beginning with this year's request of $62 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 Wilsonville PSDF. In order to match the research objectives that DOE's technical staff and the PSDF's industrial participants agree can and should be done there, the fiscal year 2003 funding for the PSDF in DOE's Coal and Power Systems budget needs to increase to $34 million.

PREPARED STATEMENT OF THE ASME COUNCIL ON ENGINEERING AND AMERICAN SOCIETY OF MECHANICAL ENGINEERS

Mr. Chairman and Members of the Subcommittee: The Energy Committee of the Council on Engineering (COE Energy Committee), American Society of Mechanical Engineers (ASME International)), is pleased to provide this testimony on the President's fiscal year 2003 budget for the Department of Energy (DOE). Our testimony is directed to the administration's budget for the Department of Energy's R&D programs in the areas of fossil energy and energy efficiency.

INTRODUCTION TO ASME AND THE COE ENERGY COMMITTEE

The 125,000-member ASME is a nonprofit, worldwide educational and technical Society. It conducts one of the world's largest technical publishing operations, holds more than 30 technical conferences and 200 professional development courses each year, and sets a significant number of industrial and manufacturing standards. The COE Energy Committee comprises 27 members from 17 Divisions of ASME, representing approximately 40,000 members. The Committee tracks energy legislation and appropriations, and provides testimony to Congress on issues of importance to ASME members. Last year, the COE Energy Committee developed a document titled "U.S. Energy Research and Development Needs in the New Millennium: Securing a Sustainable Energy Future," which we provided to the members of Congress, including members of this Subcommittee.

BACKGROUND

Energy has consistently emerged as one of the highest areas of interest to the ASME in annual surveys of our membership. In addition to our interests in improving technologies for energy extraction, generation, and use, we are also concerned about protecting our environment and our energy and economic security. We are pleased that the Department of Energy also shares these concerns.

For power generation, the United States currently meets more than half its electricity needs from coal. Because its supply is plentiful, coal will likely dominate the power generation market for the foreseeable future. Natural gas, while currently an attractive fuel for power production, has the potential to become more scarce and more expensive as its expanding use causes demand to outstrip supply in the mid-to-long term. Petroleum-based fuels will continue to dominate the transportation sector into the future because of our sunken investments in engine technology and fuel distribution infrastructure, and the interdependence of motor vehicles and the American lifestyle.

ASME has long advocated a diverse mix of resources to meet the nation's energy needs, including fossil fuels; nuclear; and hydropower, solar, and other renewable energy resources. We need a diverse, low cost, secure, energy supply to maintain a competitive U.S. economy. It is crucial that we also use our energy resources wisely and effectively, including improving efficiency of systems and components and increasing energy conservation.

The COE Energy Committee fully supports administration and Congressional efforts to develop a comprehensive energy policy that will meet our current and future energy needs. We also believe that success in implementing a forward-looking energy policy will require enhanced, sustained levels of funding for R&D as well as government policies that encourage deployment and commercialization.

Our testimony is based on an analysis of the administration's budget request for fiscal year 2003 for the Department of Energy's R&D programs in fossil energy and energy efficiency. After reviewing the administration's budget proposal, we have the following reactions:

—To successfully address energy issues, the Department must take a leadership role in committing to adequately fund sustained programs that address both our short-term needs and the development of next generation technologies.

—The administration's recommendations for the fiscal year 2003 budget do not adequately fund the programs that will support its goals of providing a clean, affordable, abundant, and secure energy supply.

FOSSIL ENERGY

The Department's R&D program in Fossil Energy [FE] focuses on coal, natural gas, and oil. The fiscal year 2003 budget request for FE is $93 million (16 percent) lower than the fiscal year 2002 enacted budget. The administration recommended major reductions in the Vision 21 Program to develop low-emission, high-efficiency power plants for 2010 and in national laboratory-industry partnerships in oil and natural gas research. The administration's National Energy Policy (NEP) focuses primarily on addressing regulatory and policy issues, e.g., providing access to public lands, and offshore development of fossil resources. However, it also targets R&D in the form of the President's Coal Research Initiative (PCRI), which consolidates much of the coal-related R&D across FE. Last year, the administration proposed a coal research program at a level of $2 billion over 10 years (nominally $200 million per year). The administration's view appears to be that these funds would cover both the basic R&D program and a vigorous demonstration program sufficient to fund highly complex, capital-intensive projects (the Clean Coal Power Initiative). The COE Energy Committee believes that accomplishing the PCRI objectives would require funding of at least $2 billion to support a 10-year demonstration program, in addition to continuing the annual support for the basic R&D program. Another area of R&D identified in the NEP but under-funded in the budget proposal is natural gas and oil exploration technologies.

Coal, Fuels, and Power Programs

Coal will play an important role in providing our nation's electric power for both the near and long term. Therefore, the Energy Committee recommends that DOE support a robust dual-focus coal R&D program: (1) to enable our current power plant fleet to meet present emissions and performance goals, and, (2) to develop the new coal-based systems of the future. Research to reduce emissions of SO_X, NO_X and mercury, as targeted in the Clear Skies Initiative announced by the administration, and research to reduce carbon emissions, are central elements of the coal and power program.

We support the Clean Coal Power Initiative in the PCRI and urge Congress and the administration to commit the long-term funding necessary for vendors to plan effectively for demonstrating large-scale systems for commercial deployment. The COE Energy Committee supports the funding level proposed for this initiative and urges consideration of sustained funding in future budgets to support a robust demonstration program.

The COE Energy Committee recognizes that R&D tradeoffs have to be made. However, we also note that essential research programs have been substantially scaled back in the present budget request. We recommend increased emphasis on coal gasification systems research to produce gaseous fuels such as hydrogen for fuel cells and technologies for firing syngas in turbines now designed for natural gas. Important research areas include membranes, hot gas cleanup, advanced gasification technologies, and char control. The COE Energy Committee recommends that an additional $16 million be added to the budget for the Central Systems program, which includes projects to improve existing plants and to further develop the Vision 21 enabling technologies. This funding will return the programs to their approximate fiscal year 2002 levels.

We are disappointed to note that the administration has recommended only $5 million for its overall liquid fuels program. We particularly recommend increased emphasis on the production of liquid fuels and chemicals from coal as a means to reduce petroleum imports, their attendant balance of payment deficits, and our dependence on uncertain supplies to maintain our national security and strong economy. We recommend that an additional $32 million be added to the fuels program in the FE budget to meet existing mortgages and to initiate a vigorous coal liquids and chemicals program.

Fuel cells, coupled with advanced turbines, and similar combined cycle systems offer the benefits of increased efficiency and lower carbon emissions. In addition to improved cycle efficiency, research is needed to develop carbon capture and sequestration technologies. Emphasis should be placed on using coal in these advanced systems. We support the proposed increase in the carbon sequestration program provided that DOE can justify this increase based on viable projects that advance the technology. We recommend that an additional $10 million be added to the distributed generation program to support fuel cell development and advanced research in fuel cell/hybrid systems.

Oil and Gas Programs

We support the administration's goals of increasing our domestic supplies of oil and natural gas. The most significant new oil and natural gas deposits are likely to be found either far offshore in deepwater or in land-based remote locations which require new technologies to produce oil and gas reserves economically and in an environmentally sound manner. The cost and economic risk required for operators, equipment suppliers, and service companies to design and implement systems to develop deepwater fields is more than what any one company can reasonably provide for each field.

In the Gulf of Mexico, companies are now drilling at water depths greater than 9,000 feet and producing oil and gas from greater than 5,500 feet. As they move farther offshore, new technologies must be developed in areas such as lightweight composite materials, deepwater drilling, long distance production, and subsea processing systems. The National Energy Policy calls for R&D for exploration and production and for the development of gas hydrates. We recommend increased investments in analysis and modeling techniques, which are currently inadequate for what will be required to develop safe and effective future oil and gas fields in ultradeep water and remote areas. The COE Energy Committee supports reinstating fiscal year 2002 funding levels for exploration and production and gas hydrates, a net increase of $23 million over the administration's request.

Federal funding to protect the environment without placing undue burden on the operators would be of great benefit to the recovery of oil and gas reserves in the United States. Such environmental efforts as abandoned field cleanup, hydraulic fracturing effects on drinking water resources, deepwater oil spill cleanup, storage vessel offloading, and collision prevention are some of the potential areas requiring further study. We recommend that an additional $2 million be added to the administration's request for the Effective Environmental Protection subelement of the Oil and Natural Gas Technologies program.

ENERGY EFFICIENCY

Funding for the Office of Energy Efficiency and Renewable Energy (EERE) supports R&D to develop technologies to improve the efficiency with which we use energy and also bioenergy research. The Department's weatherization program, which improves the energy efficiency of the homes of low-income families, thereby reducing their energy bills, is increased by $47 million (20 percent) in the administration's request. Weatherization is an important program, but it is not R&D. When the proposed increase is considered, R&D funds for energy efficiency, a priority in the NEP, would be reduced by $18.6 million. We recommend that the Weatherization Program be transferred to another Appropriations Subcommittee in future years.

Integrated Biomass

The COE Energy Committee supports the combining of the biopower and biofuels programs into a single integrated program. The proposed funding level, which is reduced slightly over fiscal year 2002, is acceptable. However, the distribution of funding has sacrificed biopower systems development at the expense of enhancing ethanol production. The COE Energy Committee recommends moving $5M from enhanced ethanol production back into biopower systems development.

Transportation Technologies

A new program in the EERE budget is the FreedomCAR, which is R&D to develop a fuel cell vehicle. FreedomCar is funded through crosscutting areas and by funds previously allocated for the Partnership for a New Generation of Vehicles. A 2-year study, conducted under the auspices of ASME, showed that hydrogen fuel cells are very efficient—once hydrogen is available. However, the inherent inefficiency in hydrogen production from fossil fuels results in a well-to-wheel efficiency of only 10 percent compared with 30 percent for current hybrid (engine/battery) vehicles. This reduced efficiency carries with it an equivalent increase in the production of greenhouse gases unless hydrogen is produced at large-scale central plants that employ carbon sequestration technologies, at nuclear power plants, or at smaller installations that employ renewable technologies. While the COE Energy Committee supports the long-term development of a wide range of transportation technologies, we believe that the FreedomCar should not be funded for the economic and environmental reasons delineated above and that the $150M funding be re-allocated to other R&D programs.

CONCLUSION

Thank you for the opportunity to offer testimony regarding the fossil energy and energy efficiency budgets proposed for the Department of Energy. The COE Energy Committee believes that energy is one of the most important issues that will face our nation in the 21st Century. As the debate among the administration, Congress, and the public over a National Energy Policy evolves, we offer our assistance to foster a dialogue on the content, structure, and implementation of a plan. ASME's COE Energy Committee will be pleased to respond to requests for additional information or perspectives on other aspects of our nation's energy programs.

This statement represents the views of the Energy Committee the ASME Council on Engineering, and is not necessarily a position of ASME as a whole.

PREPARED STATEMENT OF PRAXAIR, INC.

This testimony is in support of the DOE programs on Integrated Gasification Combined Cycle (about $40 million), Transportation Fuels and Chemicals (Clean Fuels Program) ($24 million) both in the Office of Fossil Energy and the Office of Industrial Technology in EERE ($138 million).

Praxair, Inc. is a producer of industrial gases, specialty coatings and powders, and is also a very large energy user in a very competitive global market. Most of our major competitors are foreign-based. So, to succeed in the industrial gas business it is crucial that we have low cost, available energy to produce our products. In turn, our customers, notably the steel, chemical, electronics, food industries, among others, all depend on low cost gases (oxygen, nitrogen, argon, carbon dioxide, and specialty gases). While we continually strive to lower the capital and operating cost for producing our products, electricity and/or fuel is a key cost (often 50 percent or more of our operating costs) that is resistant to our cost-reduction efforts.

In steel, oxygen is used in the Basic Oxygen Furnace to convert iron to steel and argon and oxygen are used to make stainless steel. Chemical manufacturers use oxygen to make ethylene oxide (used in polyesters and in antifreeze). In electronics, semiconductor manufacturers require nitrogen and specialty gases to manufacture and cleanse their integrated circuits (chips).

As past experience has demonstrated, industrial gas companies, by partnering with the Department of Energy, can achieve significant advances—more quickly—in the manufacture of industrial gases by developing new air separation technologies—technologies that may not have been implemented but for the public/private partnership. An example is the development of VPSA oxygen production for use in oxy-fuel combustion in the glass industry, which was funded by OIT. And use of these gases, particularly oxygen, in improving the production of energy, for example in gasification, will benefit both industrial gas manufacture as well as other industries.

INTEGRATED GASIFICATION COMBINED CYCLE

Gasification enables the use of solid fuels in applications where liquid or gaseous fuels are now used. It will also enable a cleaner use of fuels. By reducing the cost of oxygen needed for this process and improving the efficiency of the process (to 45 percent by 2010 and higher thereafter) the cost effectiveness will be improved and it will be applied more broadly. Praxair and the entire economy will benefit by the reduced cost of electricity enabled by this technology.

ULTRA CLEAN FUELS PROGRAM

The advantages of the Ultra Clean Fuels program are many:

—It will help meet the deadlines set in EPA's Tier 2 Diesel Fuel Sulfur Regulations.

—It will promote development of domestic sources of coal bed methane and natural gas to make a clean burning diesel.

—Clean liquid fuels developed under this program can use the country's existing transportation and storage infrastructure to deliver the fuel to the customer.

—There is a significant demand for "clean diesel" from urban transit authorities and delivery vehicles that employ buses and trucks in heavily populated areas.

OFFICE OF INDUSTRIAL TECHNOLOGY

The DOE Industries of the Future program is another important program. By developing and commercializing processes with increased energy efficiency for the chemicals, glass, steel and other industries, energy consumption will be reduced and

U.S. industry will be more competitive. Studies of the energy savings from these programs show their value as indicated in the National Research Council study. The use of oxy-fuel combustion in glass is one example of a successful IOF program, which reduces energy consumption by 25 percent, NOx emissions by 85 percent and particulate emissions by 25 percent. Over 30 percent of the glass industry is now using this new technology.

PREPARED STATEMENT OF THE 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 2003 DOE Fossil Energy R&D budget for Interior Appropriations:

[In millions of dollars]

High Efficiency Engines and Turbines (HEET)	40
Vision 21 Hybrids-Distributed Generation	15
Innovative Systems Concepts-Distributed Generation	50
Sequestration R&D	54

The United States has placed a high priority on developing cleaner more efficient electric power generation technologies.

Almost all of the new electricity generation currently under construction is natural gas-based, as a result of environmental, siting and efficiency demands, and, because prior federal and industry investment has demonstrated that the technology is able to meet these demands.

The Administration's 2003 budget proposal correctly recognizes the need for continued investments in fossil fuels R&D in order to meet the increasingly demanding environmental , siting and efficiency demands for new generation technologies.

New proposals now being debated in the Congress will significantly tighten environmental standards and today's technologies will not be able to meet these standards without additional R&D investments.

Clean Coal Technology program is an important component in a National Energy Strategy that recognizes the need to use more coal, our most abundant, dependable and least expensive energy source. As we move to improve emergent coal technologies like integrated gas combined cycle (IGCC), both advanced gas turbines and fuel cells will play increasingly important roles in the United States generation supply mix.

The full potential of these cleaner burning and more efficient coal-based generation technologies cannot be achieved without continued investments in advanced gas turbine and fuel cell technologies which will use synthetic fuel gas derived from coal.

The Administration has correctly recognized the need for continued R&D funding support for the cost-shared, industry-DOE gas turbine program which has been refocused and renamed the High Efficiency Engines and Turbines (HEET) program. The Administration has also continued its R&D investment in the fuel cell program. However, both program commitments fall short of the funding needed for these two key technologies if we are to achieve the programs' commercialization objective.

Therefore, under the Fuel and Power Systems/Turbines budget line, we recommend a 2003 funding level for DOE's refocused HEET program of $40 million. While this level is significantly above the Administration's recommendation of $14 million, it is nevertheless consistent with DOE-Stakeholder estimates that the program should be funded at the $240 million level over 6 years if we are to achieve the cost reductions necessary for widespread market penetration of high-efficiency coal plants.

Under Distributed Generation we recommend a funding level of $15 million for the Vision 21 Hybrids budget line (of which $11.5 million is for continued development of the existing tubular SOFC program), up $3.5 million from the Administration's request of $11.5 million. Past funding shortfalls have resulted in the fuel cell R&D program falling behind its commitments and the $15 million funding level will permit the DOE to meet its full range of contract obligations and not cause further delays.

As we begin to commercialize our basic solid oxide fuel cell technology, a multi-year program is needed to extend the benefits of FC/GT hybrids in order to reach the 60–70 percent efficiency horizon. This program should be part of the HEET pro-

gram and we therefore recommend that $10 million be allocated for the development of the tubular SOFC Fuel Cell Gas Turbine Hybrid in the 2003 appropriation.

Under the Distributed Generation-Innovative Systems Concepts budget line, we also recommend that funding be increased to $50 million for fiscal year 2003. The Solid State Energy Conversion Alliance or SECA, which this budget line supports, holds great promise for delivering an advanced low cost solid oxide technology that will make possible smaller and more efficient fuel cells for the stationary and transportation markets.

GAS TURBINES

During the past year the United States has experienced major energy supply problems, first in California, then a crisis in public confidence in the stability and viability of the energy industry, and finally economic hardship as a result of the economic recession. In response to these factors the House passed a comprehensive energy bill last year and the Senate is currently debating its own energy bill. While there will be healthy debate about the appropriate balance in any national energy legislation, several factors are clear already. According to Energy Secretary Abraham, demand for natural gas is expected to rise by 62 percent over the next 20 years. The United States will require substantial new energy generation over the coming decades—Energy Secretary Abraham also said recently that electricity demand is expected to grow 45 percent—and this new generation will have to be substantially cleaner and more efficient than is the current fleet.

The Department of Energy, in cooperation with industry, has funded research and development through its Advanced Turbine Program that has made the latest generation of gas turbines, in a combined cycle configuration, almost twice as efficient as the existing fleet of power plants and has done so with significantly lower emissions. This generation technology can also be deployed with investment costs that are also among the least expensive currently available.

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 the Administration's Clean Coal Power Initiative. Over the next 20 years this program should 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 Integrated Gasification Combined Cycles (IGCC). IGCC holds the potential of using the United States' vast reserves of cheap and abundant coal in ways that are substantially cleaner and which emit lower amounts of CO_2. (We might note that the DOE ATS program has estimated that it will result in the avoidance of an estimated 30 million tons of CO_2 as a result of improvements in the operating efficiency of the advanced gas turbine.) Unfortunately, we do not know if today's current generation of gas turbines will be able to efficiently use the much lower BTU synthetic gas produced in the IGCC technology. Nor do we have the materials available that will permit these machines to operate at the much higher operating temperatures that will be required. Finally, the current generation of gas turbines does not have the integrated diagnostic equipment, such as on board sensors, to permit the higher levels of reliability needed in integrated systems.

While the Administration has recognized the important role of the gas turbine in the future of U.S. coal markets by including funding for the HEET program in its 2003 DOE R&D budget proposal, the level is significantly below the levels needed to address the critical materials and combustion technology questions which remain. To address these questions and to lay the groundwork now for even cleaner and more efficient gas turbines that operate on natural gas or syngas from coal, we recommend that the funding level be increased to $40 million. Our recommendation reflects the technology needs identified by DOE and is consistent with the view that the program is an integral component of the National Energy Policy and the Clean Coal Power Initiative and will require a $240 million commitment over 6 years. This increased level of funding will also permit adequate support of the Cooperative University Gas Turbine Technology Research Program which has been very helpful in encouraging pre-competitive basic science program participation by the university community.

A prototype tubular solid oxide fuel cell gas microturbine hybrid system (FC/GT hybrid) now operating at 53 percent electrical efficiency in California has proven the concept of FC/GT hybrids. But the technology is still in its infancy and a range of small GT's suitable for hybrids, needs to be developed to improve performance and reduce system costs. What is needed now is a multi-year program to extend the benefits of FC/GT hybrids in order to reach the 60–70 percent efficiency range. In 2003 such a program would require a $10 million commitment under the HEET program.

Without the research and development investments recommended above, the long term health of the U.S. coal industry may remain in question. With the successful resolution of these and similar technology questions, the United States should be able to more advantageously utilize its huge coal asset base while at the same time increasing its national energy security and providing consumers with a low cost source of energy.

FUEL CELLS

Fuel cell technology has advanced rapidly in recent years and by now almost everyone has recognized the technology's enormous environmental, reliability and efficiency advantages. In particular, fuel cell stationary power applications are now a technological reality although their high costs currently limit their application to niche markets where the high costs can be justified. In Secretary Abraham's March 7, 2002 testimony before the Senate Subcommittee on Interior and Related Agencies, the Secretary noted the success of our solid oxide fuel cell technology and remarked that, "research attention will turn increasingly to the next two major challenges confronting fuel cells, significant cost reductions and development of fuel cell-turbine hybrids."

The Siemens Westinghouse Pittsburgh-based tubular solid oxide fuel cell (SOFC) technology is at a critical pre-commercialization stage where continued prototype demonstrations are essential to product development and achieving the cost reductions which Secretary Abraham has emphasized. The current focus on cost reduction efforts enables a competitive technology which is also crucial to the development of high volume manufacturing.

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 fuel cell mircro-turbine hybrid which is now operating in California. When the cost reduction efforts noted above are implemented in 2003, we expect to take commercial orders and begin deliveries of our 250kW CHP system. This schedule is longer than we had planned, due in part to previous year funding shortfalls. Thus increased federal support is critical to achieving the program's milestones and commitments. We recommend that the funding level of the Vision 21 Hybrids-Distributed Generation budget line be increased $3.5 million for a total of $15 million.

While the Vision 21 solid oxide fuel cell program is now nearing completion, a next generation of fuel cells is just getting under way. The Solid Energy Conversion Alliance or SECA, is being implemented under the Innovative Systems Concepts-Distributed Generation Systems budget line. SECA will take the technology lessons learned in the Siemens Westinghouse tubular SOFC program and apply them to in a more advanced SOFC program designed to reduce the costs dramatically and make possible the widespread deployment of stationary fuel cells in stationary, military and transportation markets. This program holds enormous potential but at the Administration recommended level of $22.5 million, it is unlikely to achieve its goals in a timely fashion. We recommend therefore that the Innovative Systems Concepts budget line be increased to $50 million in order to achieve the cost reductions necessary for the technology to achieve market penetration in the time frames currently proposed by the program.

SEQUESTRATION R&D

The Siemens Westinghouse Power Corporation supports the Administration's request for $54 million directed towards carbon sequestration. This forward-looking program is expected to culminate in the development of a virtually emissions-free generation technology. To support this goal, we have defined a concept that uses solid oxide fuel cell technology. The technology, known as the Zero Emission 250 kWe SOFC combined heat and power system would enable the emissions from the power system to be processed in such a way that the CO_2 exhaust is separated and captured. We recommend that the Administration's $54 million request include an allocation of $6.5 million for the design, development and demonstration of a Zero Emissions Tubular SOFC 250 kWe combined heat and power system.

SUMMARY OF RECOMMENDATIONS

Continue the federal government's historically important and successful role in funding gas turbine research and development by increasing the HEET funding level to $40 million.

Increase the funding level for the Vision 21 Hybrids tubular solid oxide fuel cell program from $11.5 million to $15 million.

Allocate $50 million to Innovative Systems Concepts for the SECA program.

Allocate $6.5 million of the Sequestration R&D budget line to the design and development of a Zero Emissions Tubular SOFC 250 kWe combined heat and power system.

PREPARED STATEMENT OF THE UNIVERSITY OF KENTUCKY

Mr. Chairman, Ranking Minority Member and Members of the Committee: My testimony is relative to the fiscal year 2003 Budget for Fossil Energy Research Programs of the U.S. Department of Energy, specifically the sections of the budget titled "Transportation Fuels and Chemicals" and "Solid Fuels and Feedstocks." I offer this testimony on behalf of the University of Kentucky and most of our colleagues and associates in both the coal mining industries and coal burning electric utilities of Kentucky. We recommend strengthening the current program for high efficiency transportation fuels research and for technology development for the recovery of fuel and adsorbent carbons from coal burning utility ash ponds and landfills. Specifically we call for increasing funding for each program by $1,000,000.

Energy supply is a key economic security and growth factor. Our national energy strategy and the current energy situation require an alignment of strategic intent, resources, research implementation and technology deployment.

We believe that our national strategy for dealing with energy issues must include a broad based and fundamental approach to research and development, with an emphasis on coal, for the medium and long term. We need to both deploy technologies at the industrial scale now, and ensure that there is continuing research at the fundamental level to supply new technologies for the future. The United States' vast coal resources represent the best means of safeguarding the nation's vital energy security and economic competitiveness.

COAL FOR ENERGY SECURITY AND ECONOMIC COMPETITIVENESS

A mix of energy resources drives the United States economy but it is principally dependent on fossil fuels. Fossil fuels are an essential component of the production of power for all sectors of the economy. Coal is by far the major fuel for power generation, representing about 51 percent of the current generating capacity.

About 84 percent of coal consumed in the United States is used for power generation. The balance of fossil fuel power generation comes from natural gas and crude oil products. However, over 95 percent of the new power generation capacity over the next 10 years is slated for natural gas. By 2020 the U.S. DOE projects that we may be using 60 percent more gas than today, about 32 TCF/yr. By then, about 30 percent of the power generated in the United States will be based on natural gas. The domestic rate of discovery of gas has only been about one-third that of new demand (i.e. 1 to 1.5 percent versus 4 to 4.5 percent) over the past 3 years.

Currently 40 percent of natural gas in the United States is consumed by manufacturing. By diverting natural gas into electrical generation, we create a condition in which our manufacturing base may be in competition with our electric utilities for resources. This will have unknown but potentially very serious consequences, especially in times of tight gas supply.

In comparison, coal provides the best energy value in terms of flexibility, availability and cost. The United States has vast proven reserves of coal. The average price of coal paid by utilities is significantly less on a Btu basis than that of oil or natural gas. All electricity consumers benefit from inexpensive and reliable coal-generated electricity.

There are advantages in using natural gas, but too much reliance on it presents great risk. Because of coal's cost and abundance, it must remain a key energy source for some time. Coal based power however, must be made to be even more flexible, efficient and cleaner in the future.

Major advances have been made in coal technologies that will result in its cleaner and more efficient use in traditional heat and power applications. Also, through improvements in technology, coal can compete with, and complement other fuels for transportation, chemicals and materials. This will reduce long-term price and supply volatility in these sectors and ensure our economic and military security.

COAL FOR CLEAN ELECTRIC POWER AND TRANSPORTATION FUELS

Environmental concerns involving our use of coal are increasing even as the total and relative amount of pollution from coal is decreasing. These issues are wide ranging. They span from reclamation and post-mining land use to a diminished marsh or wetland base; from coal waste slurry ponds to landfills of spent ash and flue gas desulfurization materials; and from regional acid rain to trans-boundary

greenhouse gases. Some of these concerns are ill founded and some are not; however, technology can help to reduce and mitigate all of them.

Requirements under the federal Clean Air Act to limit emissions have already caused significant investments in pollution control equipment. Overall, the industry has responded well to the new quality requirements. Advances in technology have helped to facilitate some of these changes. Future emission limits require greater attention to controlling air toxics and greenhouse gases.

Advancements have been made in the use of clean coal technologies. On the front-end, advanced coal preparation processes involve removing much more mineral matter and sulfur from coal prior to combustion. Research on the other aspects of clean coal is addressing ways to further reduce SO_2 and NO_X and to reduce the costs of retrofitting these new processes.

Advanced generation systems with superior thermal efficiencies and environmental performance have been developed and are in the process of being improved. Noteworthy is the Integrated Gasification Combined-Cycle (IGCC) technology, which combines coal gasification and power generation while providing more effective gas clean up. Low grade, variable feeds (including biomass), can be used, resulting in major improvements in emissions and efficiency. An example is the Kentucky Pioneer Energy project of 540 MW using IGCC fired by a combination of coal and refuse. As an IGCC facility produces synthesis gas from coal, it can be coupled synergistically with other synthesis gas conversion technologies to produce value added clean diesel and chemicals. The University of Kentucky's CAER supports these and related projects. These are the first few steps in what could become a major national effort to utilize coal resource at new levels of efficiency and recovery.

A growing concern is the increasing amounts of solid by-products from coal combustion. Almost 100 million tons of solid by-products are produced in the United States per year, with the expectation that amounts will continue to increase at a high rate, largely as a result of additional pollution controls. Disposal costs are high for new plants, and landfill space is limited, particularly in urban areas. The permitted facilities require more sophisticated and expensive liners and leachate control systems. Research focuses on the investigation of environmentally safe disposal methods, as well as the utilization of by-products for road building materials, cement, gypsum board, blasting grit and a variety of other applications.

FEDERAL ROLE AND BUDGETARY ASPECTS IN CLEAN COAL RESEARCH AND DEVELOPMENT

Much has been done to advance new clean coal technologies. Such initiatives are making coal an increasingly environmentally acceptable fuel for power generation, and a cost-competitive raw material for producing coal-derived transportation fuels, materials and chemicals. The Department of Energy has played a primary role in stimulating development through its support of basic and applied research and demonstration. Also our Center has benefited over the years from cost sharing agreements between DOE, universities and industries. The government needs to continue and expand its support and to maintain a portfolio that balances broad based funding for R&D with technology implementation in these areas. The shortage of qualified research staff in coal science and coal conversion technology will only increase in the future. Efforts to build up the human and physical capital devoted to energy R&D must to be part of funding targets.

The government has a special role to support the demonstration of emerging technologies at a scale meaningful for subsequent engineering scale-up. Increased operational experience together with economic incentives for early adopters will eventually lessen the disparity in risk between conventional and pioneering projects.

Advances in basic knowledge in the energy sciences and the application of this knowledge toward the development of useful technology, are vital but long-term processes. In this regard, we request that the Department of Energy's research budget be strengthened and expanded in areas such as coal preparation and beneficiation; combustion and gasifier by-product management; gas clean-up and scrubbing; and the production of high efficiency transportation fuels and chemicals from coal by synthesis gas conversion.

In the initial 2002 proposed budget, and also in the proposed 2003 budget, two areas of research were zeroed out. Last year some earmarked money was put back in the budget, but that did not enable R&D performers in that area to compete for the funds.

Two particular areas are the production of high efficiency transportation fuels from synthesis gas (President's Clean Coal Research Initiative; Fuels; Transportation Fuels and Chemicals) and the area of technology for the recovery of fuel and

adsorbent carbons from coal burning utility ash ponds and landfills (President's Clean Coal Research Initiative; Fuels; Solid Fuels and Feedstocks).

HIGH EFFICIENCY TRANSPORTATION FUELS

Indigenous liquid fuel supplies play a critical role in America's energy and military security. The growth in the number and capacity of IGCC plants, which produce and consume synthesis gas for power production, will provide an opportunity for converting some of that syngas into ultra-clean liquid fuels using the processes mentioned below.

The production of ultra-clean gasoline and diesel fuels still needs further optimization; however there already are some overseas facilities in operation. Test quantities of fuels with novel chemical compositions are required. This involves building on the existing expertise to manipulate complex reactions to produce fuels that have superior engine performance and lower emissions in terms of hydrocarbons, particulates and NO_X. Increasing the oxygen content in the synfuels products for more efficient combustion and reduced NO_X emissions needs to be studied. The role of the production and composition of the feed gas, and the impact of water on the longevity of the catalysts, are components of further research.

The University of Kentucky CAER has the only open access facility of its kind in the world. Other research in this field is mostly protected by industrial secrecy constraints and, although there are now a few overseas commercial facilities producing synfuels, little is publicly known about the process optimization and the composition of products for optimal efficiencies as fuels.

The use of synfuels and synfuel-blends will result in improved and cleaner performance from the conventional vehicles of today and in the fuel cell vehicles of tomorrow. By providing the funding, the expertise to serve a number of process companies and catalyst manufacturers will be retained and expanded.

RECOVERY OF FUEL AND ADSORBENT CARBONS FROM COAL BURNING UTILITY ASH PONDS AND LANDFILLS

Research in this area leads to combined environmental and economic benefits. Success will pave the way for projects in many parts of the country since there are about 1.5 billion tons of ash in the United States that is in slurry ponds or landfills. This approach will improve land use by freeing space and could eliminate environmental dumping problems at power station sites.

An example of such a project is the Coleman Station on the Ohio River, which generates approximately 100,000 tons/year of combustion ash that is stored in lined pond areas adjacent to the power plant. Preliminary studies estimated that the site contains approximately 3.4 million tons of ash, and the storage area is very close to full capacity. New landfill space will be needed soon, unless uses are found for the material already stored. Technology now being piloted by the CAER at this facility recovers the following marketable products from the ponds: coarse ash as a lightweight aggregate; medium sized ash for block sand; a carbon fuel. The remaining fine ash is returned to the pond for storage. Additional technology can be added to the process to recover more marketable products from the fine ash.

Further work in this field will lead to the recovery of fine materials with the purpose of scaling the technology up to full commercial size and to disseminate the technology for application at other sites.

PREPARED STATEMENT OF THE ELECTRIC POWER RESEARCH INSTITUTE (EPRI)

EPRI is submitting this written testimony to encourage support and funding of the Department of Energy's (DOE) new High Efficiency Engine Technology (HEET) Program. EPRI believes that the benefits of improved Reliability, Availability, Maintainability, and Durability (RAM-D) for advanced combustion turbines are key opportunities to be achieved through successful application of these technologies. EPRI and its electric power industry members share DOE's vision of achieving cost effective, zero-emissions, electric power generation technology. Advanced combustion turbines provide the base technology for the development of future zero-emissions power generation. EPRI is currently working on two CRADAs with DOE in the Combustion Turbine RAM-D improvements under the Next Generation Turbine (NGT) program. The first is a $1.6 million project investigating advanced materials and repair technologies for advanced gas turbine technologies. The second is a $1.6 million program to develop Combustion Turbine Monitoring tools for improved operations and maintenance.

EPRI, headquartered in Palo Alto and also known as the Electric Power Research Institute, California, was established in 1973 as the non-profit national center for public interest electricity and environmental research. EPRI's collaborative science and technology development program now spans nearly every aspect of power generation, delivery and use. More than 1,000 energy organizations and public institutions participate in and draw on EPRI's global network of technical and business expertise.

EPRI has worked with DOE over the past few years to develop the Electricity Technology Roadmap which details the technological advances required to achieve near zero-emissions, high efficiency, electric power generation. The Electricity Technology Roadmap identifies highly efficient, hydrogen fueled, near zero-emissions engine technologies as one of its important strategic technology destinations. These future engine technologies will provide high efficiency power systems by linking the technological, environmental and cost benefits of fuel cells, gas turbines, and coal-gasification technologies for electric power production.

If our nation is to succeed in developing these high efficiency engine technologies, it must urgently commit the R&D funding required. This is exceedingly difficult for the private sector alone in current market conditions where longer-term R&D projects are difficult to support irrespective of their ultimate benefits. The federal government must take the lead in defining the required capabilities, and providing initial funding and incentives needed to meet the associated strategic R&D goals. EPRI will work with its member companies to gain support for industry co-funding, development, and demonstration of these new technologies as a true public/private partnership.

As mentioned earlier, EPRI and DOE are already working together successfully in advanced combustion turbine RAM-D technologies through the NGT Program. EPRI was successful in developing a joint program with its members and the DOE in the areas of Advanced Combustion Turbine Monitoring and Materials development. EPRI is anxious to provide the same type of funding and R&D cooperation required to develop high efficiency engine technologies (HEET) for large central station electric power production.

The primary long-term benefit of the DOE HEET Program is accelerated development and deployment of highly efficient, zero-emissions engine technologies. However, in the absence of federal government initiative and funding, the delays in their development will prove very costly to the American economy and its environment. Additional benefits of the HEET Program to the United States are (1) enhanced fuel flexibility, (2) reduced water consumption, (3) improved reliability, and (4) reduced environmental impacts.

There are also several outputs of the HEET Program that will prove highly useful in the short-term. The development of coal gasification systems to fuel combustion turbines will benefit from HEET Program funded projects such as advanced turbine blade materials, advanced coal gasification technologies, and performance monitoring strategies. Electric power producers are also keenly interested and will benefit from improvements in the Reliability, Availability and Maintainability of their engines.

EPRI looks forward to working with the DOE to develop a successful HEET Program. Please contact me should you have any questions or comments that would facilitate the success of this urgent collaborative technology development program.

PREPARED STATEMENT OF THE COAL UTILIZATION RESEARCH COUNCIL

These written comments are submitted on behalf of the members of the Coal Utilization Research Council (CURC). The CURC is an ad hoc group of electric utilities, coal producers, equipment suppliers, state government agencies, and universities. Members of CURC share a common vision of the strategic importance for this country's continued utilization of coal in a cost-effective and environmentally acceptable manner.

INTRODUCTION AND SUMMARY OF RECOMMENDATIONS

CURC has developed a strategic R&D program designed to ensure the continued use of our Nation's coal resources. The coal-based R&D program is described in a CURC technology "roadmap" which was recently updated to better reflect current and projected state of the art coal based technologies.

The roadmap describes a number of advanced coal-based energy systems that, if fully developed, would ensure cost-effective, efficient and environmentally acceptable uses of coal. Also, the timeframes for development as well as performance requirements of these advanced coal-based power systems are identified. Importantly, if

critical components of a particular system are not developed in a timely manner, a promising technology may not materialize in the recommended timeframe.

CURC believes that funding for the Department of Energy's fiscal year 2003 coal-related technology development programs should be guided by, and judged by, the goals and objectives set forth in the CURC technology roadmap. To that end, we have examined the proposed fiscal year 2003 funding levels for several coal-based R&D programs. In order to achieve timely technology development, the government's long-term commitment must be assured and funding of programs must be substantial. In consideration of the technologies and goals identified in the CURC roadmap and the Department of Energy's Vision 21 program, the CURC is recommending that the Committee modify the fiscal year 2003 budget request as follows:

ADVANCED RESEARCH

Proposed fiscal year 2003 $9.0 million; CURC Recommendation: $10.1 million. CURC understands that $2.0 million of the fiscal year 2003 request for advanced research is designated in the President's budget to support the advanced, supercritical materials consortium. Successful results to be achieved through this important R&D consortium will result in the development of critical materials needed to insure that advanced combustion and gasification systems can be developed. The CURC recommends an additional $1.1 million for this cost-shared materials research program to insure that the work of the consortium is conducted in a timely fashion.

INTEGRATED GASIFICATION COMBINED CYCLE (IGCC)

Proposed fiscal year 2003 $40.65 million; CURC Recommendation: $65.0 million. Gasification of coal is projected to be the primary means by which significantly greater efficiency in energy conversion and emissions controls can be achieved over the long-term. To insure that IGCC systems achieve the technology and cost targets set forth in the CURC Technology Roadmap, it is essential that primary subsystems are developed in a timely fashion. Even at the increased funding levels recommended by CURC for fiscal year 2003, appropriations for this program are far too low to achieve the goals set forth in the CURC roadmap. We believe that the fiscal year 2003 request is insufficient also for the DOE to reach its own stated goals set out in the Vision 21 program. Future funding levels should be closer to the $125.0 million needed annually between now and 2010. Additional funds are needed for gas separation research, membranes research, gasifier development, gasifier char control, and improved gas cleanup.

PRESSURIZED FLUIDIZED BED (PFB)

Proposed fiscal year 2003 $9.1 million; CURC Recommendation: $22.0 million. The CURC supports the development of advanced combustion systems to insure that a variety of options by which coal can be converted to useful energy are developed. It is recommended that the PFB program be reoriented to encompass a variety of combustion systems, and to this end, the program should be designated as "Advanced Combustion Systems" in order to evidence the broader set of technologies. It is recommended that advanced pulverized coal systems (supercritical and ultra-supercritical steam power systems) along with atmospheric fluidized bed combustion be the focus of such a re-oriented program. The CURC-recommended funding level would be sufficient to initiate a program focused upon advanced combustion-based systems.

TURBINES

Proposed fiscal year 2003 $14.0; CURC Recommendation: $24.0 million. The CURC supports the High Efficiency Engines and Turbines (HEET) program to the extent that program is focused upon the use of coal as the energy feedstock. Most of the DOE's request of $14.0 million for fiscal year 2003 will be used to fund existing projects, only a portion of which would appear to benefit directly the utilization of coal-derived "syngas" in advanced turbines. The CURC recommends an additional $10 million over the fiscal year 2003 request to be used specifically to address technical issues associated with using coal-derived gas in advanced combustion turbines.

TRANSPORTATION FUELS AND CHEMICALS

Proposed fiscal year 2003 $5.0 million; CURC Recommendation $16.0 million. The CURC Technology Roadmap supports funding of R&D programs conducted in cooperation with industry and the academic community to convert coal to chemicals or ultra clean transportation fuels. The fiscal year 2003 request has no funds to un-

dertake RD&D programs to support an advanced fuels research or transportation fuels and chemicals program. The CURC urges the Congress to restore funding for the coal to chemicals program as well as the coal component of the ultra clean fuels program. The nation's continued dependence upon sources of foreign crude oil supplies remains a principal reason for development of technology that is able to cost-effectively convert coal into useful chemicals and alternative transportation fuels.

SEQUESTRATION R&D

Proposed fiscal year 2003 $54.0 million; CURC Recommendation: retain funding amounts requested. The sequestration program is conducting a number of projects to sequester carbon dioxide. The program should focus resources on technology development associated with the capture of CO_2.

INNOVATIONS FOR EXISTING PLANTS

Proposed fiscal year 2003 $21.2 million; CURC Recommendation: $23.5 million. The existing fleet of coal-based generating facilities must comply with a variety of stringent environmental requirements. The need for cost-effective compliance options is critical if the nation is to retain the economic benefits derived from low-cost electricity generation. Because the EPA and Congress are considering the need to impose emissions controls on mercury, as well as more stringent standards related to nitrogen dioxide (NO_X) and sulfur dioxide (SO_2) emissions, the CURC believes additional R&D funds are warranted to enable demonstration of cost-effective, efficient mercury-control technologies and strategies.

SPECIFIC COMMENTS REGARDING CLEAN COAL POWER INITIATIVE

The CURC supports the $150 million requested by the President to initially fund the Clean Coal Power Initiative (CCPI) and urges the Congress to grant the appropriations requested. In addition, securing advance appropriations of the President's $2 billion/10 year program would provide industry with assurances that federal funds for the CCPI will be available. Knowing the funds are "in the bank" allows industry to plan ahead and when considering potential projects that are not ready for the solicitation this year, it allows participants to ready projects—and corporate board of directors—for subsequent solicitations. The previous "clean coal technology demonstration program" implemented in the 1980's received "advance appropriations" of $2.5 billion. Industry has identified the need to advance appropriate the entire $2.0 billion as a key factor in giving confidence to potential project sponsors that the government's funds will be available for the entire term of the program.

Clean coal projects that are intended to demonstrate commercial-scale viability are likely to be large and costly. DOE selection of proposals that do not provide industry with confidence that a component or an entire system will operate at commercial scale will not achieve the goals of the CCPI and only dilute a program designed to encourage such commercial demonstrations. To this end, the CURC suggests that the DOE focus selections to a very limited number of projects. Also, the program should adopt selection criteria so that each succeeding CCPI solicitation requires technology demonstrations that are superior to the projects selected in the previous solicitation. At the end of the 10-year period, the CURC believes that the technology goals set forth in our technology roadmap will be achieved in the CCPI program if there is a continuing requirement to improve upon technologies with each succeeding solicitation.

Finally, the CURC urges the Congress to direct the DOE to adopt the original repayment requirement that was included in the draft solicitation for the CCPI. The draft repayment provision provided that selected applicants would be required to repay the federal government's contribution to the project if the request for federal cost sharing amounted to 50 percent of the projects' costs. Where an applicant proposes 75 percent or greater cost share, the repayment requirement would be fully satisfied, i.e. no repayment required. Cost sharing between 50 percent and 75 percent would be a percent of the total government contribution, but not the entire amount of the DOE cost-sharing. The final solicitation dropped this preferred repayment provision where the repayment requirement would be fully satisfied if an applicant proposes 75 percent or greater cost-share.

The CURC has raised the concern that advanced technology projects may not be forthcoming on the basis of the current repayment plan. First-of-a-kind technology demonstrations carry inherent high cost and risk. While the government's contribution to a project addresses the issue of risk, the issue of cost is not adequately addressed when full repayment is required. This is especially so where it can be expected that the next several iterations of the same, successfully demonstrated, technology are also more expensive than the market is willing to spend (where other,

less costly, alternatives are available). Requiring full repayment does not address higher costs, and full repayment simply means the technology—that still costs more than the competing alternative—may not be replicated, and therefore not commercialized and widely used.

Additionally, a non-repayment provision could provide an impetus for applicants to demonstrate advanced plant designs, such as those that would reach the CURC Technology Roadmap 2020 goals as well as DOE's Vision 21 goals. Full repayment is likely to focus applicants upon less risky technologies that will not yield the economic, environmental or performance advances that are promised from technologies that achieve the 2020 goals of the CURC Roadmap or the goals of Vision 21. Finally, by inviting applicants to contribute 75 percent of a project's cost—because the remaining 25 percent from the government would not need to be repaid—the total funds available from the DOE could cover a greater number of projects and/or a number of larger-scale projects.

CONCLUSIONS AND REASONS FOR THE CURC RECOMMENDATIONS

Fluctuating increases in natural gas prices may accelerate the time frame during which electricity power generators will consider the cost-effectiveness of new or refurbished coal powered generation as an alternative to natural gas. Natural gas has been viewed as the "fuel of choice" for new generation and predicted to be so for the near term. However, increasing gas prices not only change that outlook but, unless newer and more advanced clean coal technologies are made available sooner than expected, new coal-based generation will be constructed using current technology, which is economical and reliable, but does not apply advances in both efficiency and maximum environmental performance. U.S. coal is the indigenous domestic primary energy source that will act as an anchor to pricing of other fuels. Use of domestic coal resources will impart stability when there are political pressures elsewhere in the world that threaten to disrupt the economy as well as energy markets. Technology is the key to assuring the long-term use of coal, and the DOE's coal RD&D programs are vital to that technology development.

PREPARED STATEMENT OF THE WESTERN RESEARCH INSTITUTE

I write on behalf of the Western Research Institute. As you and your colleagues consider the Department of Energy's Office of Fossil Energy Research and Development fiscal year 2003 budget request, I ask that the following being included as part of the hearing record. Western Research Institute (WRI) greatly appreciates your Subcommittee's past support of the Cooperative Research Program and we are encouraged by your commitment to maintain an aggressive fossil energy research program. While we understand that several new budget priorities form the fiscal year 2003 request, we hope that you and your colleagues will continue to support the Cooperative Research Program. As we seek to build lasting programs to promote energy security, this program represents a meaningful response that has generated significant industry commitment. In the coming fiscal year, we are requesting a modest increase in the program to a level of $10 million. The following discussion reviews the successes of our activities under the program and our initiatives for the future.

Over the past decade, WRI has responded to the needs of our Nation through the Base and Jointly Sponsored Research (JSR) Programs under the auspices of the DOE Cooperative Agreement. Under the Base Program:

—WRI has developed the concept of Coking Indexes that increase petroleum-refining efficiency. The concept has led to the development of a device that allows refiners to optimize operations while avoiding the fouling associated with coke formation. Future work in this area may lead to simpler, real-time, on-line process control instrumentation.

—WRI has developed a method to remove mercury from sub-bituminous and lignite coals before they are fired in a utility boiler. This approach is likely to provide a less expensive way of keeping mercury out of our Nation's air than removing it from the flue gas of a power plant after it has been combusted.

—WRI has developed a method for the efficient recovery of coalbed methane. WRI scientists are working to develop treatments and proper uses of coalbed methane-produced waters.

Sometimes Base Program research yields results with benefits beyond the original vision. For example, WRI began the development of a hand-held device for detecting halogenated volatile organic compounds as soil contaminants. With modification, this same technology may soon be able to warn our men and women in uniform of the presence of a chemical agent.

Under the Jointly Sponsored Research program, WRI has worked with clients across the United States and internationally. The technology mix of our JSR projects is diverse, but national energy security and environmental quality are always the main criteria for project selection. Under the auspices of the JSR Program:

—WRI has worked with several independent oil and gas producers in the Rocky Mountain region to implement enhanced oil recovery technologies. Working with Underwood Oil and Gas in Wyoming, WRI is demonstrating a way to bring remote, abandoned or shut-in natural gas fields back into production by recovering value-added products from the gas and putting methane back in the reservoir.

—WRI is developing and testing a technology for upgrading abundant heavy crudes. The technology, if successfully deployed, will reduce our dependence on oil shipments from unstable parts of the world.

—WRI is developing coal upgrading technologies to reduce the moisture level of western U.S. coals while producing a stable, higher heating value product. WRI is also working with utilities to evaluate the environmental benefits of using upgraded western U.S. coals.

—WRI is working to develop alternate energy resources. We are developing a synthesis technology that can convert any carbonaceous feedstock into a mixture of alcohols for use as a replacement for MTBE in blended gasoline and diesel fuels. Also under development is a bio-refining technology that separates biomass into value-added fractions, leading to more efficient and cost-effective production of chemicals and fuels from biomass.

—WRI is working with a consortium of government agencies and coalbed methane producers to assess and address the research needs associated with coalbed methane production. The impact of produced waters, potential uses of the produced waters and methods for cleaning the produced waters are being evaluated not only by WRI scientists but, under WRI leadership, by a team of experts from the University of Wyoming, Stanford University, and elsewhere across the country.

—WRI is working to make building panels from coal combustion products and waste fiber that can potentially revolutionize the housing and construction industry and supply rapid-construction emergency housing.

—Other JSR projects are addressing the technological needs for mitigating acid mine drainage and mine subsidence, remediating hydrocarbon-contaminated soils, and removing acid precursors and hazardous air pollutants from the stacks of utility boilers.

For fiscal year 2003, WRI is establishing an ambitious research and technology demonstration agenda. The technology pipeline from Base to Jointly Sponsored Research is flowing, and concepts are moving into practice. As you know, it takes more funding to verify concepts at a scale larger than occurs in the laboratory. Several WRI technologies are at a stage in which pilot or demonstration plants have to be built and operated. For example, among the projects I've highlighted here, the bio-refining project, the alcohol synthesis project, the process for removing mercury from coal, the heavy oil upgrading project and the building construction panels project all are at a stage where pilot facilities have to be built and put into operation in fiscal year 2003.

One of WRI's highest priorities is to maintain our progress in diversifying our research to ensure that we address the immediate and near-term needs of our clients and to establish a foundation to respond to future industry needs. As examples of this, we are developing innovative technologies for hydrogen production from fossil fuels, working on advanced concepts and technologies for the synthesis of liquid fuels from renewable and fossil resources, and searching for ways to convert waste streams into value-added products.

The past year has been exceptionally productive for us. Our research is beginning to return benefits in the form of increased client interest in pursuing new research at WRI and with our various partners. This situation is only possible because of the support you have provided our efforts over the past several years. I hope we can count on you to support funding of the Office of Fossil Energy's Cooperative Agreement at the $10 million level. We thank you for your continuing support.

PREPARED STATEMENT OF THE UNITED STATES ADVANCED CERAMICS ASSOCIATION

The United States Advanced Ceramics Association (USACA) a Washington-based association of major producers and users of advanced ceramic products. USACA is the premier association that champions the common business interests of the advanced ceramic producer and end-user industries.

USACA appreciates the opportunity to provide the House of Representatives Appropriations Committee, Interior and Related Agencies Subcommittee with our industry's statement regarding the following fiscal year 2003 Department of Energy (DOE) Turbine R&D funding levels.

USACA RECOMMENDED FUNDING LEVELS

$14 MILLION.—ADVANCED MICROTURBINE PROGRAM (Office of Energy Efficiency and Renewable Energy)

$40 MILLION.—HIGH EFFICIENCY ENGINES AND TURBINES PROGRAM (Office of Fossil Energy)

USACA supports these programs in distributed generation technologies that lead our country on a path to energy infrastructure assurance.

ADVANCED MICROTURBINES (ENERGY EFFICIENCY AND RENEWABLE ENERGY)

Key To Distributed Energy.—The electrical power generation and distribution industry is vulnerable to threats to the Nation's energy security. Distributed generation technologies provide opportunity for energy infrastructure assurance. In addition, energy efficiency in both production and end use is becoming more critical to maintaining a growing national economy. Past and continuing technology advances in materials have contributed to the production of improved technologies for energy efficiency.

One example of this is Advanced Microturbine Systems, providing distributed power generation typically 30 kW to 1,000 kW. Microturbines are capable of producing electricity more cost effectively at the customer site than the delivered cost of the central station. Advanced microturbine designs, using ceramic components that can operated at hundreds of degrees hotter than metal components, would theoretically boost efficiency from about 25 percent to over 40 percent. Improvements in durability will come from reliable, highly effective recuperators, increased load capability bearing design, and improved high temperature materials resulting in 11,000hr mean time between outages at less than $500/kW.

The Advanced Microturbine Program will deliver fuel flexible systems with low environmental impact. 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. To meet customer needs, the advanced microturbines will be pre-certified, packaged modules that convert waste heat into useful energy. The program will focus on better CHP performance through (1) heat exchanger technology to improve hot water and heating capabilities, (2) exhaust absorption chillers for cooling, (3) exhaust desiccant dehumidifier technology for dehumidification, and (4) clean CO_2 rich air stream technology for direct heating.

DOE EERE showed exceptional initiative and foresight in identifying the opportunity for advanced high temperature materials to improve efficiency in microturbines. The microturbine initiative in DOE Office of Power Technologies (OPT) will be an important contributor to our nation's energy needs. We would like to work with DOE to include greater opportunities for advanced materials research and development in these programs.

Currently, microturbines are:

—Best in Class for 30 to 500 kW
—Ultra low emissions (< 5 ppm NO_X)
—Fuel flexible (gaseous and liquid fuels, renewables and hydrogen)
—Potentially highest efficiency
—Directly use exhaust gas for CHP
—Lowest manufacturing cost when fully developed (high power density)
—Lowest installed cost potential (light weight, quiet)
—Lowest maintenance cost (few moving parts)

In order to put the Advanced Microturbine Program in line with the resources specified by it's program plan, $14 million in funding is needed in fiscal year 2003. Additionally, enabling materials technology under the DER Technology Base Program should be maintained.

SUPPORTING MATERIALS TECHNOLOGIES (EERE)

Vehicle Technologies.—We strongly support the part of this program that deals with the Light Truck Engine research and development. The DOE Office of Transportation Technologies (OTT) Heavy Vehicle Technologies has argued that utilizing clean diesel engine technology in light trucks and SUVs would result in significant fuel savings, alternate fuel utilization, and reduced pollution. Particulate traps, ceramic valves and fuel injection pins are some examples of advanced ceramic components that have demonstrated remarkable potential in making long life, clean and

efficient, diesel engines a reality. Diesel engines have higher inherent efficiency than conventional piston engines. Europe has long recognized the potential of automotive and light truck diesel engines and has a technological edge over the United States. A modest increase in funding and activity is required to keep the U.S. diesel and advanced materials industries competitive. With the popularity of SUVs, the potential payoff in national fuel savings is enormous.

High Temperature Materials Lab (HTML).—Over the past 15 to 20 years, the DOE Office of Transportation Technologies, Ceramic Technology Project (CTP) and the High Temperature Materials Lab, through its collaborative programs with industry, national labs and universities has, in my opinion, done the most of any government program in expanding the state of the art of advanced materials. Several USACA member companies have been active participants in these Oak Ridge National Laboratories programs. The U.S. ceramics industry enjoys a technological leadership position in part due to these programs. Materials technology, as a direct result of CTP and HTML, now has the potential to be successfully incorporated in transportation, power and industrial technologies, as well as other commercial and military applications.

We specifically wish to emphasize the importance of the High Temperature Materials Laboratory at Oak Ridge National Lab. The HTML through its research staff and user center, has provided cost-effective but critical support for materials development in energy intensive markets. The world-class materials research facilities at HTML has been particularly vital to assisting small businesses be competitive and technologically innovative. The HTML continues to expand our understanding of high temperature materials, vital for improving efficiencies in transportation, industrial and power generation systems.

Vision Industries and Enabling Technologies.—DOE EERE Industrial Technologies in collaboration with industry correctly identified how collaborative R&D programs could significantly reduce energy consumption and pollution in these core United States' industries. The current Industries of the Future are made up of the nine U.S. industries that typically spend the most on energy and pollution control in their processes. DOE and these industries are now demonstrating that advanced technology can have a significant impact on energy security, energy demand, the environment and U.S. industrial competitiveness. USACA would like to specifically support the goals of the Crosscutting Industrial Materials for the Future (IMF) initiative. Like other crosscutting Enabling Technologies, the IMF program will incorporate energy saving technologies that benefit several of the Vision Industries.

GAS TURBINES (EERE AND FOSSIL ENERGY)

Currently, gas turbine power is the most fuel-efficient, cleanest, and consumer friendly way to generate electricity. Combined cycle gas turbines provide the highest efficiency and lowest emissions of all combustion generation technology available today (producing twice as much electricity and less than half the CO_2 as compared to existing non-gas-turbine power plants). Turbine systems are cost effective, and can be quickly deployed to meet the country's growing energy needs. The gas turbine industry is currently manufacturing and installing these high-tech power plants across the United States to reduce the cost of electricity, create new jobs, and stimulate investment to support economic development.

However, America's new energy policy goals require dramatic new technology development. The vision of a modern, secure U.S. power generation infrastructure that runs on domestic fuels without harming the environment is achievable, if the Federal government makes a sufficient investment in DOE/industry turbine partnership programs. Unfortunately, the Administration's fiscal year 2003 budget request for these DOE gas turbine programs is inadequate to stimulate significant advancement toward the ground-breaking technological changes our nation needs. USACA believes the above funding levels are necessary if our nation intends to realize the public benefits envisioned in our national energy policy.

HIGH EFFICIENCY ENGINES AND TURBINES (FOSSIL ENERGY)

The DOE HEET Program is critical to the President's National Energy Policy (NEP) Clean Coal Technology goal of "low-cost, zero emission power plants with efficiencies close to double that of today's fleet". The DOE/industry HEET partnership will make it possible for power generation equipment manufacturers, as well as systems developers, owners and operators to create the core technology solutions necessary to overcome the complex challenges identified in the NEP report.

The HEET Program turbine system efficiency goal is 60 percent for coal-based systems, and HEET turbo fuel cell hybrid systems that offer the potential for unprecedented efficiencies (in excess of 80 percent). The HEET near-zero emission en-

vironmental goal translates into systems with no carbon, and negligible NO_X, SO_2, and trace contaminants. The program is also targeting a 15 percent reduction life-cycle cost of electricity generated by gas turbine power plants.

Federal cost sharing is needed to enable successful development technology improvements envisioned under the HEET, and to expedite commercialization of these systems. A $40 Million federal contribution to the HEET program in fiscal year 2003 will have a direct impact on the fuel-efficiency, fuel flexibility and emissions levels of America's coal and natural gas fired power plants.

Our nation's investment in the HEET program will allow the United States to continue to serve as the world's principal source for clean turbine power generation systems. As the leading developer and producer of these clean, fossil-fueled power technologies, the United States can remain the leader of the international effort to lower global power plant emissions levels through technology innovation. Gas turbine equipment manufacturers, as well as systems developers, owners and operators have already indicated strong interest in working with DOE to help reach the HEET program goals. Now, Congress needs to ensure there is adequate fiscal year 2003 federal funding ($40 million) to facilitate a government/industry partnership that successfully allows new HEET technologies to mature in an expeditious and timely manner.

TURBO FUEL CELL HYBRIDS (FOSSIL ENERGY)

The DOE Vision 21 initiative identifies Turbine Fuel Cell Hybrids as a key technology for enabling energy plants to serve the United States and global energy needs of the early 21st century. A gas turbine is used to pressurize fuel cells. Thus the system requires development of customized turbo machinery and balance of plant to reduce the overall cost of projected commercial systems. It is necessary to develop a range of hybrid systems up to multi-megawatt sizes and conduct extensive field demonstrations in order to achieve the goals of the DOE Vision 21 plan. The turbo fuel cell hybrid is expected to (1) achieve the ultra-high, 80+ percent efficiency; (2) emit ultra-low emissions of less than 1 ppm NO_X; and (3) provide distributed energy with multi-fuel capability (natural gas, coal and renewable).

The HEET program, combined with DOE fuel cell program efforts, will lead to the required cost reductions needed to ensure the commercial viability of these hybrid systems. Gas turbine research is necessary to enable the technology to meet the pressure ratios, mass flows, and other critical operating and performance parameters of high-temperature fuel cells. Ultimately, the program will culminate with the testing a near-commercial-scale multi MW Vision 21 coal-fired hybrid power system.

PUBLIC BENEFITS

DOE gas turbine EERE and FE R&D Programs stimulate economic growth, clean up the environment, and ensure that the U.S. has a reliable supply of power. Implementation of the next generation of advanced turbine technology R&D programs will accelerate U.S. market restructuring and environmental goals. Armed with new advanced gas turbine systems, the U.S. power supply industry will provide America with the following benefits.

—RELIABLE POWER
—ECONOMIC STRENGTH THROUGH IMPROVED POWER SYSTEMS
—MEET MOUNTING DEMAND FOR INCREASED POWER PRODUCTION CAPACITY
—A CLEANER ENVIRONMENT
—REPLACE ENVIRONMENTALLY DEFICIENT, AGING POWER PLANTS

PREPARED STATEMENT OF THE CENTER FOR ADVANCED SEPARATION TECHNOLOGIES

Mr. Chairman and Members of the Subcommittee, we represent the Center for Advanced Separation Technologies (CAST). The center is a consortium of seven leading mining schools in the United States, which conduct research in advanced separation and train future industry leaders. We appreciate the opportunity to submit this testimony requesting $3 million for Advanced Separation as part of the Solid Fuels and Feedstocks Program, Fossil Energy Research and Development, U.S. Department of Energy.

The U.S. mining industry is producing large quantities of waste products due to the inefficiencies of the various separation processes that are currently being used. The excessive waste generation can result in (i) loss of valuable national resources, (ii) damage to the environment, and (iii) high cost of the raw materials produced, including coal that is used for electricity generation. In order to help the industry

become more efficient and competitive, Virginia Tech and West Virginia University established CAST in 2000. Five other universities are joining the consortium to develop crosscutting separation technologies that can be used in both the coal and minerals industries. These universities include: University of Kentucky, Montana Tech, University of Nevada Reno, New Mexico Tech, and University of Utah.

BACKGROUND

In 2000, the U.S. mining industry produced $59.7 billion of raw materials, which consisted of $40.1 billion from metallic and non-metallic minerals and $19.6 billion from coal. The mineral processing industries increased the value of the minerals to $429 billion, while the electric utilities burned 859 million tons of coal to produce 52 percent of the nation's electricity. The value of the electricity generated from both coal and uranium was $182 billion. Thus, the minerals and coal industries together contributed $671 billion to the nation's wealth and accounted for approximately 6.7 percent of the U.S. economy in 2000. Internationally, the United States is by far the largest mining country of the world.

Despite the overwhelming statistics for the U.S. mining industry, the country is not investing in technology development through research. This is particularly true for the coal and mineral processing industries, which are mostly concerned with separating one mineral (or coal) from another (i.e., solid-solid separation) and separating the mineral (or coal) concentrates from water (i.e., solid-liquid separation) in which the separation occurs. In the absence of advanced separation technologies, companies resort to increasing throughput (or capacity) rather than to improving separation efficiencies. This approach may produce higher rates of return on their investments, but entails higher losses of valuable national resources and greater environmental damage. Fine coal impoundments are a good example for such problems. These were created due to the lack of advanced solid-solid and solid-liquid separation technologies for processing fine particles.

On October 11, 2000, near Inez, Kentucky, a 72-acre waste impoundment accidentally released 250 million gallons of coal slurry into nearby underground mines, creeks, rivers, and schoolyards. This incident caused the U.S. Congress to appropriate $2 million for the National Research Council (NRC) to study ways of reducing the potential for future incidents. According to the NRC report published in January 2002, the U.S. coal industry discards 70 to 90 million tons of fine coal annually to 713 active impoundments, most of which are located in Central Appalachia. The report stressed the need for additional research to develop technologies that can be used to eliminate the fine coal impoundments in the United States.

In 1998, the National Mining Association developed a road map for the research needs of the U.S. mining industry. It states that "advances in mineral and coal processing technology have leveled off, making radical technological breakthroughs necessary for significant advances." The technology roadmap has been developed for the Industry of the Future Program (IOF), Office of Energy Efficiency, U.S. Department of Energy. The mandate for this funding program is energy savings rather than the production of cleaner-burning solid fuels or minimizing the environmental impacts of producing coal. Furthermore, the nature of the projects funded by this program is for near-term applications and its audience is primarily industries that can meet the requirement of 50 percent cost sharing. Historically, many of the breakthrough technologies have originated from fundamental research carried out at universities. For this reason, Virginia Tech and West Virginia University established the Center for Advanced Separation Technologies (CAST) under the auspices of the U.S. Department of Energy through a competitive solicitation (DE–PS26–00FT40756) which was issued in December 1999. The objective of the Center is to create a knowledge base for solid-solid and solid-liquid separation processes as applied to the mining industry, and to provide enabling sciences that can permit the economic recovery of the materials being lost as waste and those that have already been discarded in waste piles.

PROGRESS TO DATE

Since its establishment, CAST has made significant progress in exploring the underlying principles of some of the more important solid-solid and solid-liquid separation processes. Froth flotation, for example, is the most widely used solid-solid separation method. The process was developed nearly 100 years ago for the mining industry. Yet, it has not been possible to predict its performance from both surface chemistry and hydrodynamic parameters, both of which are known to play important roles in industrial practice. Previously, Virginia Tech developed a model that can predict the flotation rates under idealized (or quiescent) conditions; however, it could not be used for industrial applications. The recent work conducted at CAST

laid the groundwork to further develop the model so that it can be used to predict the flotation rates under more realistic (or turbulent) conditions. A distinct advantage of developing a model from first principles is that it can be used for diagnostic purposes, that is, it can identify the causes of industrial problems and, at the same time, indicate methods of improvements.

Since CAST was established, its research in solid-liquid separation has accelerated. Several coal and mineral companies are in the process of testing the novel chemical dewatering technology developed at the Center. Two other novel solid-liquid separation technologies are being developed, which include the hydrophobic dewatering process and a novel centrifuge. In the former, coal is dried by displacement rather than by thermal evaporation, which is costly. In the latter, the moisture is reduced to substantially low levels with minimal loss of coal.

Other research activities ongoing at CAST include methods of extending the upper particle size limit for flotation, extracting metal values from low-grade ores using microorganisms, separating ultra-fine particles from process streams for increased separation efficiencies, measuring the surface forces acting between bubbles and particles in nano-scale, analyzing water using a novel electrochemical technique, etc. The results of these research projects can be used in both the coal and mineral industries. The scientific knowledge base gained can also be used for other cross-cutting applications such as clean-up of contaminated soils and industrial effluents, recycling municipal wastes, separating ultra-fine particles from gas streams, and separating one type of gaseous molecule from another.

PROPOSAL

The solid-solid and solid-liquid separation technologies described above are examples of how fundamental research in universities can result in breakthrough technologies. Based on the promising development during the initial phase of the CAST activity, we have expanded our membership to include other universities that bring the expertise not readily available at the Charter Universities (Virginia Tech and West Virginia University), which are better known for their work in coal research. The other member universities are mostly located in the western United States and have unique expertise in minerals research including environmental control. By bringing different expertise from the various universities, CAST will be able to substantially enhance the probability of success in conducting long-term high-risk research and addressing the different geographical needs of the country.

The CAST research will be divided into three broad areas: (i) coal, (ii) mineral, and (iii) environment. The following research topics may be listed under each of these areas:

—Coal—dewatering, flotation, sensors, dense-medium separation, refuse disposal, desliming, mercury removal

—Minerals—flotation, selective flocculation, chemical leaching, bioleaching, solvent extraction, classification, precious metals, control

—Environment—acid mine drainage, soil remediation, reclamation, water treatment, recycling

University research can easily be lost in the forest of basic research. In order to prevent this from happening, CAST programs will be conducted with close ties to industry. Two subprograms are proposed. In the Cooperative Research Program, CAST will bring together multidisciplinary expertise available at the Center to solve specific industrial problems that are common to several companies. The companies benefiting from the research results will be asked to provide substantial cost sharing. In the Industry Affiliate Program, companies will be encouraged to acquire memberships with nominal fees. In return, they will have access to all of the non-proprietary technical information available at the Center.

To meet the objectives outlined above, CAST would need $3 million from the Fossil Energy R&D Program, U.S. Department of Energy, for fiscal year 2003. The participating universities will provide a minimum of 20 percent cost sharing, mainly in the form of in-kind contributions, and will request industrial companies to provide substantial financial contributions.

PREPARED STATEMENT OF THE OPTOELECTRONICS INDUSTRY DEVELOPMENT ASSOCIATION

"APPROPRIATIONS FOR THE NEXT GENERATION LIGHTING INITIATIVE"

On behalf of the Optoelectronics Industry Development Association ("OIDA"), I would like to urge the Senate Interior Appropriations Subcommittee to approve fiscal year 2003 funding of $30 million to the Department of Energy for the proposed

Next Generation Lighting Initiative ("NGLI"). The NGLI, which is authorized in pending House and Senate energy legislation, is a government-industry initiative for developing a new form of energy-efficient lighting based on solid state light sources. It is part of the Lighting R&D budget of the Department of Energy's Office of Building Technology, State and Community Programs.

Despite an on-going U.S. industry investment and commitment to the development of solid state lighting, substantial technical obstacles remain. Full scale commercial deployment will be significantly delayed, or achieved first by foreign competitors, unless an effective and coordinated U.S. government and industry research and development effort is launched. The objective of the NGLI, which would be built around a 10 year program with the Department of Energy and a consortium led by the solid state lighting industry, is to enable the U.S.-based research and development necessary for transforming solid state lighting into a primary source for the nation's and world's general lighting needs.

In anticipation of the NGLI, several leading optoelectronics and lighting companies have already joined in a solid state lighting consortium. In addition to this industry support, the NGLI has strong support from the Department of Energy, relevant National Laboratories, and members of Congress. OIDA believes the critical elements for a successful NGLI have now come together and that coordinated research and development in this area should no longer be delayed.

OIDA is a non-profit association of roughly 60 optoelectronics companies, national laboratories and universities established to strengthen and advance optoelectronics technology and help the competitiveness of its members.

NEED FOR MORE ENERGY-EFFICIENT LIGHTING

The incandescent light bulb and the fluorescent light tube have long been the primary sources for the public's general lighting needs. Despite incremental technical improvements, neither of these light sources has achieved significant advancements in energy efficiency for several decades. Both convert only a small portion of the energy they consume into visible light. A 100-watt incandescent light bulb, for instance, emits only 5 percent of the energy it consumes as useful light, while the equivalent figure for the fluorescent tube is less than 30 percent. These inefficiencies are the result of fundamental physics and are not subject to significant improvement.

Lighting consumes a large and growing portion of all energy generated in the United States—currently over 20 percent. Improvements in lighting efficiency should be a primary focus to limit this growth in energy consumption. The pursuit of new lighting technologies—principally solid state lighting, that is governed by different physical principles than conventional lighting—offers the best opportunity to meet this objective.

SOLID STATE LIGHTING: THE TECHNOLOGY AND ITS BENEFITS

Solid state lighting technology utilizes semiconductor devices known as light emitting diodes ("LEDs") and organic light emitting diodes ("OLEDs") to generate light. These devices are highly energy efficient and long-lasting. Unlike traditional light bulbs, they contain no glass envelops or filaments and are very durable. In addition, these devices offer a variety of new consumer advantages, including color and brightness adjustment.

Solid state lighting technology has existed for over 30 years. Due to its efficiency and dependability, this form of lighting has long been employed in applications such as traffic lights, highway and exit signs, and certain automotive lighting. However, in order to achieve mass market acceptance of solid state lighting, particularly as a source for general lighting needs, higher efficiency, cost reduction and ease of use must be achieved. Once these obstacles are overcome, the full scale deployment of solid state lighting technology offers the potential for substantial economic, environmental, consumer, and other benefits.

Unlike incandescent and fluorescent light, solid state lighting technology holds the potential of achieving near 100 percent conversion of electricity to light inside the semiconductor material and harnessing over half the light from the semiconductor for lighting applications. While solid state lighting has not yet approached such a high level of efficiency at all colors, it is not bound by the inherent limitations of today's conventional lighting technologies and is capable of rapid improvements through continued technology development. It is estimated that, given a considerable market penetration, solid state lighting could reduce global electricity usage for lighting by 50 percent over the next 20 years and reduce total global electricity consumption by 10 percent. These changes equate to an overall reduction in

annual global energy needs of 1,000 terawatt-hours representing an annual saving of over $100 billion.

Solid state lighting will be more cost efficient in terms of product maintenance and replacement. Unlike incandescent bulbs and fluorescent tubes, LEDs and OLEDs are durable, long-lasting, and easier to program and operate. The energy efficiency of these devices could translate into major cuts in carbon emissions if solid state lighting is adopted broadly. It has been estimated that the United States could avoid over 200 metric tons of carbon emissions by 2020 if solid state lighting could garner a significant share of the general lighting market.

A flourishing solid state lighting industry would have important economic benefits to the United States in terms of employment, growth in supplier and equipment industries, research and development and new applications. Furthermore, as solid state lighting becomes a leading source for general lighting outside the United States, the U.S. solid state lighting and related industries will reap expanded economic benefits for the nation in terms of job creation and tax contributions.

Solid state lighting promises better quality and more versatile sources of lighting, including the ability to tune colors to virtually any shade or tint. In addition, solid state lighting offers other desirable qualities, such as light-weight, thinness, flexibility in deployment, and compatibility with integrated circuits to produce "smart" light.

FOREIGN DEVELOPMENT OF SOLID STATE LIGHTING

Efforts are underway in other countries to rapidly develop solid state lighting as a viable alternative to conventional lighting technologies. Government-sponsored industry consortia have been established in Japan, Korea, and Taiwan to develop more efficient solid state lighting technologies. Without a substantial government-industry commitment in the United States, competitors such as Japan will likely come to dominate solid state lighting and become the standard-bearers of this important technology.

NEED FOR A GOVERNMENT-INDUSTRY INITIATIVE

A government-industry initiative to develop this technology would serve the United States' economic and energy security interests. The United States would benefit not only from major energy and cost savings, improved quality of lighting, and a positive environmental impact, but also from the ability to enhance and maintain the competitiveness of the U.S. solid state lighting industry at a time when this technology is being aggressively pursued by other nations.

Current technology roadmaps for solid state lighting indicate that the cost reductions and product development work necessary to commercialize this technology for the general lighting market could take a minimum of 12–18 years. The implementation of a focused government-industry initiative to further develop this technology for general illumination could substantially reduce this timeframe. Such a shared initiative would reduce the cost of research and development, enable important information sharing, accelerate technology innovation and the development of domestic and international standards.

The optoelectronics industry in collaboration with the Department of Energy and several National Laboratories is developing a coordinated approach to solid state lighting. OIDA, DOE and the solid state lighting consortium are continuously updating the requirements for full scale development of solid state lighting. These include much basic research, which is especially suited for universities; harnessing work at the National Laboratories; and the development of an infrastructure of supplier and equipment firms that can be available for the commercialization of this new technology.

NEXT GENERATION LIGHTING INITIATIVE

The Initiative.—The Next Generation Lighting Initiative Act was introduced on July 11, 2001 by Senators Jeff Bingaman and Michael DeWine. The legislation was subsequently included in the Senate's comprehensive energy bill (S. 517). A related authorization provision is included in the House energy bill (H.R. 4). While H.R. 4 has passed the House, Senate consideration of S. 517 is still pending.

The objective of the NGLI is to develop advanced solid state lighting technologies within 10 years. The legislation would involve two types of funding for research and development: (1) direct sponsored research from the Department of Energy, and (2) grants to universities, National Laboratories and infrastructure providers that would be administered by an industry-led consortium.

The consortium would provide the framework for the entire program in that it would coordinate with the Department of Energy in assessing technology require-

ments, maintain technology roadmaps, and administer the efforts of participating universities, National Laboratories, and supplier and equipment infrastructure firms. All efforts would involve cost sharing.

NGLI Appropriations.—While the authorization language in the House does not include a specific appropriations amount, the Senate authorization bill parallels Senator Bingaman and DeWine's original NGLI legislation in calling for $50 million in annual appropriations for the initiative through fiscal year 2011. For fiscal year 2003, the start-up year of the initiative, $30 million in funding would be authorized. Such funding would appear sufficient for complementing current industry efforts. Government funding is not contemplated to continue beyond the point at which this technology is available for broad-based applications.

Though funding for the NGLI was not explicitly included in the President's proposed budget for fiscal year 2003, the Administration has requested funds for research in solid state lighting and the Department of Energy has been supportive of the initiative. OIDA urges the Subcommittee to ensure that $30 million is available in fiscal year 2003 appropriations to support the NGLI.

Industry Support.—In anticipation of the NGLI, various leading U.S. optics and lighting companies have come together to provide leadership in a consortium dedicated to developing advanced solid state lighting technology and to contribute cost sharing to this effort. Other members of the consortium include national and private laboratories, lighting and manufacturing infrastructure providers and over twenty universities.

OIDA strongly endorses the creation of a Next Generation Lighting Initiative and urges the Senate Interior Appropriations Subcommittee to approve fiscal year 2003 funding for the launch of this important technology development initiative. NGLI offers the best approach for combining the resources of industry, government, and academia in an effort to bring to the commercial marketplace the next generation of lighting technology and to maintain a leadership role for the United States in this important field.

PREPARED STATEMENT OF THE NATIONAL MINING ASSOCIATION

The National Mining Association's (NMA) member companies account for approximately three-fourths of the coal production in the United States, over 1 billion tons annually, and the vast majority of mined minerals including iron ore, copper, gold, silver, uranium lead, zinc, and phosphate. The purpose of this statement is to present the mining industry's views on fiscal year 2003 programs for the following agencies: Office of Energy Efficiency and Renewable Energy, Office of Fossil Energy, Energy Information Administration, and the U.S. Geological Survey, Office of Surface Mining and the Bureau of Land Management.

Development and use of advanced technologies to allow greater, but more efficient, use of our nation's vast coal resources has never been more important than it is today. While imports of energy are, and always will be, an important part of our nation's economy, it is more important than ever to take the steps necessary to be able to more fully utilize our major domestic energy resource, coal, efficiently while continuing to maintain and improve our environment. Technology is the key to achieving our goals and research and technology development supported by government/industry partnerships must not only be maintained but must increase. We urge the Congress to consider our energy research priorities in light of the world situation as it exists today and will exist for years in the future.

OFFICE OF FOSSIL ENERGY

NMA supports the Department of Energy's (DOE) Clean Coal Power Initiative's (CCPI) requested level funding of $150 million to create government-industry partnerships to demonstrate innovations that will allow coal-fueled power plants to operate more efficiently and with improved environmental performance. It is difficult for utilities, especially under a deregulated and now competitive environment, to take the financial and technical risks associated with using first of a kind technologies. This program will help offset those risks.

The Clean Coal Technology Program (CCTP) has been one of the most successful cooperative research, development and demonstration efforts between the government and industry, due in large part to Congress providing it with advanced funding. This financial commitment gave lending institutions and industry the confidence to move forward with high-risk, innovative projects. The same "up front" commitment should be considered for the 10-year, $2 billion, CCPI in order to assure that the results of the clean coal programs contribute to our nation's energy and economic security in a timely and effective manner.

At the same time, 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. Levels of funding for many coal-based R&D programs must be maintained or increased in order to achieve timely technology development. If funding is reduced, as proposed in some instances by the DOE budget, these technologies will not be developed in the time frame required. While the overall decline in the request for fiscal year 2003 funding is small on a percentage basis, even a small decline will prevent needed research programs from continuing. We urge the Congress to restore the levels of funding for coal and related research to fiscal year 2002 levels.

In particular, DOE has proposed that $40.65 million be allocated to the Integrated Gasification Combined Cycle program, a reduction of $2.35 million from fiscal year 2002 levels. NMA supports increasing the budget to $65 million. The proposed fiscal year 2003 budget of $9.1 million for Pressurized Fluidized Bed should be increased to $22 million and the program should be renamed to "Advanced Combustion Systems" to more accurately reflect the research on going under this program. The extra funding would provide funds specifically for advance combustion systems, supercritical steam power systems, fluidized bed combustion and hot gas filtration. NMA recommends that the funding for turbine research be increased from $14 million to $24 million. The current budget request is just enough to maintain existing research, but is not enough to begin new research in this important area—important not just to coal but to all fuels.

Vision 21 looks to the future where highly efficient power plants will continue to use coal and other fossil fuels to provide Americans with low-cost electricity and other products. Vision 21 will build on and incorporate many of the technologies developed in the original Clean Coal Technology program as well as the Clean Coal Power Initiative. The work that DOE is proposing for fiscal year 2003 is critical if Vision 21 technologies, designed to increase efficiencies by 60 percent and to reduce emissions to near zero levels, are to be demonstrated by 2015. This program should be accelerated and we support funding at or above the requests for the various elements of Vision 21.

Carbon Capture and Sequestration technologies promise to offer an alternative to emitting carbon dioxide to the atmosphere. Most of these projects will be a longer term, but research must begin now. NMA supports the request for an increase in carbon capture and sequestration funding to $54 million. This is a vital part of any climate change initiative.

Coal Research and Development.—It is important to continue funding for coal preparation and liquefaction technologies as advanced coal preparation technologies promise to reduce the cost of continued use of coal in traditional applications in large industrial and electric utility boilers. It is important to continue the industry cost-shared research work on technologies for manufacturing advanced carbon-based products. Research in the areas of advanced technologies for solid-solid and solid-liquid separations directed toward fuel production and use is equally important and we support $3.0 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, Inc.

University Research.—The DOE should provide strong support for research on mining at the academic institutions. Several mining engineering departments are consolidating and even closing, due to lack of funding. This diminishes the national capability to develop fundamental science to improve mining practices, and impairs the abilities of the universities to train future generations of mining engineers. In addition to its programs in oil and gas production, we urge the Fossil Energy office to institute a program to support academic research in mining schools.

OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY

The Mining Industry of the Future Program.—The research priorities developed through this industry/government partnership offer important direction to the Department of Energy, industry and Congress for a sustainable mining industry in the 21st Century. Response to the program has been overwhelming. Since 1999, 111 proposals totaling $113 million have been received—at 50 percent, DOE's cost share would be $56.5 million. Of the total projects funded to date, industry's cost share is 54 percent, or about $31.5 million.

In 2001, two new processing projects led by DOE national laboratories were selected from 21 proposals, bringing the total active projects to 28. Of these 28 projects, 10 will be completed in fiscal year 2002. As these projects wrap-up, several other R&D-related activities are underway. Another processing solicitation calling for industry-led proposals was issued early in 2002, with the goal of selecting new projects by the end of the year. A technology roadmapping session was held in 2001 to define research requirements that address the industry's mining and exploration needs; the related solicitation will be issued in early 2003, with project awards made in early 2004. The Administration has requested $5.1 million for the program in fiscal year 2003, the same amount as the fiscal year 2002 enacted level. NMA supports this request.

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. This has been very evident during this past year as Congress has debated both energy and environmental policies. From an industry perspective, EIA's energy data collection and dissemination responsibilities are essential to industry's ability to evaluate production and market trends and to make investment decisions that accrue benefit to the nation.

Unfortunately, the quality, consistency and timeliness of the underlying data collected and published by EIA—data that provides the basis for both industry market analysis and for public policy decisions—has never been worse. In particular data on coal production and consumption and data on the vital electric utility sector have deteriorated to the point that the data is virtually unusable. Data is incomplete and inaccurate. Consistency in data collection—even on a month-to-month basis—is nonexistent. EIA data—at least in the coal and utility sector—has become completely unreliable. Unfortunately the nation is considering a national energy strategy and new environmental policies on the basis of this flawed data. While we support the current funding levels suggested for EIA, and would certainly support an increase, we would urge that the Committee include directions to the EIA to quickly take steps to improve the quality of the data collected and published. Sound public policy cannot be made if the underlying information used is faulty.

U.S. GEOLOGICAL SURVEY (USGS)

The USGS's role in mineral exploration, identification of geological hazards and mapping offers important support to the mining industry. NMA supports maintaining these programs at current, or expanded levels. In addition, the USGS is the only source for most of the United States' statistical data on mining and minerals commodities. This information provides the basis for informed policy decisions by government and is extensively used by other government agencies, by Members of Congress and by State and local governments, as well as by industry, academia and nongovernmental organizations. NMA opposes the reduction of funding for the Minerals Information Service included in the fiscal year 2003 budget request. It is already difficult to maintain the data quality and timeliness that is so important—not just to the industry for market analysis purposes—but to the Administration and the Congress when developing and implementing public policy. Our nation is becoming more dependent upon foreign sources to meet our metals and minerals requirements as exploration and development of domestic resources is declining. Development of a National Minerals Policy to halt and reverse this trend is vital to our nation's economic future and strategic defense. The information collected and made available by the USGS will become all the more important in future years as Congress begins to consider elements of a National Minerals Policy. It is important that it be maintained at least at current levels.

OFFICE OF SURFACE MINING (OSM)

The Abandoned Mine Land ("AML") program receives funding from coal operators for the purpose of providing reclamation to sites disturbed before the passage of the Surface Mining Control and Reclamation Act (SMCRA). NMA remains concerned by the high administrative costs associated with the AML program, which reduces funds available for on-the-ground reclamation. The OSM should be directed to provide Congress a report describing and explaining the costs attributable to program administration with its recommendations for reducing those costs.

BUREAU OF LAND MANAGEMENT (BLM)

BLM should have adequate funding to ensure sufficient staff and resources are devoted to regulating mining operations, including the timely processing of plans of operations and conducting activities necessary to comply with the National Environmental Policy Act ("NEPA").

PREPARED STATEMENT OF THE ALLISON TRANSMISSION DIVISION OF GENERAL MOTORS, INDIANAPOLIS, IN; BAE SYSTEMS CONTROLS, JOHNSON CITY, NY; AND EATON CORPORATION, KALAMAZOO, MI

Request.—Our companies are competitively developing Heavy Duty hybrid electric propulsion systems (HD Hybrid) for Trucks and Buses. At the same time, we have pre-competitively established common objectives that we agree to jointly pursue in order to enable these products to come to market. All of our companies have encountered barriers to commercialization so significant that we have collectively agreed Federal assistance is essential to overcome them. We jointly request that the committee to increase the Department of Energy's 2003 budget for the Vehicle Technologies R&D Program, Hybrid Systems R&D sub-account to $16,100,000 from the 2003 budget request level of $4,100,000, an increase of $12,000,000. The Department of Energy should be instructed to use these funds for the acceleration of Heavy Duty Hybrid Research and Development, without stipulation of vehicle fuel type, architecture or configuration, to enable the Private Sector to develop solutions that best meet the requirements of the trucking industry..

Background.—The Allison Transmission Division of General Motors Corporation (Allison), BAE SYSTEMS Controls (BAE SYSTEMS) and Eaton Corporation (Eaton) are the three major HD Hybrid developers in the United States. Allison is the world's leading manufacturer of automatic transmissions for commercial and military vehicles. BAE SYSTEMS is one of the largest Aerospace and Defense companies in the United States and is the developer of HybriDrive™ propulsion systems. Eaton is the world's leading manufacturer of manual/automated manual transmissions and collision avoidance systems for commercial trucks. All three Companies are members of the 21st Century Truck Partnership.

Our goals are to develop HD Hybrid propulsion products, defeat overcome the technical barriers that are inhibiting the technology and stimulate market demand for these products. In essence, we are attempting to create a brand new, globally competitive industrial base in the United States that will significantly benefit the Transportation sector. Our approach is to Our approach is to create an environment that is conducive to the accomplishment of our goalspre-competitively collaborate to create an environment that is conducive to the accomplishment of our goals. Our plan is to educate interested parties as to why HD Trucks and HD Hybrids are important, explain why HD Trucks and HD Hybrids differ from those used in Cars, Light Duty Trucks and SUV's, to outline why Government assistance is needed and to summarize our technology priorities.

The Dilemma of Heavy Duty (HD) Trucks.—The average American does not understand or care why HD Trucks are important. Quite the contrary, the prevailing attitude toward HD Trucks ranges from indifference to outright hostility. They are dirty, noisy and smelly and many of them aren't pretty. Americans have to share the roads with them. Such trucks intimidate automobile drivers, cause accidents, clog traffic and ruin the roads. It's no wonder that looking for public policy support for HD Trucks is difficult. Trucks are unpopular, but, the average American doesn't realize that America can't economically survive without them and Americans cannot live without them. The average American does not understand or care why HD Trucks are important. Quite the contrary, the prevailing attitude toward HD Trucks ranges from indifference to outright hostility. Many of them aren't pretty. We have to share our roads with them. They are dirty, noisy and smelly. They intimidate us, cause accidents, clog traffic and ruin the roads. It's no wonder that looking for support for HD Trucks is a tough job. Trucks are unpopular, but, the average American doesn't realize we can't live without them.

The Importance of HD Trucks.—America's economy runs on trucks. Virtually everything we own was transported by a HD Truck at least once, if not multiple times, to bring it to our homes or the place where we could buy purchased it. If you have it, it came by truck and when you're through with it, a truck will take it away. According to both the 1993 and 1997 U.S. DOT Commodity Flow Survey Studies, 72 percent of the dollar value of goods shipped in the United States was shipped by truck. However, trends such as Just-In-Time (JIT) delivery and E-commerce are pushing our dependency on shipping higher. A report titled "Economic Effects of Transportation, the Freight Story", January 2002 by ICF Consulting and HLB Deci-

sion Economics outlines the causes and effects of this paradigm shift. The Motor Carrier Act of 1980 deregulated trucking, which led to increased competition in interstate transportation markets. This caused trucking companies to cut their profit margins and increase efficiency to survive, which led to lower shipping costs. Business managers soon recognized this trend and invented JIT delivery, exploiting the trend by trading inventory cost for shipping cost to save money. Inventory costs of business were reduced from 8.2 percent of GDP in 1981 to 3.6 percent of GDP in 1999 and at the same time, shipping costs were reduced from 7.4 percent of GDP in 1980 to 6 percent of GDP in 1988 and after. This resulted in more money available to suppliers of goods and less to the trucking industry despite increasing ton-mile volumes, which helped fuel the pre-Y2K economic expansion we enjoyed. The other significant effect is that the Nation's economy is now considerably more dependent on reliable, low-cost freight due to reduced inventories. In summary, trucking is extremely important to our Nation's economy, even though most most of usAmericans take it for granted.

The Importance of HD Hybrid Trucks.—HD Hybrid makes trucks cleaner and more efficient. In an era of increasing ton-mile shipping volumes, fueled by the economic phenomenon described above, this is a very important consideration. HD Hybrid can reduce Oxides of Nitrogen (NOx) up to 50 percent and improve fuel economy 10 percent to 50 percent, depending on the driving cycle. Other technologies that are being developed and introduced to meet EPA 2004 emissions regulations (in 2002 for those companies that are party to the consent decree) such as Exhaust Gas Recirculation (EGR) improve emissions but degrade fuel economy. HD Engine company representatives have stated that EGR can reduce fuel economy as much as 5 percent. Considering the trucking industry's razor thin margins, the cost increase driven by 5 percent poorer fuel economy could be devastating to both the trucking industry and the Nation's economy. With HD Hybrid, you don't have to sacrifice efficient for clean.

Interestingly enough, HD Hybrid is a multiplier of other advanced truck and bus technologies. It complements, enhances and integrates with improvements in engines, aerodynamics, safety, aftertreatment devices, anti-idling systems, traction control and intelligent transportation concepts. It can does this because of its advanced computer control system and its inherent power management capability. HD Hybrid is a unifying technology that enables Engine, Truck and HD Component Manufacturers to work together in an Integrated Product Team (IPT) fashion. It HD Hybrid can have the effect on HD Trucks that stringent fuel economy and emissions regulations coupled with savvy foreign competition and increasing customer expectations has had on passenger cars. These market forces caused forced the automakers to more fully integrate their vehicles andproducts to meet emissions regulations, improve fuel economy and offer higher quality, more competitive productsand avoid fines. HD Hybrid is a unifying technology that enables Engine, Truck and HD Component Manufacturers to work together in an Integrated Product Team (IPT) fashion to enhance the competitiveness of their products. HD Hybrid can encourage this integration to the benefit of HD Truck products without the regulatory hammer.

Looking forward, HD Hybrid is an integral part of the technology roadmap for fuel cell powered and all-electric HD Trucks and Buses. A fuel cell has no spinning shaft for power take-off and connection to a mechanical transmission and driveshaft. You put hydrogen in, and electricity and water vapor come out. But electricity alone cannot move a truck. HD Hybrid brings with it the electric drive technology that a fuel cell needs to become a propulsion system. And, theour Japanese friends are trucking industry is already moving out with HD Hybrid, spearheaded by a Government wide MITI initiative.

How HD Trucks differ from LD Vehicles: This subject is worth discussing to address the common rationalization perception that investments in Passenger Car technology benefit HD Trucks. First, it is important to understand the definitions of Light Duty (LD) vs. Heavy Duty (HD) vehicles. LD vehicles (and Trucks) are those that fall into Classes 1 and 2a, which contain vehicles such as Passenger Cars (Pass Cars), Light Trucks (such as the GMC/Chevy 1500 series pick-up truck), Minivans and most Sport-Utility Vehicles (SUV's). HD Trucks are everything else, that is, all vehicles that exceed 8,500 lbs Gross Vehicle Weight (GVW), which are Classes 2b through 8. This cross section of vehiclesese includes Tractor-Trailers, Delivery Vans, Refuse and Dump Trucks, UPS and FedEx Package Vans, Buses, even large pick-up trucks such as the GMC/Chevy 2500 and 3500 series are in the HD class. A summary of characteristics that differ between LD and HD vehicles relative to North American markets is shown below.

Characteristic	Heavy Duty (HD) Trucks	LD Trucks and Pass. Cars
Gross Vehicle Weight (GVW)	6,100 to 80,000 lbs	Up to 6,100 lbs
Duty cycle	Continuous daily operation	Intermittent light duty
Peak horsepower	150 to 600	70 to 300
Continuous horsepower	150 to 600	25 to 60
Annual mileage	20,000 to 250,000 miles	8,000 to 20,000 miles
Expected lifetime	1,000,000 miles	150,000 miles
Purchase price (not incl. bus)	$60,000 to $150,000	$12,000 to $40,000
Market volume (annual)	800,000	18,000,000
# of configuration variants	Millions	A few thousand
Fuel of choice	Diesel	Gasoline
Fuel consumption	5 to 15 MPG	14 to 40 MPG
Who buys it	The fleet manager	The driver
Who drives it	A hired driver	The owner
Buyers priority	Reliability, Low ownership cost	I like it/Want it
Emissions certification	Engine only, grams per Brake-Horsepower-Hour (g/BHP-hr) of emissions certified.	Vehicle level, chassis dyno, grams per mile (g/mi) of emissions certified
Certification responsibility	Engine manufacturer	Vehicle manufacturer

There are important points to note from the chart:

—Market volume for HD Trucks is about one-twentieth that of cars, and they can be bought in 1,000 times more configurations. Components designed for the market volume of cars, in many cases, cannot be made commercially viable for HD Trucks because the volume is not sufficient to offset development costs.

—The HD Truck market has a completely different set of drivers than the car market. HD Trucks are bought to make the owner money and are driven by a paid driver, while cars cost their owner-/driver's money. An HD Truck buyer prioritizes reliability and low cost of ownership while a car buyer prioritizes styling and performance. Compared to a car, An HD Truck weighs about 2–10 times more, has 2–10 times the horsepower and burns 3–4 times more fuel. HD Trucks are designed to run at full power all day long, while cars are used intermittently and sit idle most of the day. This results in completely different design priorities for these two populations of vehicles.

—The exhaust emissions of a HD Truck are certified and guaranteed by the engine manufacturer while the vehicle manufacturer has this responsibility for a car.

These factors considered together have caused HD Truck and LD Vehicle markets and industries to behave very differently. Their markets, products, business models, revenue streams and regulatory environ*ments are completely different. Technologies resulting from Basic Research can be transferable between the industries but the products of Applied Research and beyond are market specific. In summary, the HD Truck and LD Vehicle technologies and corresponding investments in them leverage each other only at the most basic level.

Why Government Assistance is Needed.—The preceding paragraphs have established the importance of trucking to the Nation's economy and highlighted that HD Hybrid is a technology that offers increased efficiency with a simultaneous emissions reduction. HD Hybrid can enhance Energy and Economic Security as well as favorably impact the attainment of Air Quality Standards. It was also noted that technology investments in Light Duty vehicle technology have marginal impact on Heavy Duty Trucks, production volumes are much smaller than that of cars, and that the trucking industry operates on very slim profit margins due to the competition created by deregulation. As a result, HD Hybrid is a technology that offers significant benefit to the public good, but its Business Case is weak enough to discourage Industry from making the initial investments to develop it. This is where the Government can help. Through prudent investment in key technologies, and by assuring that sufficient testing experience is available to overcome consumer reluctance, the Government can help Industry get this technology "over the hump", to the point that it will stand on its own with a strong business case driven by proven Life Cycle Cost payback and superior residual value to trucking firms. Therefore, we respectfully ask the Subcommittee to:

Increase the Department of Energy's 2003 budget for the Vehicle Technologies R&D Program, Hybrid Systems R&D sub-account to $16,100,000 from the 2003 budget request level of $4,100,000, an increase of $12,000,000. The Department of Energy should be instructed to use these funds for the acceleration of Heavy Duty Hybrid Research and Development, without stipulation of vehicle fuel type, architec-

ture or configuration, to enable the Private Sector to develop solutions that best meet the requirements of the trucking industry. .

Our technology priorities are:

—Power Management Technology

—Component and System Reliability Growth

—Engine and Aftertreatment Integration

—Component and System Modeling and Simulation

In addition, our group will be pursuing strategies to build the Component Supplier Base, influence Emissions Certification Standards to accommodate HD Hybrids and implement Tax and Purchase Incentives to accelerate the introduction of HD Hybrids into trucking Fleets.

PREPARED STATEMENT OF THE SUPER COMPUTING SCIENCE CONSORTIUM

We are writing on behalf of the Super Computing Science Consortium. Members of this Consortium, including the Pittsburgh Supercomputing Center (co-operated by Carnegie Mellon University and the University of Pittsburgh), the National Energy Technology Laboratory, and the West Virginia University, apply their resources to problems in energy and the environment and to stimulate regional high-technology development. We request that $7 million funding be allocated in the Department of Energy's fiscal year 2003 budget to support the Focus Area for Computational Energy Sciences, Advanced Research Programs, Office of Fossil Energy Research and Development, of which $2 million shall be allocated to the Super Computing Science Consortium.

The Pittsburgh Supercomputing Center (PSC), jointly operated by Carnegie Mellon University, the University of Pittsburgh and Westinghouse Electric Company, provides academic, government and industrial researchers with access to the world's most powerful public resource for high performance computing, communications and data handling. Consortium members bring to the National Energy Technology Laboratory (NETL) the supercomputing and networking expertise of the PSC and the three-dimensional visual simulations expertise of the West Virginia University (WVU). In addition, the Consortium supports NETL and its mission with the intellectual and technical resources of the member universities.

The Super Computing Science Consortium is currently working on a variety of computational projects, conducting training and outreach activities, developing regional workforce capabilities, and participating in economic development efforts throughout western Pennsylvania and West Virginia. The computational projects advance the NETL mission utilizing state-of-the-art computational techniques and resources, and the expertise to experts in the field, better to understand and to advance the state of practice in a wide range of areas pertinent to the efficient extraction and use of fossil energy. The training, outreach and regional workforce and economic development activities serve the NETL mission by improving the knowledge, capability and skills both of the NETL staff and of the regional work force from which NETL draws employees.

REPRESENTATIVE COMPUTATIONAL PROJECTS

MFIX Simulations

Numerical Simulation of Unsteady Combustion

Large Eddy Simulation (LES) of Hydrogen-Enriched Premixed

Combustion for Ultra-Low Emission Gas-Turbine Applications

Grant for Fluent simulations for the PC fired boiler project on the PSC Beowulf cluster

Multi-Dimensional Hybrid CFD Design/Optimization of Tri-Fluid Pressurized Combustors

Pore-Level Modeling of Carbon Dioxide Sequestration in Geologic Formations

Turbulence Predictions in Reacting Multiphase Flow

Numerical Simulation of In-Situ Reheat in Turbines

CFD Models for Slurry Bubble Column Reactors

Molecular Dynamics Calculations of Spin Labeled Nanometers

Effect of baffles in partially filled heavy duty tanker

Turbine Tip Clearance Region Desensitization

Calculation of Point Defect Interactions: Formation of Defect Complexes and Clustering in Fe3Al

First Principles Calculations of the Electronic and Chemisorption

TRAINING

Training on the applications of disperse computing systems was conducted for WVU and NETL researchers. The consortium is in the process of implementing a grid computing systems composed of a cluster at PSC, one at WVU and one at the NETL Morgantown site. The high-speed Internet service recently brought into West Virginia will allow the disperse clusters to work together on complex problems and to achieve high utilization of all three systems.

Three papers on the consortiums activities will be presented at the WVU technology fair on April 23, 2002. This technology fair draws representatives from businesses from across West Virginia.

A training seminar for WVU researchers on parallel computing will be conducted in May 2002.

The outreach session at Waynesburg College was held on April 4 and 5, 2002. This session presented the principles of parallel and cluster computer to representatives from small colleges and universities from West Virginia, Pennsylvania and Ohio. Twenty-eight registrants from 13 schools attended.

Work Force Development.—The Consortium collaborated in development of first graduate level course in cluster computing. Twenty-three graduate levels students now enrolled.

Economic Development.—The Consortium provided management guidance and technical consultation to Greene County government agencies in development and implementation of EverGreene Technology Park. Greene Co. has the most rural school district in Pennsylvania and an already high unemployment rate. It is expected that EverGreene will draw well-compensated, high tech jobs to this region.

Fiscal year 2003 Activities.—Work on this project will continue to support the Fossil Energy Vision 21 initiative. Many of the computing projects initiated to date will continue within the Cluster and T3e computing platforms. In addition, we will extend the computational program to exploit the PSC terascale system in support of DOE objectives. The terascale machine will allow the highest level of computational resource to be brought to bear on critical problem facing fossil energy use in the future. Issues of carbon sequestration, methane production from methane hydrates, complex flow and chemical issues in future vision 21 coal utilization plants, and infrastructure protection will address.

—Applications will be implemented on the grid computing system established in fiscal year 2002. The applications will include job scheduling of fossil energy computational problems from NETL and partnering universities and labs.

—In collaboration with WVU virtual environments lab, distributed rendering of virtual plants and research results will be developed and performed on the grid computing system.

—Efficient monitoring and support of hardware and software systems comprising the grid's distributed clusters will be established to provide 24×7 support from a central location.

—Implement a disaster backup capability for NETL data across the fiber optic network.

—Workforce development: Building on this year's program, we will work with the EdVenture Group, a not for profit WV state agency, to begin a workforce development program on a pilot basis with one high school in rural WV. The WVU class prepared this year will be simplified and taught at the high school by NETL, WVU and PSC personnel. This class will serve as a model for future sessions in the region.

—Extend the network to Fairmont and other parts of WV.

—Continue to increase pool of academic and research institutions supporting NETL's mission. This process also benefits the participating institutions by encouraging advances in computational skills and related expertise. It is expected that additional college level programs will also come about as these schools become familiar with state of the art HPC resources. A continuing and growing benefit will occur for NETL and the region.

PREPARED STATEMENT OF THE NATIONAL RESEARCH CENTER FOR COAL AND ENERGY, WEST VIRGINIA UNIVERSITY

REQUEST

Our testimony will focus on the Fuels Program in the fiscal year 2003 Fossil Energy R&D budget. We are very concerned about the proposed reduction in funding for fuels research to a level of $5 million for fiscal year 2003 compared to the enacted level of $32.2 million in fiscal year 2002. We request that $6.3 million be

added to the Fuels Program budget to continue the work this Subcommittee has supported in the areas of C–1 Chemistry, Advanced Separations, and Coal Extraction. We also urge your continued support for strong research, development, and demonstration programs in the areas of coal, natural gas, and oil.

FOSSIL ENERGY PROGRAMS

For the Fossil Energy R&D Program, the Administration's fiscal year 2003 request is approximately $93 million (16 percent) less than the enacted budget for fiscal year 2002. Major reductions have been proposed in Central Systems, Fuels, Distributed Generation, and Natural Gas and Oil Technologies. These budget reductions will scale back essential R&D programs, some of which have existing mortgages. Ensuing time delays in completing these programs will hamper our ability both to enable our existing power generation fleets meet mandated emissions goals and also our ability to develop new technologies which will serve us in the future. We urge the Subcommittee to restore these programs to at least their fiscal year 2002 level.

We are pleased to note that the Administration has recommended $150 million for the Clean Coal Power Initiative. These funds will be used to demonstrate technologies that are highly complex and capital intensive. We recommend that the $2 billion initiative announced by the Administration should be funded as additional money over and above the basic fossil energy R&D program.

The need for separate funding for the Clean Coal Power Initiative (a demonstration program) and the basic R&D program can be illustrated by reviewing the fossil energy research overseen by the Department of Energy for the past 25 years. [Reference: National Research Council Report—Energy Research at DOE: Was It Worth It?]. Since 1984, the R&D for coal, oil, and natural gas has been funded at approximately the same level, around $400 million in constant dollars. Demonstrations supported under the previously funded Clean Coal Technology [CCT] Program were treated separately from the base R&D program. Legislation enacted by Congress committed CCT funding for the outyears, thereby assuring participants that continuing appropriations would be available to complete their projects.

Our nation's needs for low cost, clean, abundant energy are even more acute as we face both shortages of supply and uncertainties about the source of supply. We must both adequately fund our R&D programs and support the demonstration program by appropriating additional funding for the Fossil Energy budget. As was the case with the Clean Coal Technology Program, we urge both Congress and the Administration to commit the long-term funding necessary to permit successful demonstration of the technologies that evolve from the basic R&D program.

FUELS PROGRAM

The Fuels Program of the Office of Fossil Energy has three important subelements which would be affected by the budget cut proposed by the Administration: Transportation Fuels and Chemicals, Solid Fuels and Feedstocks, and Advanced Research. Our nation needs alternative sources of transportation fuels to supplement our oil reserves and reduce imports. Coal can play an essential role in producing liquid fuels, chemicals, and is the most viable long-term source of hydrogen. Advanced research is necessary to improve our technologies. Solid fuels research programs help us save energy and resources through the application of new processes and the manufacture of new products from coal.

C–1 Chemistry Program

The C–1 Chemistry program is the only element of the Fuels Program which addresses advanced research for new technologies to reduce the cost of producing alternative fuels from a wide variety of feedstocks, including coal, natural gas, and biomass. Research conducted by the Consortium for Fossil Fuel Science [CFFS] has led to innovations for the Fischer-Tropsch (F-T) process that improve our ability to produce ultra-clean, high efficiency transportation fuels. Cleaner transportation fuels are needed to meet present and future emissions requirements, such as lower sulfur, NO_X, and particulate emissions, advanced by the Environmental Protection Agency.

CFFS researchers have also developed new catalysts and processes for producing oxygenated compounds for additives to diesel fuel or gasoline, and for the production of hydrogen. The program has developed ways to produce carbon nanotubes which can be used for hydrogen gas storage and also a wide variety of other products. The CFFS is guided by an Industrial Advisory Board whose critiques and recommendations ensure the relevance this long term research program. The program is also maintaining our resource base of human capital with expertise in coal science.

New technologies for fuel production will make advanced coal power plants being developed under Vision 21 programs more economical. Successful Vision 21 plants will lead not only to supplemental supplies of transportation fuels and chemicals from indigenous resources, but also to a continuation of our inexpensive supply of electric power. We request that C–1 Chemistry be funded at a level of $2 million in fiscal year 2003, an increase of $0.5 million over the fiscal year 2002 appropriation. The CFFS will provide $0.5 million in cost sharing to supplement the federal funding.

Advanced separations

In 2000, the U.S. mining industry produced $60 billion worth of raw materials and the mineral processing industries increased the value of this production to $429 billion. The electricity generated from mining coal and uranium was worth $182 billion. Overall, the mining industry contributed approximately 6.7 percent of the U.S. economy in 2000. However, the mining industry is also producing a large amount of waste products and loses much of its recovered resource due to inefficiencies in the various separation processes that are currently being used. In some cases, such as the October 11, 2000 catastrophic coal waste impoundment failure near Inez, Kentucky, damage is done to the environment from the release of the discarded material into streams, creeks, and rivers. The damage to the environment from the coal fines released at Inez resulted in $500 million in clean-up costs. The recent National Research Council study recommended that additional research is needed to prevent such disasters. Advanced separations technologies would recover more of the coal fines, thereby reducing the need for, and size of, such impoundments.

The Advanced Separations research supported under the Fuels Program is focused on high-risk innovative projects to develop new technologies for the recovery of resources and to minimize waste releases to the environment. The Advanced Separations program is particularly important for the collection and sequestration of ash, minerals, and sulfur from coal, and will become increasingly more relevant to address the removal and sequestration of heavy metals, including mercury. Industry continues to show interest in a federally sponsored academic-style research program in this area.

The Center for Advanced Separations Technology [CAST] is conducting crosscutting research in the solids-solids and solids-liquids separations areas by working closely with the mining industry on the underlying science and technology that will be the basis of new processing techniques. Areas being researched are crosscutting in nature and can be applied to both the coal and minerals area. Member universities in the Center include Virginia Tech, West Virginia, New Mexico Tech, Utah, Montana Tech, Kentucky, and Nevada-Reno. In fiscal year 2002, the CAST initiated research programs in coal, minerals, and biological separations areas. In addition to the advanced technologies being developed, the program also helps to educate technical people to support the industry under the direction of researchers in the top mining schools in the United States.

We request that the CAST Advanced Separations program be continued at the fiscal year 2002 level of $3 million. Center participants will provide $0.75 million in cost sharing.

Coal Extraction Program

The manufacture of advanced carbon-based products continues to be an important contributor to our economy. Lightweight carbon structures are integral components of transportation vehicles, leading to reduced weight, enhanced energy efficiency, and high strength components that improve the safety of vehicles in crashes. Traditionally, carbon products were made from petroleum cokes to produce binders and pitches that form the building blocks for products such as anodes for steel and aluminum smelting, graphite for nuclear reactors, and advanced composites for a variety of industrial and consumer products. Recent findings have shown that coal-based carbon products have superior properties compared to petroleum-based products.

Petroleum-based pitches and cokes are becoming in increasingly short supply. These feedstocks also contain more heavy metals as we are forced to use the less desirable petroleum crudes for our transportation needs. Coal-based binders and pitches are also less plentiful since environmental concerns and weakening steel production reduce the supply available from traditional sources such as coke ovens.

Research conducted under Coal Extraction program is focused on developing low-cost, plentiful supplies of coal-based carbon for use in manufacturing. The basic research conducted under this program provides the upstream knowledge necessary for a wide range of industries to manufacture useful products such as foams, fibers, beads, and graphite. We request funding for the Coal Extraction program for fiscal

year 2003 at a level of $1.3 million, a reduction of $0.4 million from the enacted fiscal year 2002 budget. An additional $325,000 will be contributed in cost sharing to supplement the federal award.

CONCLUDING COMMENTS

The advanced research supported under the three programs discussed above provides the knowledge to enable further development of these technologies into the commercial sector. These programs also assist in preserving our national base of intellectual capital with expertise in coal chemistry. Thank you for the opportunity to present testimony on the fuels research program of the Office of Fossil Energy. We appreciate the continued support of the Subcommittee for the C–1 Chemistry, Advanced Separations, and Coal Extraction programs.

PREPARED STATEMENT OF THE ALLIANCE TO SAVE ENERGY

The Alliance to Save Energy appreciates the opportunity to comment on the fiscal year 2003 budget for energy-efficiency programs at the Department of Energy. We believe that the funding levels for these critical research, development, and deployment programs should be significantly higher, but there are positive aspects to the current document.

My name is David Hamilton. I am the Policy Director of the Alliance to Save Energy, a bi-partisan, non-profit coalition of business, government, environmental, and consumer leaders dedicated to improving the efficiency with which our economy uses energy. Senators Charles Percy and Hubert Humphrey founded the Alliance in 1977; it is currently led by Sen. Byron Dorgan as chair, with Sen. James Jeffords and your colleague, Rep. Ed Markey as vice-chairs.

Seventy companies and organizations currently belong to the Alliance to Save Energy. If it pleases the Chairman I would like to include for the record a complete list of the Alliance's Board of Directors and Associate members, which includes the nation's leading energy efficiency firms, electric and gas utilities, and other companies committed to cutting their energy bills.

The Alliance has a long history of researching and evaluating federal energy efficiency efforts. We also have a long history of supporting efforts to promote energy efficiency that rely not on mandatory federal regulations, but on partnerships between government and business and between the federal and State governments. DOE efficiency programs 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 technology in cooperation with the national laboratories, by working with the private sector to deploy that technology, and by fostering energy efficiency activities in the states. And they do it well.

A CRITICAL JUNCTURE FOR THE NATION

In April 2002, we remain in the midst of a fierce debate on national energy policy. Thus far, there has been no resolution as the Senate continues to work on its energy bill. Meanwhile, critical geopolitical issues point up our continued vulnerability to supply disruptions and price instability. One might have thought that the terrorist attacks of September 11 would have changed more attitudes about energy than it has. While some concern is being paid to the physical security of energy infrastructure from terrorism surprisingly little has yet been done to protect the nation's economy from energy supply and price disruptions.

The energy events that gave rise to the push for energy legislation seem like they have subsided and are further away, but I don't believe they are very far away, Mr. Chairman. Gasoline has risen nearly 30 cents per gallon as the Israeli-Palestinian crisis has intensified during the past few weeks. The rush to build new electricity generation that immediately followed the California electricity crisis has greatly abated as prices have fallen and near-term supplies have stabilized. Nobody has yet come up with an adequate answer to how we maintain a stable and cheap natural gas supply when nearly all new generation coming on line is gas-fired.

BOOM AND BUST TEST OUR ECONOMIC SECURITY

Energy is a boom and bust business, Mr. Chairman. Supply gets tight and the price goes up, then there is a rush to secure greater supply. That additional supply creates a glut that send prices and profit margins falling until a combination of falling supply and rising demand renew the cycle.

Mr. Chairman, it is arguable how well our economy absorbs the shocks of the boom and bust cycle. The oil crises of the 1970's clearly caused economic disruption on a large scale. The California electricity crisis opened a drainpipe in the state treasury, while price spikes in the East and mid-west during the past few years sent prices spiraling for short periods. The natural gas spike of two winters ago caused severe economic hardships for families that heat with gas.

Energy issues are so often intermingled with "national security" issues these days, it gets more and more difficult to sort out where they really intersect. Now viewing the world through a terrorism template, we talk about the physical security of nuclear power plants in the same breath as whether to drill for oil in the Arctic National Wildlife Refuge. The issues of physical and economic security are often confused.

In the end, Mr. Chairman, what has been a blind trust in boom and bust markets to determine our energy supply has again and again jeopardized our economic security. Every oil shock in our history has been followed by a recession, Mr. Chairman. What's worse, Mr. Chairman, is that we have actively avoided taking steps to mitigate our vulnerability.

ENERGY EFFICIENCY IS INSURANCE AGAINST BOOM AND BUST

Reducing demand in oil, electric, and home heating sectors reduces the impact on the economy of the boom and bust cycle. Increased energy efficiency in vehicles cuts the leverage that OPEC has over our oil supply. It keeps electricity supply clear of the crisis level that causes prices to spike to many times its normal level. Levels of electricity conservation in California of 6–10 percent since last year have substantially helped keep the state out of the danger zone it faced so recently. As we say here every year, Mr. Chairman, reducing demand through energy efficiency increases energy supply, often more quickly, cheaply, and cleanly than any other method.

EVERYBODY AGREES?

The one thing that everyone has agreed on Mr. Chairman, is that energy efficiency should be a key part of our national energy policy. Virtually all the chief governmental proponents of energy legislation, whether President Bush, Sen. Daschle, Chairman Tauzin or Sen. Murkowski have said it: energy efficiency (or conservation if you prefer; although used interchangeably, they are not the same) is a significant policy option available to balance the pursuit of increased supply. The Alliance believes we need both, but the proposals being considered fall far short of aggressive attempts to maximize energy efficiency.

But what people don't agree on, Mr. Chairman, is what constitutes real energy efficiency. The Alliance to Save Energy believes that we need both new supply and aggressive demand-reduction. But H.R. 4, the House energy policy bill, largely ignored energy efficiency options in the transportation and electric sectors and thus constitutes little more than a missed opportunity to have a balanced national energy policy. A complete failure to include meaningful provisions to save oil and save electricity make H.R. 4 a supply bill, that—aside from some useful tax incentives—provides little other than window dressing on efficiency.

FISCAL YEAR 2003 BUDGET REQUEST

The fiscal year 2003 budget for energy efficiency programs submitted by the Administration makes significant changes in programs and process within these programs. An additional order of magnitude of change to be evaluated is the recent reorganization of the entire Office of Energy Efficiency and Renewable Energy announced by Assistant Secretary David Garman last week.

To begin at a macro level, we are disappointed that the Administration's fiscal year 2003 request slates energy efficiency programs for a cut. The Alliance continues to believe that energy efficiency efforts are not funded at an adequate level. In addition, while we are pleased with the critical increase in the Weatherization Assistance Program outlined in the request, we are very concerned with the more than 10 percent cut in funding for research, development, and deployment programs.

We cannot cease to aggressively pursue new technology options in the buildings, industrial and transportation sectors, Mr. Chairman. The breakthroughs achieved by DOE's past research into more efficient technology have revolutionized our buildings, our lighting, and a variety of commercial and industrial practices. Programs designed to overcome market obstacles to the adoption of existing technologies are just as critical. Cuts in the President's request for windows research, industrial Best

Practices, Clean Cities, and automotive Hybrid Systems R&D are examples of places that need more focus and concentration, not less.

In addition, the 14 percent reduction in funding for State Energy Programs weaken a key cog in the promotion, distribution of knowledge, and adoption of energy efficient technologies. The states remain strong and active partners, and should be on a rising, not falling, curve of support.

FISCAL YEAR 2003 BUDGET REQUEST HAS STRONG POINTS

In addition to a more vibrant commitment to weatherization, this budget has other items and increases to recommend it. The increase in Energy Star would finally give more adequate support to a program long supported strongly by the Alliance and one that is becoming an essential guide for consumers who wish to purchase energy efficient appliances, windows, and other products. A more aggressive Building America program will help break down the barriers that home builders face in incorporating energy-efficient technologies into residential construction. Increased support for the Federal Energy Management Program will enable DOE to accelerate its leadership role in gaining energy savings from federal facilities.

The Alliance strongly believes that increasing fuel economy standards is the best and quickest way to reduce our nation's oil dependence, Mr. Chairman. We are wary that some of the heralding of the "Freedom Car" program may lessen the focus on standards as a way to reduce oil consumption. That being said, we strongly support accelerated work on automobile fuel cells that can perhaps shorten the 15–20 year expected interval before fuel cell cars will be on the road in significant numbers.

EERE REORGANIZATION

The reorganization announced last week by Assistant Secretary Garman is broad in scope and will require significant attention in the coming weeks. Its basis is a 236-page strategic review that has just become available to the public. It eliminates the former sectors within energy efficiency—buildings, industrial, and transportation—reducing some of them to program categories. The combination of business functions may have larger implications for the traditional distribution of the functions between the Energy and Water and Interior Appropriations bills.

It is critical that Congress not allow a fudging of the priorities that have been laid out for the Department by this reorganization. The Alliance is sympathetic and supportive of changes that can make energy efficiency programs accomplish more and use taxpayer dollars more efficiently, and we commend Assistant Secretary Garman for tackling these tough issues. When analyzing the reorganization, Mr. Chairman, please pay close attention to the following:

—Does the reorganization create de facto shifts in program priority for EERE and what are they?

—For which programs does the reorganization make it harder or easier to do business?

—How does the mandated routing of all communication activities through the Assistant Secretary's office enhance or detract from the office's ability to get its message out?

RECOMMENDATIONS

The Alliance to Save Energy generally recommends at least a 20 percent increase over fiscal year 2002 funding for non-grant energy efficiency programs.

We are particularly disturbed about cuts in: Window Research; Thermal Insulation and Building Materials; Best Practices; Hybrid Systems R&D; Lightweight Materials Technology; Clean Cities; COEECT (eliminated).

The Alliance strongly supports the included and additional increases for: Energy Star; Lighting and Appliance Standards; State Building Codes; Federal Energy Management Program; Industrial Assessment Centers; Building America; Auto Fuel Cell R&D.

In addition, the Alliance recommends additional increases for: NICE–3; Industries of the Future—Specific; Sensors and Control Technologies.

Thank you again, Mr. Chairman, for offering the Alliance to Save Energy the opportunity to testify before you today and for your support in past years for energy efficiency. I welcome any questions that you or the Subcommittee might have.

PREPARED STATEMENT OF THE AMERICAN GAS ASSOCIATION

Mr. Chairman and Members of the Subcommittee: On behalf of the American Gas Association (AGA), comprising 185 natural gas distribution companies across North

America, serving 60 million homes and businesses in all 50 states, we offer this testimony related to the U.S. Department of Energy's (DOE) fiscal year 2003 Budget. AGA is pleased with the productive partnership it has with DOE and this Subcommittee to advance cost-shared research projects that serve the national interest. Within the Interior Subcommittee's jurisdiction, DOE's fiscal year 2003 budget request for natural gas RD&D programs reside in the Offices of Energy Efficiency and Renewable Energy (EERE) and Fossil Energy (FE). For the past decade we have provided this Subcommittee with a litany of technology priorities across a broad spectrum of programs. This year, however, marks a significant deviation from that policy. While AGA continues to support programs such as natural gas vehicles and industrial RD&D, two top priorities and programs have emerged: FE's natural gas infrastructure and EERE's distributed energy resource (DER) programs. The Administration requested no funding for natural gas infrastructure research in the fiscal year 2003 budget, compared with $10 million appropriated by Congress for the current year. AGA respectfully requests an increase of $25 million to the budget request for infrastructure programs. Justification for this $15 million increase over the current level is discussed below. EERE's fiscal year 2003 DER request is virtually unchanged from fiscal year 2002 at the level of $64 million and AGA respectfully requests an increase of $26 million for a total of $90 million.

AGA's unprecedented prioritization and funding request reflects the nation's immediate need for and the industry's commitment to dramatic advancement in the areas of infrastructure and DER. The horrible terrorist acts of September 11, 2001 make clear the needed re-investment in infrastructure both to facilitate greater reliance on domestic energy resources and to ensure the secure distribution of those national assets to American consumers. Increased emphasis on Homeland Security also highlight the value of a power generation portfolio that is distributed, reliable, cost-effective and able to operate independently even if a central power station or the electric grid is compromised. Given these needs and our commitment to reliable and safe service for the American people, the Natural Gas Industry has developed two initiatives aimed at dramatically advancing Infrastructure and DER, they include the Natural Gas Check-Off Program and the National Accounts Energy Alliance.

NATURAL GAS INFRASTRUCTURE—NATURAL GAS CHECK-OFF PROGRAM

The Office of Management and Budget proposes to terminate funding for the natural gas infrastructure program in DOE. The American Gas Association strongly supports the DOE's program for natural gas industry Infrastructure and Operations. This program was initiated in fiscal year 2001 with an appropriation of $4.9 million for infrastructure and has been met by tremendous enthusiasm and project costsharing within the natural gas industry. More than 70 proposals, totaling in excess of $45 million, were submitted by industry partners in response to the inaugural year funding under the DOE program. These proposals exceeded the available dollars by a nine-to-one margin. All proposals met or exceeded DOE's 35 percent cost-sharing requirement.

Congress appropriated $10 million for fiscal year 2002 and all indications are that industry partners will respond at least as enthusiastically as last year. Given the need to revitalize the Nation's aging natural infrastructure with new technologies and materials, given the heightened importance of safeguarding that infrastructure, and given the overwhelming response of the natural gas industry to partnering with the government to achieve these objectives, AGA highly recommends the continuation and expansion of this program by $15 million in fiscal year 2003.

In general, DOE's infrastructure R&D is geared to its mission to make the nation's energy infrastructure more reliable, efficient and able to meet the needs of the economy. It tends to have longer-term benefits. DOE's programs include projects such as: more corrosion-resistant material that can transport gas at higher pressure, more fuel efficient compressors that are 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. All of these contribute to public benefits in terms of additional domestic energy supply, increased safety and reliability, lower cost to consumers, and improved environmental performance.

The natural gas industry provides substantial cost sharing in the development of the technologies necessary to develop this new infrastructure. We do believe that there are significant benefits that will accrue to all Americans as a result of an infrastructure research partnership. We know that 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 and that these improvements are dependent 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 Department of Transportation. Currently, the Office of Pipeline Safety (OPS) in DOT does conduct limited infrastructure-related work. 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. 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.

Coordination between the two departments is critical and AGA recommends a balance of both security, safety, reliability and efficiency related work. The research programs in each department are extremely essential.

Meeting a large increase in demand efficiently and in a manner that is in the best interest of the American people will require continued cooperation between DOE, DOT, and the natural gas industry to develop the necessary research tools. It is clear that immediate and substantial investment in research supporting natural gas infrastructure is essential to ensuring energy reliability and security in our Nation.

The natural gas industry's commitment to partnering with the Departments of Energy and Transportation is underscored by AGA's creation and advocacy of legislation that set aside industry funds to compliment federal research expenditures on natural gas infrastructure.

DISTRIBUTED ENERGY RESOURCES—NATIONAL ACCOUNTS ENERGY ALLIANCE (NAEA)

The DER program in EERE is significantly under-funded. The Office of Power Technologies receives nearly ten 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. DER provides the opportunity for efficient use of waste heat to achieve total system efficiency levels as high as 80 percent. This compares to large central power plant efficiencies that are typically less than half as efficient largely due to their inability to productively use all of their waste heat. Further, the higher efficiency of DER systems inherently leads to lower emissions since these systems use less fuel, and typically cleaner feedstock fuels, than central power plants to achieve a given unit of power output. Many utilities are now exploring the utilization of DER to reduce the strain on congested transmission systems. On-site DER systems are especially important for high-tech and mission-critical facilities as they offer dramatic power quality and reliability increases. The national economy is inextricably linked to information and electronically sensitive computer systems that require uninterruptible power that the 50+ year old electric grid was not designed to serve. Mission-critical systems, be it in high-tech, healthcare, manufacturing, or government facilities are enhanced by DER.

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.

NAEA is a 4-year cost-shared initiative aimed at developing new construction and retrofit energy models for the nation's largest end-users in partnership with their energy providers. The American Gas Association, Gas Technology Institute and American Gas Foundation have come together to establish the National Accounts Energy Alliance (NAEA). NAEA has been in existence for less than 1-year, yet already its members are comprised of the nations largest energy providers (electric and natural gas) as well as end-users such as A&P, Albertsons, HealthSouth, H.E. Butts, Kohls, McDonalds, TJ Maxx, Wal-Greens, and Wal-Mart. In its inception NAEA focused on retail, supermarket and food service industries. In fiscal year 2003, NAEA will expand its membership to include a broader segment of the high-tech and telecommunications, health care, hotel, and targeted manufacturing industries.

Many NAEA members all maintain hundreds or even thousands of properties across the nation and are engaged in new or retrofit construction on a daily basis. Typically, all of these efforts are based on a central construction model, with a

handful of geographic-based options. NAEA will work with these end-users' corporate offices to technologically advance the base model through the use of DER systems. Additionally, a missing ingredient to DOE's past deployment programs includes an energy Technology Test and Verification Program (TT&VP). 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 national accounts to perform such tests on newly emerging technologies like DER because of their impact upon facility design, need for redundancy, and the technological risks involved.

In fiscal year 2003, NAEA hopes to undertake at least eight highly publicized and replicable DER projects in partnership with DOE, across each region of the country and multiple industry sectors. This program illustrates the commitment of the natural gas industry and its partners to deploy the research being conducted under the DER technology areas.

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, improving energy efficiency, quality, and reliability. And, the infrastructure research partnership between DOE and the natural gas 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 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 2003 Department of Energy (DOE) Turbine R&D funding levels.

GTA Recommended Funding Levels

[In millions of dollars]

HIGH EFFICIENCY ENGINES AND TURBINES PROGRAM (Office of Fossil Energy)	40
ADVANCED MICROTURBINE PROGRAM (Office of Energy Efficiency and Renewable Energy)	14

CLEAN COAL—HEET DOUBLES EFFICIENCY AND ELIMINATES EMISSIONS

The DOE High Efficiency Engines and Turbines (HEET) Program is critical to the President's National Energy Policy (NEP) Clean Coal Technology goal of "low-cost, zero emission power plants with efficiencies close to double that of today's fleet". The DOE/industry HEET partnership will make it possible for power generation equipment manufacturers, as well as systems developers, owners and operators to create the core technology solutions necessary to overcome the complex challenges identified in the NEP report.

The HEET Program turbine system efficiency goal is 60 percent for coal-based systems, and HEET turbo fuel cell hybrid systems that offer the potential for unprecedented efficiencies (in excess of 80 percent). The HEET near-zero emission environmental goal translates into systems with no carbon, and negligible NO_X, SO_2, and trace contaminants. The program is also targeting a 15 percent reduction life-cycle cost of electricity generated by gas turbine power plants.

Federal cost sharing is needed to enable successful development technology improvements envisioned under the HEET, and to expedite commercialization of these systems. A $40 Million federal contribution to the HEET program in fiscal year 2003 will have a direct impact on the fuel-efficiency, fuel flexibility and emissions levels of America's coal and natural gas fired power plants.

Our nation's investment in the HEET program will allow the United States to continue to serve as the world's principal source for clean turbine power generation systems. As the leading developer and producer of these clean, fossil-fueled power technologies, the United States can remain the leader of the international effort to lower global power plant emissions levels through technology innovation. Gas turbine equipment manufacturers, as well as systems developers, owners and operators have already indicated strong interest in working with DOE to help reach the

HEET program goals. Now, Congress needs to ensure there is adequate fiscal year 2003 federal funding ($40 million) to facilitate a government/industry partnership that successfully allows new HEET technologies to mature in an expeditious and timely manner.

GAS TURBINES—POWERING AMERICA

Currently, gas turbine power is the most fuel-efficient, cleanest, and consumer friendly way to generate electricity. Combined cycle gas turbines provide the highest efficiency and lowest emissions of all combustion generation technology available today (producing twice as much electricity and less than half the CO_2 as compared to existing non-gas-turbine power plants). Turbine systems are cost effective, and can be quickly deployed to meet the country's growing energy needs. The gas turbine industry is currently manufacturing and installing these high-tech power plants across the United States to reduce the cost of electricity, create new jobs, and stimulate investment to support economic development.

However, America's new energy policy goals require dramatic new technology development. The vision of a modern, secure U.S. power generation infrastructure that runs on domestic fuels without harming the environment is achievable, if the Federal government makes a sufficient investment in DOE/industry turbine partnership programs. Unfortunately, the Administration's fiscal year 2003 budget request for these DOE gas turbine programs is inadequate to stimulate significant advancement toward the ground-breaking technological changes our nation needs. GTA believes the above funding levels are necessary if our nation intends to realize the public benefits envisioned in our national energy policy.

CLEAN COAL TURBINE POWER—TECHNOLOGY CHALLENGES

New combustion technology development is essential to produce clean electricity from coal fuels in advanced clean coal turbine power systems. Catalytic combustion, trapped vortex, or other advanced after-treatment configurations must be developed for our nation to reduce emissions from coal gas fired turbine plants to near zero levels. Advanced materials must also be developed that can withstand ultra-high temperature, corrosive coal-fueled environments and reduce the cooling loads on hot turbine parts.

Clean coal technology systems must be low cost, reliable, available and maintainable to be competitive. New clean coal HEET systems must have low operating and maintenance costs to thrive in the marketplace. To improve the reliability and availability of clean coal turbine power plants, improvements are needed in advanced performance monitoring, mechanical integrity analysis, and component life management. Advanced monitoring will require considerable development efforts in (1) sensors, (2) controls, (3) condition/health monitoring systems, (4) expert predictive systems, and (5) turbine power-plant life-cycle management. Operations and maintenance costs will be reduced by (1) limiting degradation, (2) operating at optimal performance while the system is at off-design conditions, (3) improving component life, and (4) increasing the time between major overhauls.

Aero-thermal technology research and development is needed in the areas of advanced cooling, aerodynamic designs, and durability under high loaded conditions. Design tools using advanced numeric simulations will be needed to assess new engine performance to greatly reduce the time needed for development and testing. With advanced computing, many of the component interactions can be explored before building a physical system, saving the time and the money required to build less-than-optimal prototype plants.

TURBO FUEL CELL HYBRIDS—THE ULTIMATE VISION 21 SYSTEM

The DOE Vision 21 initiative identifies Turbine Fuel Cell Hybrids as a key technology for enabling energy plants to serve the United States and global energy needs of the early 21st century. A gas turbine is used to pressurize fuel cells. Thus the system requires development of customized turbo machinery and balance of plant to reduce the overall cost of projected commercial systems. It is necessary to develop a range of hybrid systems up to multi-megawatt sizes and conduct extensive field demonstrations in order to achieve the goals of the DOE Vision 21 plan. The turbo fuel cell hybrid is expected to (1) achieve the ultra-high, 80+ percent efficiency; (2) emit ultra-low emissions of less than 1 ppm NO_X; and (3) provide distributed energy with multi-fuel capability (natural gas, coal and renewable).

The HEET program, combined with DOE fuel cell program efforts, will lead to the required cost reductions needed to ensure the commercial viability of these hybrid systems. Gas turbine research is necessary to enable the technology to meet the pressure ratios, mass flows, and other critical operating and performance param-

eters of high-temperature fuel cells. Ultimately, the program will culminate with the testing of a near-commercial-scale multi MW Vision 21 coal-fired hybrid power system.

ADVANCED MICROTURBINES—ENABLING DISTRIBUTED ENERGY

To help meet the next century's projected demand for power, increased emphasis is being placed on developing distributed energy resource (DER) generation systems. Today, microturbines are viable now for DER 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.

Currently, microturbines are:

—Best in Class for 30 to 500 kW
—Ultra low emissions (< 5 ppm NO_X)
—Fuel flexible (gaseous and liquid fuels, renewables and hydrogen)
—Potentially highest efficiency
—Directly use exhaust gas for CHP
—Lowest manufacturing cost when fully developed (high power density)
—Lowest installed cost potential (light weight, quiet)
—Lowest maintenance cost (few moving parts)

While microturbines are now entering the DER market, improved microturbine technologies are needed to expedite the installation of clean, efficient and affordable DER systems. Once the goals of the DOE Advanced Microturbine Program have been achieved, microturbines can significantly expand DER market potential and deliver the public benefits that flow from DER. Advanced microturbines, especially when combined with a heat recovery system will produce compact, highly efficient power and hot water for commercial and small industrial applications. High efficiency advanced microturbines will use significantly less fuel, conserving natural resources by converting >70 percent fuel energy with CHP. These systems are likely to be environmentally preferred when compared to power generated at a non-gas turbine based conventional fossil fuel power plant.

DER MICROTURBINE—TECHNOLOGY CHALLENGES

The goal of affordable, 40 percent efficiency microturbines will be achieved by raising the operating temperature. This will be accomplished by integrating advanced ceramics to avoid the use of additional cooling systems, and by developing affordable high temperature recuperator technologies using advanced alloys. Improvements in durability will come from reliable, highly effective recuperators, increased load capability bearing design, and improved high temperature materials resulting in 11,000hr mean time between outages at less than $500/kW.

The Advanced Microturbine Program will deliver fuel flexible systems with low environmental impact. 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. To meet customer needs, the advanced microturbines will be pre-certified, packaged modules that convert waste heat into useful energy. The program will focus on better CHP performance through (1) heat exchanger technology to improve hot water and heating capabilities, (2) exhaust absorption chillers for cooling, (3) exhaust desiccant dehumidifier technology for dehumidification, and 4) clean CO_2 rich air stream technology for direct heating.

In order to put the Advanced Microturbine Program in line with the resources specified by it's program plan, $14 million in funding is needed in fiscal year 2003.

PUBLIC BENEFITS—DOE GAS TURBINE R&D

DOE gas turbine R&D Programs stimulate economic growth, clean up the environment, and ensure that the United States has a reliable supply of power. Implementation of the next generation of advanced turbine technology R&D programs will accelerate U.S. market restructuring and environmental goals. Armed with new advanced gas turbine systems, the U.S. power supply industry will provide America with the following benefits.

Reliable power

The United States can have technologies that can operate better in the dynamic restructured market including technologies able to perform "just-in-time" dispatch without operational or environmental penalties. This translates into improved power quality and fewer disruptions in power supply.

Economic strength through improved power systems

Development and accelerated deployment of advanced turbine power technologies will reduce the cost of electricity, create new jobs, and stimulate investment to support U.S. economic development. The expertise American manufacturers gain in producing these sophisticated technologies positions our companies for success in growing international power generation markets.

Meet mounting demand for increased power production capacity

United States demand for electrical power is expected to increase by nearly 35 percent over the next 20 years. Manufacturing and information technology businesses require reliable power generation, thus dictating the need for DOE's next generation of R&D programs to develop state-of-the-art gas turbines for reliable, low-cost electricity.

A cleaner environment

DOE gas turbine programs provide a cost-effective solution for clean power. Advanced gas turbine technologies developed through DOE programs have much higher efficiencies and lower emissions than competing combustion power systems.

Replace environmentally deficient, aging power plants

In today's market, only revolutionary, advanced gas turbine technologies provide the economic advantages needed to trigger the accelerated retirement of inefficient, environmentally challenged base-load power plants.

PREPARED STATEMENT OF THE FUEL CELL POWER ASSOCIATION

Fuel Cell Power Association Fiscal Year 2003 DOE R&D Recommendations

[In millions of dollars]

Office of Fossil Energy—Distribute Generation Systems—Fuel Cells:	
Fuel Cell Systems	15
Vision 21 Hybrids	15
Innovative Systems Concepts—SECA	50
Office of Enegy Efficiency and Renewabel Energy—Fuel Cells: PEM Fuel Cells	7.5

The Fuel Cell Power Association (FCPA) urges you to commit the resources needed to accelerate the pace of the Department of Energy's (DOE) fuel cells systems programs. To meet U.S. goals for reliable, clean, cost-effective power, our nation needs to increase our national commitment to stationary fuel cell power generation technologies.

The Association urges Congress to, at a minimum, provide full program plan levels of funding of the DOE Office of Fossil Energy, Distributed Generation Systems—Systems Development, Vision 21-Hybrids and the Solid State Energy Conversion Alliance (SECA) fuel cells efforts. Similarly, the fiscal year 2003 funding level for fuel cell program in the DOE Office of Energy Efficiency and Renewable Energy are needed to support the development of ultra-clean, stationary and portable power systems.

These innovative technologies will transform the way power is generated and delivered, because fuel cells are:

—*Fuel-efficient*.—use far less fuel than comparable distributed generation;
—*Clean*.—emit virtually no pollution during the power generation process;
—*Quickly installed*.—provide point of demand, high-quality, reliable power; and
—*Multi-fuel capable*.—utilize coal, natural, renewable and hydrogen gases, and liquid fuels.

FUEL CELL SYSTEMS—OFFICE OF FOSSIL ENERGY

The acceleration of the Molten Carbonate and Solid Oxide Fuel Cell Systems programs will speed the deliver of commercially viable, fuel flexible, ultra-low emission, ultra-high efficiency fuel cell power. These systems are essential to the development of hybrid systems, and are the foundation for the ultimate success of DOE's Vision 21 and Clean Coal efforts.

While the Federal investment in power generation technology R&D has increased the pace of fuel cell development efforts, years of funding at levels well below the amounts identified in the program plans continues to delay the technologies' readiness. Again this year, the initial funding levels proposed by the Administration are below the amounts agreed upon and needed to fulfill the requirements of the program. Considering the current state of U.S. electric generation capacity, the Federal

government should be attempting to accelerate, not decelerate, the pace of fuel cell market availability. It is critical that Congress and the Administration make these programs a top funding priority.

HYBRID SYSTEMS—OFFICE OF FOSSIL ENERGY

The Molten Carbonate and Solid Oxide Fuel Cell work is directly impacting the success of Fuel Cell/Gas Turbine Hybrid Systems. Combining fuel cells and gas turbines will provide the synergy needed to realize the highest efficiencies and lowest emissions of any fossil energy power plant. The hybrid system will use the rejected thermal energy and combustion of residual fuel from the high-temperature molten carbonate and solid oxide fuel cells to drive a gas turbine. The gas turbine helps reduce the balance of plant cost.

As a result of the DOE/fuel cell industry partnership programs, the Secretary of Energy recently announced that the world's first combination of a fuel cell and microturbine has passed a key site acceptance test, and that the major endurance phase of its test program is underway. According to the Secretary, "It offers a preview of the day when more of our electricity will be generated by super-clean, high-efficiency power units sited near the consumer. Distributed generation could play a key role in strengthening the security and reliability of our power supply, and fuel cell-turbine hybrids could help make distributed power a reality."

By 2010, these hybrid configurations are expected to achieve efficiencies greater than 70 percent, and 80 percent efficiencies are expected by 2015. Current DOE fuel cell and gas turbine R&D programs are laying the technological groundwork for the hybrid systems. The level of fiscal year 2003 federal investment in these projects directly impacts the timeframe in which these hybrid technologies will be delivered to our nation.

SECA—OFFICE OF FOSSIL ENERGY

The DOE Innovative Systems Concepts—SECA R&D program is developing 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 will realize the full potential of fuel cell technology through long-term materials development. The SECA projects are critical to the success of DOE's fuel cell initiative. Under SECA, the costs of fuel cells can be reduced to as low as one-tenth of currently marketed systems and to one-third the cost of the advanced concepts that are on the verge of commercial readiness.

Initially, the SECA program will focus on the development and mass production of 5kW solid state fuel cell modules. Ultimately, these fuel flexible, multi-function fuel cells are projected to attain 70–80 percent efficiency in combined-cycle mode, and will provide future energy conversion options for large and small-scale stationary and mobile applications. The program is also targeting the achievement of stack fabrication and assembly costs of $100/kW and system costs of $400/kW, with near-zero emissions and compatibility with carbon sequestration.

Industrial development teams share the development costs on these fuel cell power generation systems. The teams will develop the manufacturing capability and packaging needed for the different land-based power generation systems and automotive auxiliary power units targeted by the program. Universities, national laboratories, and other research-oriented organizations will participate in a Core Technology Program to support the industrial development teams. The industry teams will determine the scope of the problem-solving research needed to overcome barriers. The resulting research will be made available to all industrial teams. The National Energy Technology Laboratory and the Pacific Northwest National Laboratory provide the coordination and technical resources.

FUEL CELLS—OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY

The EERE fuel cell program is key to the achievement of a completely clean endless supply of reliable power for our nation. The program goals target PEM fuel cells achieving 40–50 percent electrical efficiency, with combined heat and power integrated efficiencies of 75–80 percent.

The program will focus on testing of laboratory prototypes for natural gas fuel processing with CO clean-up capability for high temperature stationary applications. An economical process of fuel reforming of natural gas will produce a hydrogen fuel that contains less then 10 ppm of carbon monoxide. Projects will take operating temperatures from the current 80° to temperatures in the 120°–150° range. The program will test a laboratory prototype of a Membrane-Electrode-Assembly with advanced high temperature membranes.

Phase II designs will be used to develop a 50kW high temperature PEM fuel cell incorporating cooling, heating and power (CHP) concepts for recoverable heat. The ultimate goal is PEM fuel cells with operating lives of over 40,000 hours priced a around $1,500/kw.

FUEL CELLS AND OUR FUTURE

If the nation is to meet its goal of reliable, clean, cost effective power, we need to increase the national commitment to fuel cell development and the near-term commercialization of these technologies. Exceptionally efficient, non-polluting, and highly reliable fuel cells will transform the way power is generated and delivered since fuel cells are ideally suited for distributed generation.

DOE is leading the federal government's effort to make this vision a reality through its stationary fuel cell R&D initiatives. These DOE programs form critical partnerships with the fuel cell industry so that fuel cell power generation systems can be made available in a timeframe that coincides with the nation's growing demand for new sources of power. It is imperative that Congress fund these partnerships to ensure that our nation reaches its energy policy goals.

FUEL CELLS AND THE NATIONAL ENERGY PLAN

The National Energy Plan proposes five specific national goals: (1) Modernize conservation; (2) Modernize our energy infrastructure; (3) Increase energy supplies; (4) Accelerate the protection and improvement of the environment; and (5) Increase our nation's energy security. Fuel cells are key to meeting those goals, as discussed below:

Fuel cells modernize conservation, raise productivity, reduce waste, trim costs:

—Maximize energy efficiency for generating electricity
—Double electrical efficiency in small distributed power applications
—Promote energy independence and fuel conservation

Fuel cells modernize energy infrastructure by eliminating bottlenecks, price spikes and supply disruptions. Fuel cells provide infrastructure reliability as follows:

—Efficiency reduces fuel supply demand
—Fuel cell plants are modular, can be remotely sited, supply high quality power and meet critical requirements for reliability
—Reduce transmission line demand in distributed generation applications
—"Premium Power" for high tech industry needs

Fuel cells increase energy supplies, adding supply from the efficient use diverse fuel sources. Multi-fuel Capable Fuel Cells can be powered by:

—Fossil (natural gas, coal, hydrogen, diesel, fuel oil) or
—Renewable (biomass or waste fuels)
—The overall efficiency of the U.S. electricity supply system is improved through highly efficient fuel cells in distributed power applications

Fuel cells protect and improve the environment while ensuring a stronger economy, and a sufficient supply of energy for our future. Super-clean fuel cells produce:

—No Sulfur Oxides
—Virtually no Nitrogen Oxides
—Very low Carbon Dioxide emissions

Fuel Cells increase national energy security protecting the country from price volatility, supply uncertainty and emergencies.

—U.S. manufacturers are leading in the development of fuel cell technologies and can capture a major share of this market.
—A solid U.S. fuel cell manufacturing base will create a new industry with quality high tech manufacturing jobs and substantial export opportunities.
—Stable and reliable power supply from low maintenance and operational expenses for fuel cell power

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.

PREPARED STATEMENT OF THE COALITION OF NORTHEASTERN GOVERNORS

The Coalition of Northeastern Governors (CONEG) is pleased to provide this testimony for the record to the Senate Appropriations Subcommittee on Interior and Related Agencies as it considers fiscal year 2003 appropriations for the Energy Conservation programs of the U.S. Department of Energy. Recognizing the contribution which energy efficiency and conservation programs make to cost-effective energy strategies, the CONEG Governors request that funding for the State Energy Pro-

gram be increased to $68 million, and that funding for the Weatherization Assistance Program be increased to $277 million in fiscal year 2003. The Governors also request that funding for the Northeast Home Heating Oil Reserve be maintained at $8 million in fiscal year 2003. The CONEG Governors appreciate the Subcommittee's support for these programs, and recognize the difficult funding decisions which confront the committee. We believe modest federal investment in these programs which leverage non-federal funds provides substantial returns to the states and the nation.

The Department of Energy's State Energy Program and Weatherization Assistance Program provide valuable opportunities for the states, industry, national labs and the U.S. Department of Energy to collaborate in moving energy efficiency and renewable energy research, technologies, practices and information into households, businesses, schools, hospitals and farms across the nation. 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. While it represents only a small portion of overall funding for state energy activities, it is a critical nucleus for many states. SEP helps move energy efficiency and renewable energy technology into the marketplace. Equally important, as the nation moves to enhance the security of its energy infrastructure, SEP funds help ensure that state energy offices continue to serve as the essential energy emergency preparedness officials at the state level. 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 also an efficient federal investment, as they are leveraged by non-federal public and private sources. SEP has documented a leverage of at least $4 in private sector funds for every Federal dollar, not including the state contribution.

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. We support the President's request of $277 million for WAP in fiscal year 2003.

Northeast Home Heating Oil Reserve.—The nation's heightened emphasis on energy security places renewed importance on the Northeast Home Heating Oil Reserve. The Reserve provides an important buffer to ensure that the Northeast, with its reliance upon imported fuels for both residential and commercial heating, will have prompt access to immediate supplies in the event of supply interuptions. The CONEG Governors support the President's request of $8 million to continue operations of the Reserve.

In conclusion, we request that the Subcommittee increase funding for both the State Energy Program and Weatherization Assistance Program; and that it maintain funding for the Northeast Home Heating Oil Reserve in fiscal year 2003. These programs have demonstrated their effectiveness in contributing to the nation's goal of environmentally sound energy management and improved economic productivity.

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 CALIFORNIA INDUSTRY AND GOVERNMENT CENTRAL CALIFORNIA OZONE STUDY (CCOS) COALITION

On behalf of the California Industry and Government Central California Ozone Study (CCOS) Coalition, we are pleased to submit this statement for the record in support of our fiscal year 2003 funding request of $1,000,000 for CCOS as part of a Federal match for the $8.7 million already contributed by California State and local agencies and the private sector. This request consists of $500,000 from the Department of Energy (DOE), $250,000 from the National Park Service (NPS), and $250,000 from the Forest Service.

Most of central California does not attain federal health-based standards for ozone and particulate matter. The San Joaquin Valley is developing new State Implementation Plans (SIPs) for the federal ozone and particulate matter standards in the 2002 to 2004 timeframe. The San Francisco Bay Area has committed to update their ozone SIP in 2004 based on new technical data. In addition, none of these areas attain the new federal 8-hour ozone standard. SIPs for the 8-hour standard will be due in the 2007 timeframe—and must include an evaluation of the impact of transported air pollution on downwind areas such as the Mountain Counties. Photochemical air quality modeling will be necessary to prepare SIPs that are approvable by the U.S. Environmental Protection Agency.

The Central California Ozone Study (CCOS) is designed to enable central California to meet Clean Air Act requirements for ozone State Implementation Plans (SIPs) as well as advance fundamental science for use nationwide. The CCOS field measurement program was conducted during the summer of 2000 in conjunction with the California Regional $PM_{10}/PM_{2.5}$ Air Quality Study (CRPAQS), a major study of the origin, nature, and extent of excessive levels of fine particles in central California. CCOS includes an ozone field study, a deposition study, data analysis, modeling performance evaluations, and a retrospective look at previous SIP modeling. The CCOS study area extends over central and most of northern California. The goal of the CCOS is to better understand the nature of the ozone problem across the region, providing a strong scientific foundation for preparing the next round of State and Federal attainment plans. The study includes six main components:

—Developed the design of the field study
—Conducted an intensive field monitoring study from June 1 to September 30, 2000
—Developing an emission inventory to support modeling
—Developing and evaluating a photochemical model for the region
—Designing and conducting a deposition field study
—Evaluating emission control strategies for upcoming ozone attainment plans

The CCOS is directed by Policy and Technical Committees consisting of representatives from Federal, State and local governments, as well as private industry. These committees, which managed the San Joaquin Valley Ozone Study and are currently managing the California Regional Particulate Air Quality Study, are landmark examples of collaborative environmental management. The proven methods and established teamwork provide a solid foundation for CCOS. The sponsors of CCOS, representing state, local government and industry, have contributed approximately $8.7 million for the field study. The federal government has contributed $2.15 million to support some data analysis and modeling. In addition, CCOS sponsors are providing $2 million of in-kind support. The Policy Committee is seeking federal co-funding of an additional $6.75 million to complete the remaining data analysis and modeling and for a future deposition study. California is an ideal natural laboratory for studies that address these issues, given the scale and diversity of the various ground surfaces in the region (crops, woodlands, forests, urban and suburban areas).

There also exists a need to address national data gaps, and California should not bear the entire cost of addressing these gaps. National data gaps include issues relating to the integration of particulate matter and ozone control strategies. The CCOS field study took place concurrently with the California Regional Particulate Matter Study—previously jointly funded through Federal, State, local and private sector funds. Thus, CCOS was timed to enable leveraging the efforts of the particulate matter study. Some equipment and personnel served dual functions to reduce the net cost. From a technical standpoint, carrying out both studies concurrently was a unique opportunity to address the integration of particulate matter and ozone control efforts. CCOS was cost-effective since it builds on other successful efforts including the 1990 San Joaquin Valley Ozone Study. Federal assistance is needed to address these issues effectively.

For fiscal year 2003, our Coalition is seeking funding of $500,000 from the Department of Energy (DOE) Fossil Program. The California Energy Commission is a key participant, having contributed $3 million. Consistent with the memorandum of understanding between the California Energy Commission and the DOE, joint participation in the CCOS will result in: (1) enhanced public interest in programs on energy research, development, and demonstration; (2) increased competitiveness and economic prosperity in the United States; and (3) further protection of the environment through the efficient production, distribution, and use of energy.

The CCOS program coincides with DOE's initiative to develop the Federal Government's oil technology program. In fact, the oil industry in California has been working for several years with DOE to identify innovative partnerships and programs that address how changes in those sectors can cost-effectively reduce particu-

late matter and ozone-related emissions. This approach will likely result in new ideas for technologies to improve oil recovery technologies, as well as improve environmental protection in oil production and processing operations. The overlap of CCOS and the California Regional Particulate Matter Air Quality Study provides a unique opportunity to perform research related to petroleum-based VOC and particulate matter emissions as well as methods to characterize these categories of emissions. The CCOS program is utilizing modeling, instrumentation, and measurement to obtain results that can be used to better understand the impact of oil and gas exploration and production operations on air quality. CCOS program results might also be applied to identify the most efficient and cost-effective methods of reducing emissions from oil and gas operations.

The Department of Energy has been a key participant in many programs with the oil and agricultural sectors. By becoming a partner in this program, DOE will be furthering its own goals of "Initiatives for Energy Security" by aiding domestic oil producers to enhance their environmental compliance while reducing their costs. DOE will also be building upon an established and effective partnership between state and local governments, industry, and institutional organizations.

For fiscal year 2003, our Coalition is also seeking funding of $250,000 from the National Park Service (NPS) and $250,000 from the Forest Service. The National Park Service and Forest Service conduct prescribed burns that contribute to both ozone and particulate matter pollution. Prescribed burns are needed for forest health or to reduce fuel loads, and must be carefully managed to minimize public health and visibility impacts.

Improving the fundamental science related to emissions, meteorological forecasting, and air quality modeling will help in designing effective smoke management programs. In addition, attainment of air quality standards is an important goal for protecting national parks and forests. Ozone damage to trees and vegetation in national parks and forests is well documented in California and nationwide. The National Park Service and Forest Service are key stakeholders relying on the success of SIPs in achieving the emission reductions needed to attain air quality standards. The participants in the CCOS have been partners in regional study efforts addressing visibility and haze impacts on national parks and forests in the West. The results of this study will provide valuable information that will further those efforts on a regional basis.

Scientists at the University of Nevada, Desert Research Institute (DRI) are involved with the CCOS. To expedite research studies related to biomass burning and smoke management for CCOS, it is requested that funds provided by the National Park Service and Forest Service be allocated directly to DRI.

Thank you very much your consideration of our requests.

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 total of $8 million for DOE's budget for the EC initiative in the Office of Building Technology, State and Community Programs.

BRIEF 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. In this way the window tint can be varied from fully colored to completely clear or anywhere in between. The electrochromic (EC) properties are achieved through vacuum deposited thin films on one of the glass surfaces, with the rest of the construction being very similar to the standard insulated glass used in millions of homes and office buildings.

UNIQUE BENEFITS OF ELECTROCHROMICS AND WHY THEY ARE GOOD FOR THE COUNTRY

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 effi-

cient. 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 based on the weighted average U-value and shading coefficients for the installed base and new construction 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 additionally reduce energy use as a side benefit. And the EC industry could easily grow to over $15 billion.

ADDITIONAL WORK TO BE DONE REQUIRES FURTHER INVESTMENT

The Department of Energy 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 has moved the technology so far; however, it has become clear that the industry needs and will cost share pre-competitive research in three areas. First, continued materials and basic component research for EC windows, which is the principal area funded by the DOE EC program in prior years. Second, technology and engineering activities focused on volume manufacturing processes for improved performance, yields and reliability. And third, systems engineering and applications research focused on design, specifications, installation and lifetime of the products in building applications.

In Materials and Components Research and Development, near term activities must focus on continued optimization of the device and the individual thin film layers further improving optical performance and achieving coloration desired by architects and building owners. These advancements will be very important—to maximize market penetration and hence the total national energy savings provided by electrochromic windows. Modifications to achieve more rapid switching will be required for those applications in which glare must be reduced quickly (e.g. workplaces with computer display terminals). Additionally, advanced, durable window controls technology must be developed that can reproducibly switch EC glazings to appropriate transmission states for occupant comfort and/or optimum energy savings.

With respect to Manufacturing Technology and Engineering, future activities should apply basic knowledge developed from the materials and components R&D to design for volume production and the implementation of in-situ diagnostics for rapidly and automatically controlling EC window fabrication processes. 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. Testing needs to include laboratory testing of large electrochromic windows under simulated solar irradiation and accelerated temperature conditions, and towards the end of 2003, extensive outdoor testing in which windows can be exposed to a range of real world environmental conditions.

In Systems Engineering and Application, the DOE program must begin initial field trials of EC windows in occupied buildings. The first installations will have fairly simple controls and elicit user feedback on performance comfort level and other parameters. Multiple window control must be developed and demonstrated so we can learn how to tie the adjacent windows together for control of the overall space.

Research needs include a sustained R&D effort of approximately $4.5 million, while initiating a manufacturing technology and engineering program of $2.0 million and a systems integration program of $1.5 million, for a total budget request of $8.0 million in 2003.

In summary, SAGE Electrochromics, Inc. supports an increase in DOE's budget for the EC initiative in the Office of Building Technology, State and Community Programs. It is obvious that with continued public and private partnership, EC research will open the door for significant energy and cost savings in the United States.

PREPARED STATEMENT OF INTEGRATED BUILDING AND CONSTRUCTION SOLUTIONS (IBACOS), INC.

IBACOS (Integrated Building And Construction Solutions) urges the Subcommittee on Interior and Related Agencies to provide $14 million for the Department of Energy (DOE) fiscal year 2003 Residential Buildings Program.

IBACOS, through the DOE, has significantly improved the efficiency and livability of U.S. homes

IBACOS is a founding partner in the DOE's Building America Program, which consists of five industry consortiums (teams). IBACOS 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 Network membership is derived from across the country. Our associated building product manufacturers include: Carrier Corporation of Indianapolis, IN; GE Appliances of Louisville, KY; USG Corporation of Chicago, IL; Owens Corning of Toledo, OH; and Andersen Corporation of Bayport, MN. Our builder partners includes such large builders and developers as Pulte Homes of Bloomfield Hills, MI; RGC of Newport Beach, CA; Civano Development Partners of Tucson, AZ; Beazer Homes of VA; 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 10,000 homes to date. All of these homes use 30 percent less energy than a code compliant home, and many exceed 50 percent in savings.

We have been working with the DOE's Residential Building 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 partners, such as IBACOS, have the ability to demonstrate and diffuse information throughout the building community

We are working to significantly expand the active team membership of Building America, but, perhaps more importantly, we are diffusing information to hundreds of builders through participation in 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. Other Building America teams have had similar success with national programs such as Environments for Living. All of the teams are partnering with the Environmental Protection Agency (EPA)/DOE Energy Star®program.

The DOE helps 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 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 between competitors, so the DOE's role is critical to expanding the practices beyond the first builders in.

For these reasons, we are working to create higher 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.

Because the home building industry is made up of so many differing parties, it is virtually impossible for them to come together to perform common research without a third party.

The DOE plays a critical role in bringing this research, development, and deployment agenda to the marketplace.

Current research activities include:

—systems integration 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

The DOE's role in bringing together the right entities and cost sharing common research is invaluable in improving our nation's building stock, while we work to reduce up front builder costs.

Through the 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. The Building America Program is also partnering in the Zero Energy Buildings effort. 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 1 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 part-

ners 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 10 years. The 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 first 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, Playa Vista in CA, Summerset 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 7 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.

Preliminary research results on systems integration are exciting and encouraging. One of the major hurdles in home building has been the issue of assembling the home on the building site in a way that maximizes integration of the various components and equipment within the house. Systems integration results in an airtight house in which subsystems are used together to optimize the home's engineering and otherwise increase the overall energy efficiency of the home.

There have been a number of concrete and encouraging results from research, development and demonstration activities in cooperation with the Federal government. In fact, IBACOS, as a part of the Building America Program, has been able to demonstrate to production builders such as Hedgewood Homes in Atlanta, GA that they can build homes that save more than 30 percent to 50 percent in energy costs while avoiding any increase in initial construction costs. Medallion Homes in Texas markets to first time home builders and offers up to 50 percent reductions in energy; they have had excellent market success. The rapid adoption of new technologies from the National Labs and the industry to the marketplace requires additional demonstration opportunities. We are pleased to be working with the DOE towards this end.

Additionally, IBACOS has been participating in road mapping processes for residential buildings. We have partnered with the DOE to ensure that renewable energy technologies are incorporated, where cost effective, into Building America research and development activities. We feel very strongly that the integration of the systems into a home is as important, or even more important, than the individual pieces of equipment that are installed. We have proven the ability to work with builders to build single pilot homes and support them through early adoption in their production lines.

Now, we are very excited about our work with community planning and larger scale projects. We look forward to continuing to work with the DOE to bring energy efficiency to housing at no incremental first cost, while building markets for more efficient equipment and technologies.

We at IBACOS urge you to provide $14 million for the DOE fiscal year 2003 Residential Buildings Program. Along with the industry cost share in the program of at least 100 percent, this program has had and will continue to significantly catalyze improvements in what has traditionally been a very fragmented industry.

PREPARED STATEMENT OF PLUG POWER, INC.

Plug Power urges the House Interior Appropriations Subcommittee to approve the President's Budget request of $7.5 million for stationary PEM fuel cell research in the Office of Power Technologies and to support the $50 million request for automotive fuel cell research in the Office of Transportation Technologies.

My name is Dr. Roger Saillant, President and Chief Executive Officer of Plug Power, Inc., a developer of on-site energy generating systems utilizing proton exchange membrane ("PEM") fuel cells for stationary power applications. I am particularly pleased about the opportunity to comment on the U.S Department Of Energy

Budget. Plug Power, our Latham, NY-based company was founded in 1997, as a joint venture of DTE Energy Company and Mechanical Technology Incorporated. Plug Power's fuel cell systems for residential and small commercial stationary applications are expected to be sold globally through a joint venture with the General Electric Company, one of the world's leading suppliers of power generation technology and energy services.

Plug Power is very enthusiastic about the attention being paid to the impact of fuel cell technology on energy transformation and the interest level in Washington. I believe that we as a nation currently have an opportunity to make a great difference to our economy, to our world position, and to the environment. As an auto company executive veteran of 30 years experience, who participated in the auto emission, safety, and fuel economy improvements, I see parallels in the magnitude of the challenges and the scope of the outcomes. First, the auto company transition costs were enormous but were forced by regulation. Currently, the fuel cell industry in partnership with the U.S. Government is trying to facilitate fuel cell based energy transformation improvements through R&D and buy-down incentives at a significant dollar cost. Second, this upcoming change in our energy situation is related to worldwide problems of natural resource depletion rates and global environmental degradation. Thus, the United States must be a technological leader in the emergence of this economic opportunity. And third, going from a centralized distribution model to a mosaic of centralized and distributed generation based on fossil fuels, wind, biomass, solar, and nuclear will require inspired leadership from our government over an extended period of time.

STATIONARY FUEL CELL DESCRIPTION

A stationary fuel cell is an on-site power generation system that electrochemically combines hydrogen with oxygen in the air to form electricity. The hydrogen fuel can be obtained from readily available fuels, such as natural gas or propane, or in the longer term from renewable sources. It can also be generated by electrolyzing water with low-cost off-peak electricity, or with electricity obtained from renewable sources such as solar, wind, or biomass. Fuel cell systems, whether for the residential, commercial or institutional markets, produce not only electricity, but also heat that can be captured and beneficially utilized in these applications (combined heat and power (CHP)). This makes such fuel cell systems highly efficient as well as environmentally friendly. This is in stark contrast to central power plants where generally the heat is not captured or utilized. The heart of the stationary PEM fuel cell system is the stack, which is comprised of the same technology as is used in most fuel cell vehicle applications.

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.

When operating on a fossil fuel such as natural gas, stationary fuel cells using reformers emit less than half the CO_2 (a primary "greenhouse gas"), of a traditional, coal-fired power plant. When fueled by hydrogen from a renewable energy source such as solar, wind, or hydropower, or if the fuel source is bio-fuel like ethanol from plant wastes, CO_2 emissions are net zero.

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).

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.

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.

Fuel cell systems are quiet.

STATIONARY FUEL CELL RESEARCH AND DEVELOPMENT NEEDS

Our company participated in the Department of Energy road-mapping process for the stationary fuel cell program in February of this year. During that process, it became clear that the number one R&D need from the U.S. Government is to cost share component research and development for significant cost reductions, as well as life and reliability improvements. Additionally, the group suggested that a dedicated national laboratory tackle core, pre-competitive R&D issues that are beneficial to all of the PEM fuel cell developers.

Clearly, some fuel cell R&D is crosscutting and has applications for both stationary and transportation applications. For example some of the basic stack improvements such as materials, catalysts, instrumentation and supporting controls, blowers and pumps, will help both applications. In fuel processing, synergies between the applications occur as we begin to move to a hydrogen-based system that is non on-board. And in the integration of fuel cell systems, some subsystem synergies can be co-utilized. Plug Power supports the $50 million request for fuel cell technology in the Office of Transportation.

Additionally, our company is very supportive of the comparatively modest stationary PEM fuel cell program of $7.5 million in the Office of Power Technologies and would like to see that R&D focus on research needs that are particular to development of a robust power generation unit. Where the fuel cell stack is concerned, this means critical research on both stack and fuel processor life and unit cost. For stationary applications, weight and size can be greater than in automotive applications; however, the life of the fuel cell must be at least 40,000 hours compared to an auto fuel cell life need of only 5,000 hours. Ideally, the participants in the development of the fuel cell technology roadmap would like to see a 100,000-hour stack life to make the fuel cell system akin to other major "appliances" in the home or building.

Fuel to feed a stationary stack will be gaseous, such as natural gas or propane (or direct hydrogen), therefore, reformer technology is very different from onboard vehicular reforming of liquid fuels. Research agendas include the need for significant reformer cost reduction, as well as life and reliability improvements. Fuel clean up is also important and there are hence implications for the fuel cell stack and how many "impurities" it may be able to accept.

The integrated system design for the major fuel cell components including supporting subsystems (i.e., cooling, water management, etc.) depends on the application. Integration and systems architecture are very important development needs for fuel cell manufacturers, as is manufacturing improvements and research.

NEED FOR GOVERNMENT R&D AND SYSTEMS INTEGRATION

We have heard repeatedly over the past several months about a large industry wide research and development effort for fuel cells, and frankly, we at Plug Power are thrilled to hear it. We feel that there is a vital role for the U.S. Government, and specifically the Department of Energy, to work with industry on pre-competitive 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. Another area of high interest is the coupling of hydrogen generation 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.

Pre-competitive research is tough for industry. When I first became CEO of Plug Power, I wrote to many of the PEM fuel cell developers with a plea that we work together on fundamental research issues that are vital to all our interests. This is not something a competitive industry will readily undertake. Rather, the government has to take the lead in bringing us all together, ensuring that no one's rights are infringed upon similar to the Semetech approach used in Austin in the late 80's.

I feel very strongly that there are "leapfrog" technologies that will help all of us in the fuel cell industry, while helping the United States become a global technology leader in this field. We need to work together, with the DOE taking the lead, to find those leapfrog advancements. Without this private-public partnership, the U.S. industry will fail to develop and will allow another country to win the race to lead this industry.

We urge this Subcommittee to, at the least, approve the Budget request of $7.5 million for stationary PEM fuel cell research in the Office of Power Technologies and to support the $50 million request for automotive fuel cell research in the Office of Transportation Technologies.

PREPARED STATEMENT OF THE STATE TEACHERS' RETIREMENT SYSTEM, STATE OF CALIFORNIA

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 4 fiscal years (fiscal years 1999–2002), Congress has appropriated the funds necessary to pay the $36 million installment of compensation due for that year.

Congress should appropriate for fiscal year 2003 the $36 million to fulfill the Federal Government's obligation to make the fifth annual installment payment of compensation, due in fiscal year 2003 under the settlement that Congress directed the Administration to achieve.

The Elk Hills appropriation has the strong bipartisan support of the California 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 State school lands' share 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 year 2004–2005).

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. (The balance in the Elk Hills School Lands fund has been reduced by an approximately $26 million "hold-back" from the State's share pending the final equity determination of the Federal Government's share of the Elk Hills field vis-à-vis its co-owner prior to the sale, Chevron. This escrow will be released once the final equity shares are determined.)

PRESIDENT'S BUDGET FOR FISCAL YEAR 2003 REQUESTS THE NECESSARY APPROPRIATION FOR THE FIFTH ANNUAL INSTALLMENT OF ELK HILLS COMPENSATION DUE UNDER THE SETTLEMENT AGREEMENT

The President's Budget for fiscal year 2003 requests that Congress appropriate $36 million from the sales proceeds being held in escrow in the Elk Hills School Lands Fund to pay the fifth annual installment of Elk Hills compensation due to the California State Teachers' Retirement System in fiscal year 2003. See *Budget of the United States Government Fiscal Year 2003, Appendix,* at p. 409.

AS IT HAS IN FISCAL YEAR 1999–2002, CONGRESS SHOULD APPROPRIATE THE FUNDS DUE FOR FISCAL YEAR 2003 UNDER THE SETTLEMENT THAT CONGRESS DIRECTED THE FEDERAL GOVERNMENT TO ACHIEVE

Congress should appropriate for fiscal year 2003 the $36 million requested by the President to fulfill the Federal Government's obligation to make the fifth annual installment payment of compensation due in fiscal year 2003 under the settlement that Congress directed the Federal Government to achieve.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE

PREPARED STATEMENT OF THE BRISTOL BAY AREA HEALTH CORPORATION

The Bristol Bay Area Health Corporation (BBAHC) submits this statement on the Administration's proposed fiscal year 2003 Indian Health Service budget. In summary, our recommendations are:

—Increase funding for the Village Built Clinic Lease program in Alaska by $3 million, including adding a village-built clinic in Portage Creek
—Require IHS to study and report to Congress on the underground seepage and beach erosion problem resulting from prior Federal occupation of the Kanakanak Hospital Compound (land now owned by IHS)
—Increase funding for the Community Health Aide Program in Alaska by $9.9 million
—Fully fund contract support costs—at least a $60 million increase over fiscal year 2002—and remove the statutory cap on these funds
—Fund mandatory cost increases for inflation, pay and population growth, for a total of $323 million
—Fund the $1 billion increase for the IHS budget as contained in the Budget Resolution (S. Con. Res. 100) approved by the Senate Budget Committee
—Ensure that IHS training on the medical privacy regulations be provided to tribal contractors
—Reject the Administration's proposal to consolidate the IHS legislative and public affairs office and other departmental offices under the authority of the Secretary
—Reject the Administration's proposal to consolidate IHS construction and maintenance funds with other departmental offices under the authority of the Secretary
—Reject the request by the Secretary of HHS to be authorized to reallocate, without Congressional approval, up to three percent of any program or agency's budget to other programs

The Bristol Bay Area Health Corporation also supports the fiscal year 2003 IHS budget recommendations of the Alaska Native Health Board of which BBAHC is a member

Senate Budget Committee Resolution.—We greatly appreciate the provision in the fiscal year 2003 Budget Resolution as approved by the Senate Budget Committee for a $1 billion increase for the IHS budget—this compares to the Administration's requested increase of only $60 million, an amount that does not even include inflation. The budget recommendations we propose would be included within an overall $1 billion increase. A $1 billion increase would be a substantial down payment on the tribal goal of getting the IHS budget up to $18 billion over a period of years.

Village-Built Clinic Leasing Program.—Through the leasing authority of the Alaska Area Native Health Service (AANHS) under the Village-Built Clinic leasing program, BBAHC has one outstanding request for a clinic lease, a clinic at Portage Creek. The lease agreements, usually with local city governments or tribal governments, enable us to provide health care in rural Alaskan villages. However, because of limited funding for the program, we have been unable to start up the village clinic in Portage Creek. At our existing village clinics, adequate space to perform ongoing clinic but when visiting doctors are using the clinics to treat patients, staff must perform the regular clinic services from their homes.

An increase of $3 million is needed to fund additional leases for village-built clinics, cover inflationary costs, and mitigate for lease income from these facilities being lower than the reasonable local rates. The village clinics are vital to enabling the Community Health Aide Practitioners, doctors, dentists and others to provide health services to village residents.

IHS has no recurring capital improvement fund for the village-built clinics, and we ask that Congress direct it to cover these costs from the facilities budget.

Study on Seepage and Erosion Problem.—Our tribal consortium utilizes federal property, the Kanakanak Hospital and hospital compound in providing health services under Title V of the Indian Self-Determination and Education Assistance Act. When we took over this federal facility under a use permit, the government agreed to be responsible for hazardous conditions resulting from prior federal use of the property, including pockets of oil underground due to years of spills, leaks and overflows.

The erosion of the shoreline of the hospital compound has increased this problem. The erosion has brought oil to the surface and well as materials from old garbage dumps and, very disturbingly, human remains from a cemetery dating back to about 1900. The cemetery was used by a federally operated orphanage and school—and is now part of the IHS property on which the Kanakanak hospital is located. We need the resources to stop the erosion, re-locate the cemetery, and clean up the site. If this situation is not corrected it will eventually put the Kanakanak Hospital itself at risk. This problem needs to be addressed immediately and the cost should not diminish the resources available for Alaska Native health care.

The first step should be to identify the nature and causes of the present condition of this portion of the compound, the correct methodology to address these problems, and identify the resources that are available from HHS or other federal agencies to correct the problems. We request that Congress direct IHS to conduct such a study and provide a report to our tribal consortium and to the Congress.

Community Health Aide Program (CHAP) in Alaska.—We appreciate the increases Congress has provided over the past few years to the CHAP program. Community Health Aides are, as you know, a vital part of the health delivery system in rural Alaska, and are they often the only full time medical personnel in the village-built clinics.

We recommend an increase for the CHAP program of $10 million to order to increase the number of CHAP positions, increase the number of field supervisors, increase training capacity, and continue updating medical manuals and other needed materials.

Mandatory cost increases for inflation, pay and population growth.—The Administration has requested $46.5 million for pay increases but no funding for inflation and population growth. There has been no funding to accommodate population growth since fiscal year 1994. The continual absorption of built-in costs is steadily eroding the purchasing power of our health services funds.

The Northwest Portland Area Indian Health Board has calculated the cost of mandatories at $323 million and we urge Congress to provide that amount. The amount is based on a contract health services inflation rate of 12.5 percent, other health services inflation of 7.5 percent, facilities inflation of 4 percent, and a population growth rate of 2.1 percent.

Contract Support Costs.—The Administration has proposed a $2.5 million increase for IHS contract support costs. We appreciate the recent increases provided by Congress for contract support costs, but urge you to not again place a statutory cap in the appropriations bill on these funds. We understand that the current unmet contract support costs is about $60 million (and may be higher depending on the amount of tribal contracting), and believe that there is a federal obligation to fund these costs.

HHS Consolidation Proposals.—The Department of Health and Human Services has made dramatic proposals to consolidate all legislative and public affairs offices within the agency in the Secretary's office. Likewise, they propose to administratively consolidate all personnel offices within the agency into four offices in the Secretary's office. And the Secretary proposes to consolidate all maintenance and construction funds from within the Department under the Secretary's authority to be distributed nationally on a competitive basis—the IHS maintenance and construction funds are proposed to be transferred to the Secretary's office in fiscal year 2004. This change could severely impact the availability of construction funds for Indian health facilities as they would have to compete with other HHS facility needs.

These are major proposals about which the Department has not consulted with tribes (or perhaps anyone) and for which there is little written explanation. We urge the Congress to ask hard questions of the Department about each of these proposals.

We are concerned that a consolidation of legislative offices will mean that we no longer will have staff with expertise in Indian health law and programs and that consultation with tribes will be negatively affected. We are concerned about the implications for Indian preference in hiring within the IHS if personnel offices are consolidated. We do not know what would happen to the IHS construction priority system if those funds are placed in the Secretary's office and made part of a national

competition—and we have the same concern about facility maintenance funds. We are concerned how tribal applications would fare under such a system.

Three Percent Reallocation Proposal.—The Secretary has proposed that he be authorized to take up to 3 percent of any program or agency's funds within the HHS and reallocate it to another program of his choosing. We understand the need for flexibility. Indeed, the Secretary already has the authority to reallocate up to 1 percent of any HHS programs funding. However, if a major reallocation of funds is needed, then the Secretary should go through a formal reprogramming process. We urge you to reject the 3 percent proposal.

Telemedicine/Epi Centers/Privacy Regulations.—Finally, we want you to know of our appreciation of the ongoing IHS funding for the Alaska telemedicine project and the Administration's requested increase of $1.5 million for the epidemiology centers. Congress needs to continue with the rural subsidy for the Wide Area Network that provides the "pipeline" or "bandwidth" for our telemedicine program.

We also note the Administration's proposal for $850,000 for IHS to provide training regarding implementation of the new HIPAA medical privacy regulations. We ask this Subcommittee to ensure that tribal programs are included in this training.

Thank you for your consideration of our concerns.

PREPARED STATEMENT OF THE CONFEDERATED SALISH AND KOOTENAI TRIBES

The Confederated Salish and Kootenai Tribes (CSKT) are pleased to have this opportunity to present in writing the funding needs and other issues of the Flathead Nation in the budgets of the Bureau of Indian Affairs, Office of Special Trustee, and Indian Health Service. During this time of national crisis, as we recover from the tragic events of September 11 and continue with the War on Terrorism, there is a change in the national funding priorities. However, this change does not impact the unique relationship between our Tribes and the Federal government. In 1855 our forefathers signed the Hellgate Treaty in which we ceded over 20 million acres of what is now western Montana and reserved for ourselves and future generations the over 1.25 million acre Flathead Indian Reservation along with the agreement that our lands and treaty rights would be protected forever. The Treaty ensured for us the inherent right of self-governance and conveyed to the United States the responsibility to enhance and protect our Tribal existence. The CSKT have led the way in assuming responsibility for the needs of our membership as authorized by federal legislation especially as provided for in Public Law 93–638, the Indian Self-Determination and Education Assistance Act of 1975, as amended. We have helped forge a new relationship between the federal government and tribes as one of the original Self-Governance Tribes. It is through this long-standing, innovative Indian policy that we have been able to assume the management and operation of federal programs, functions, services and activities, and yet maintain the federal trust relationship. Self-Determination returns the decision making to the level which is most impacted, a principle important to the current administration.

Although we fully understand and support the need to shift the Federal priorities to increased national security and ensuring national defense it should not be at the expense of the Federal trust responsibility to tribes.

The following is a list of our funding priorities for fiscal year 2003 and related issues.

The most critical funding priority for CSKT is increased funding for health care. The Indian Health Service (IHS) is charged with providing health care to American Indians and Alaska Natives. These health care services are the trust responsibility of the federal government, yet Native Americans often do not receive the most basic health care services due to severe IHS funding shortages. Senate Majority Leader Tom Daschle proposed an IHS budget increase of $4.4 billion and the Senate Budget Committee responded to his request by authorizing an additional $1 billion. Should this additional funding be incorporated into the Budget Resolution, it would provide the opportunity to fulfill the Federal Government's commitment to Native Americans and would be a major step toward addressing unmet health care needs. President George W. Bush's budget is not as generous. Although he has proposed a 7 percent increase for the U.S. Department of Health and Human Services, he has proposed only a 2 percent increase for IHS. This is not acceptable.

The CSKT has operated its health care delivery system under a self-governance compact since fiscal year 1994. We have implemented a business plan based on actuarial data to manage the health care delivery system, a first among tribes in the nation. Nonetheless, our system is heavily dependent on health care purchased from private providers on the Reservation because we do not have an IHS hospital or clinic to serve our beneficiaries. We have entered into contractual agreements with

our primary care providers, specialists, and inpatient facilities. Although the vast majority of the IHS budget is dedicated toward the provision of direct care in IHS operated facilities, our Reservation is not on the IHS priority list for health facilities construction due to the availability of private sector health care. We understand that one of the management priorities of the Bush Administration is the outsourcing of services from the federal government to local private providers. Our efforts in the health service arena should be looked at as a demonstration model for other tribes. Although we have realized savings through our contracts, resulting in our health care being provided at a reduced cost when compared to other tribes that have direct care facilities, we are in desperate need of additional funds, especially in the IHS line item for Contract Health Care. Repeatedly, our Tribal Council, through the Tribal Health and Human Services Department, must deny basic health services that would be provided by most major health insurance plans. In addition, a substantial increase in funding is needed for the Catastrophic Health Emergency Fund (CHEF) line item.

On the Flathead Reservation, our land base encompasses over 1.25 million acres and we serve over 10,000 IHS-eligible beneficiaries that reside on or near it. Our people do not receive surgery unless it threatens life or limb so they endure the pain of waiting for knee replacements, back surgery, gall bladder removals, and similar procedures. The alternative is to travel 300 miles round-trip to have the procedures performed in the nearest IHS hospital, surgical caseload permitting. Children may wait up to a year for dental care unless it is deemed an emergency. Adults cannot receive inpatient chemical dependency treatment. Elders may have to travel up to 80 miles round-trip to obtain prescriptions. Last year, a tragedy in Montana brought home the critical situation of health care on Indian reservations and could very well occur locally. A little girl died of extensive bleeding following a tonsillectomy that was performed 100 miles from her home. On the Flathead Reservation, the available dollars for health care, as identified by the IHS Level of Need Work Group methodology, have risen only 1 percent per eligible beneficiary since 1993, yet medical inflation has risen 18 percent in the same time period. The rosy picture that all Indians get free health care, courtesy of the U.S. Government, is a distorted image that begs correction. In the years fiscal year 1993 through fiscal year 1999 the United States spent an average of $5,313 a year for the health care of our Veterans, $3,347 a year for health care for federal prisoners, $3,262 a year for recipients of Medicaid and an average of only $1,279 a year for American Indians.

In the near future, we are told that Congress will begin considering the reauthorization of the Indian Health Care Improvement Act. CSKT looks forward to working with the authorizing Committees on an amendment to ensure Tribes exercising the opportunities presented in Public Law 93–638 do not assume an unfair liability or risk that direct service tribes do not have, because federal programs (direct service health care) retain access to the IHS funding to cover uncontrollable health costs.

In the Department of the Interior (DOI). the CSKT is extremely concerned about Secretary Gale Norton's proposal, supported by Assistant Secretary of Indian Affairs Neal McCaleb and Special Trustee Tom Slonaker, to transfer trust asset and resource management out of the Bureau of Indian Affairs (BIA) to a new Bureau of Indian Trust Asset Management (BITAM). We have provided our comments to Secretary Norton expressing our concerns regarding her proposed reorganization. However, we believe they are worth reiterating to this Committee, where DOI will need to request funding.

CSKT is particularly concerned about the proposed reorganization in specific areas as follows:

(1) *Impact on Self-Governance and Self-Determination*.—It is our experience that when programs, services, functions or activities move from the BIA to another part of the DOI structure there is a negative impact on tribal opportunities to manage and operate them under Public Law 93–638. There are different regulations for BIA-operated programs and all other non-BIA programs within DOI. The regulations governing tribal assumption of non-BIA programs fail to meet the intent or spirit of tribal self-determination by including what we believe are unnecessary governmental restrictions and retained federal control. The most glaring example of DOI resistance to tribal assumption of DOI programs outside the BIA is the few number of self-governance agreements in existence after nearly a decade since 1994, when the Self-Governance amendments were enacted.

It is CSKT's utmost concern during this time of trust reform that Tribes do not lose the opportunity to manage and operate the trust resources programs. We have done an excellent job operating the trust programs and have audits and evaluations to prove it. We should not be punished for DOI's mismanagement over the past century.

(2) *Funding for the BITAM and Funding for BIA*.—The BIA is extremely underfunded. For example, the Intertribal Timber Council reports that BIA receives one-tenth the amount of funding that the U.S. Forest Service receives to manage federal land. It is unreasonable to think that the BIA can manage tribal resources with such substantially fewer dollars on a per acre basis. BIA programs must receive full funding that is equivalent to funding received by other federal agencies to provide similar functions.

Another concern is where the funding will come from for a new agency and all of its administrative costs. As you are aware, DOI earlier this year submitted a $300 million reprogramming request, so it appears DOI proposes to use the already limited program funds for this purpose. We urge you to oppose any transfer of funds to BITAM.

(3) *Guarantee No Diminishment of the Trust Responsibility*.—It appears DOI is attempting to limit the federal trust responsibility to trust assets and resources that generate revenue by their transfer to BITAM. The remaining services provided to Tribes would remain in the BIA. We believe the trust responsibility extends to programs beyond those that generate revenue and the proposed structure would leave the remaining BIA programs vulnerable to transfer to other federal agencies or worse, to states. Our relationship is with the federal government and not with state or local governments. Although it is possible to develop government-to-government-relationships with other federal agencies, it most certainly will make it much more difficult. However, Tribes should not be forced to compete within their states for needed resources.

(4) *Signature Authority at the Local Level*.—For Tribes to operate efficiently, the provision of federal functions should be at the local level—not centralized in Washington DC or some other centralized location.

(5) *Information Technology and Security*.—As a result of the computer shutdown in the DOI due to security breaches, it is clear that major changes are imminent and needed with the BIA information technology systems, including appropriate security safeguards. Tribes that operate the trust programs and require access to BIA IT systems must be considered in its development and must receive the same level of funding that the BIA receives.

In another area, President Bush is committed to his initiative to "Leave No Child Behind." As Tribes, we hope his initiative will ensure that no Indian child is left behind by fully funding Public Law 93–638 BIA Schools and other BIA education programs since Native Americans have extremely high dropout rates and lower success rates for college graduation.

Finally, President Bush is calling for billions of dollars for Homeland Security to increase our national defense. Tribes need to be included in this effort. Our Tribes, with numerous dams including the hydroelectric generating Kerr Dam, must be secured. In addition, as the provider of health related services for over 10,000 beneficiaries and the additional 19,000 non-Indian reservation residents, any funding for bioterrorism provided to other health agencies should be provided to tribes to ensure reservations are safe for all who reside there.

This is a time of high anxiety for all United States citizens. It is a time when many are willing to set aside personal differences for the common good. Let us remember that at the close of the 20th Century, there were over 190,000 Native American Veterans. Historically. Native Americans have the highest record of military service, per capita, when compared to all other ethnic groups. Today, CSKT has over 30 tribal members and descendents serving in the Armed Services. We are proud that our young tribal members serve as far away as Afghanistan to protect the rights and liberties that all American citizens hold dear.

As Senators, we urge you to uphold and honor the commitments made to our people just as our young men and women are doing for this great country today.

PREPARED STATEMENT OF THE ALASKA NATIVE HEALTH BOARD

The Alaska Native Health Board (ANHB) submits this statement on the fiscal year 2003 Indian Health Service budget. In summary, our fiscal year 2003 IHS budget recommendations are:

—Community Health Aide Practitioner Program—an increase of $7.5 million over a 3-year period

—Village-Built Clinics—a $3 million increase and require IHS to be responsible for their maintenance

—Medevac Transportation—a $2 million increase

—Facilities and associated housing construction funding for St. Paul ($11.1 million), Metlakatla ($14 million), Arctic Slope Native Association in Barrow ($8 million), Bethel Quarters ($5 million) and Nome Hospital
—Alaska Rural Sanitation—$50 million
—$1 billion increase for IHS as contained in the Senate Budget Resolution
—Fully fund mandatory increases including pay costs, inflation, and population growth.
—Fully fund contract support costs, and remove the statutory cap on the funding level
—Reject the HHS proposals concerning consolidation and of reallocation of up to 3 percent of funds.
—Reauthorize the Indian Diabetes entitlement program this year

Community Health Aide Practitioner Program.—We request a $7.5 million increase for the CHA/P program to be phased in over a 3-year period. CHA/P provides emergency and primary health care for 80,000 Alaska Natives. Of the requested increase, $5 million would be used to increase by 115 the number of CHAP positions for a total of 615; $1.5 million would be used to increase the number of field supervisors; $750,000 would be used to increase state-wide CHA/P training capacity; $150,000 would be for ongoing updates of materials specific to the CHA/P program.

Village-Built Clinic Leasing Program.—We request a $3 million increase for the Village-Built Clinic program, the program through which IHS provides lease funds for small village-built health facilities. The lease agreements, usually with local city governments or tribal governments, enable us to provide health care in rural Alaskan villages.

An increase of $3 million is needed to fund additional leases for village-built clinics, cover inflationary costs, and mitigate for lease income from these facilities being lower than the reasonable local rates. The village clinics are vital to enabling the Community Health Aide Practitioners, doctors, dentists and others to provide health services to village residents.

The June 2000 report, "Alaska Rural Primary Care Facility Needs Assessment Project" prepared by the Alaska Native Tribal Health Consortium, Department of Health and Social Services, and the IHS notes that 33 percent of the 174 village-built clinics were categorized as needing replacement or major renovations, while 40 percent were still using a honey bucket and/or a pit privy system for sewage disposal. IHS has no recurring capital improvement fund for the village-built clinics, and we ask that Congress direct it to cover these costs from the facilities budget.

Medevac Funding.—We request $2 million in recurring appropriations through the IHS for Alaska Native tribal health organizations to meet the escalating costs resulting from FAA requirements for the use of critical care air ambulance services for medical evacuations. This service is critical to the delivery of health care in Alaska. As evidence of that, the Alaska medevac planes were the first medevac services in the nation allowed to resume service following the terrorist attacks of September 11, 2001.

In recent years the cost and number of medevac flights have continued to rise. The Alaska Native Medical Center, for instance, has seen a 30 percent increase in the number of medevac flights in the past 4 years. During that time the costs increased five fold. A major factor has been changes in the FAA requirements regarding use of critical care air ambulance services for medical evacuations. In many cases now only critical care air services that meet new FAA requirements may transport patients that historically have been arranged on other aircraft (e.g., transport of patients on oxygen).

FACILITIES AT ST. PAUL, METLAKATLA, BARROW, BETHEL AND NOME

St. Paul Health Center ($11.1 million).—We greatly appreciate that the Administration requested $11.1 million to complete construction of the St. Paul Health Center, and urge Congress to approve this request.

The present clinic has many documented physical and environmental deficiencies and is much too small to adequately serve the Native and non-Native population. While the clinic serves the approximately 900 permanent residents of St. Paul Island, it also is the sole source provider of health services to 3,000 fishermen during fishing and crabbing seasons. The health clinic is not handicapped-accessible, and hallways and doors are very narrow. There are only two examination rooms. Due to lack of examination space, treatment of patients must also be provided in hallways and in the x-ray room. There is little privacy for patients, and patient confidentiality is difficult.

Metlakatla Indian Community Health Center ($14 million).—We urge Congress to provide $14 million to complete construction of the outpatient health center and 8

associated quarters for the Metlakatla Indian Community. Metlakatla received $3.4 million in IHS funds in fiscal year 2002 to begin work on the facility and funding should be made available to complete the job.

Clinic services are housed in four modular units that were built in the 1970's. The units are set on pilings and are connected by open, elevated, wooden walkways. The buildings have settled unevenly, posing an unsafe environment for people seeking health services They continue to re-settle, particularly when freezing and thawing occurs, resulting in cracked walls and other damage. There is an ongoing, and losing, effort to do emergency repairs. Additionally, the facilities are overcrowded and the utility systems inadequate to support the modernization or updating of medical equipment.

Barrow Hospital (Arctic Slope Native Association) ($8 million).—We request $8 million in fiscal year 2003 funding for the Planning and Site Acquisition phase of the project to replace the Samuel Simmonds Memorial Hospital (SSMH) in Barrow. This critical facility is the only hospital available to residents of an area larger than the State of Washington. The single story wood frame building was constructed in 1965 and most of the major systems in the building are the original equipment. It was designed to meet the requirements of a much smaller population and now provides less than 25 percent of the space needed to provide appropriate medical care for the current population.

The IHS approved the Project Justification Document and a draft Program of Requirements for this project in 1998. The Barrow project would cost $104 million when complete and is currently the fourth priority for inpatient facility construction on the IHS priority list. The third construction project does not have an approved Project Justification Document but has been inserted in the list ahead of SSMH. The delays in finalizing planning for the third construction project should not be allowed to result in delays for funding SSMH. Congressional oversight to ensure that IHS follows its own procedures will permit the funding of the SSMH project.

Nome Hospital (Norton Sound Health Corporation).—We urge Congress to move forward to advance the projects on the outpatient priority list so that the critical need for an inpatient facility in Nome can be proceed. The Nome Hospital is fifth on the IHS outpatient priority list—the uncertainty with regard to the plans for the facility in Phoenix has unfairly delayed getting IHS funding for the Nome facility and perhaps others who are just below Phoenix on the priority list.

There is an urgent need for replacement or renovation/expansion of the severely overcrowded Norton Sound Regional Hospital. Originally constructed in 1948 and since expanded, the hospital is filled with code violations and safety deficiencies which include unsafe wiring and plumbing, lack of fire sprinkler system, inadequate ventilation, and structural problems due to foundation movement

Bethel Quarters.—We request $5 million in fiscal year 2003 for the third year of a 4-year quarters construction project. Construction is underway and fiscal year 2003 funds are needed in order to keep the project on track for completion in fiscal year 2004.

Rural Sanitation Funding.—We give special thanks to Senator Stevens for his continued assistance in providing funding to deal with the critical shortage of sanitation facilities in Alaska. The need is so great that we ask for $50 million to undertake feasible sanitation projects in Alaska, as well as adequate funding and technical support for ongoing operation and maintenance needs.

The IHS estimates that it would cost $960 million to meet the current sanitation needs of Alaska Native villages. The future, however, holds challenge as well as promise. For example, providing water and sewer service to the last 16 percent of households will be particularly difficult. In some communities, sources capable of producing even a modest supply of water are not available. In very small communities, it is hard to overcome diseconomies of scale to make water and sewage service affordable.

Resources to support technical, financial, and managerial capacity necessary to operate the systems on an ongoing basis have not been proportionately increased. Many of the villages with water sanitation projects in place or under construction lack the financial resources to ensure their long-term operation and maintenance. With a limited economic base to pay for user fees, higher costs of shipping and transportation to contend with, and harsh climates and geology, among other mitigating factors, support for operation and maintenance is a vital component to assuring long-term success of sanitation projects in the villages.

Mandatory cost increases for inflation, pay and population growth.—The Administration has requested $46.5 million for pay increases but no funding for inflation and population growth. There has been no funding to accommodate population growth since fiscal year 1994. The continual absorption of built-in costs is steadily eroding the purchasing power of our health services funds.

The Northwest Portland Area Indian Health Board has calculated the cost of mandatory increases at $323 million and we urge Congress to provide that amount. The amount is based on a contract health services inflation rate of 12.5 percent, other health services inflation of 7.5 percent, facilities inflation of 4 percent, and a population growth rate of 2.1 percent.

Contract Support Costs.—The Administration has proposed a $2.5 million increase for IHS contract support costs. We appreciate the recent increases provided by Congress for contract support costs, but urge you to not place a statutory cap in the appropriations bill on these funds. We understand that the current unmet contract support costs is about $60 million (and may be higher depending on the amount of tribal contracting) and believe that there is a federal obligation to funds these costs.

Diabetes.—While not under the jurisdiction of this Subcommittee, we ask for your support in re-authorizing the special Indian diabetes program which was authorized in the Balanced Budget Act and which will expire at the end of fiscal year 2003. As you know, these are entitlement funds that come from the CHIP program and are passed through to IHS and then allocated by formula to tribal and IHS diabetes programs. The fiscal year 2003 funding will be $100 million.

We point out that Alaska has the highest rate of increase in new diabetes cases in Indian country. As an example, the rate of diabetes cases in the Mt. Edgcumbe Service Unit increased 81 percent from 1985–1999 (from 22 to 49 per 1,000). Diabetes affects all parts of the body including the heart, kidneys, eyes, gums, and blood pressure. It is a high priority among tribes nationwide to obtain a continuing source of funding for diabetes programs. ANHB and the Oklahoma tribes have agreed to work jointly on this matter.

HHS Consolidation and Reallocation Proposals.—We urge Congress to reject the HHS proposals to consolidate maintenance and construction funds, legislative offices, and personnel offices within the office of the Secretary. We need to know how this would affect the IHS construction priority system and tribal contracting of facilities, whether the Secretary would maintain persons with expertise in the area of Indian health law in the legislative office, whether Indian preference would be followed with regard to IHS hiring. And there are many other questions. If HHS wants to proceed with these proposals then they need to consult with tribal and other affected entities and provide detailed information about its plans. We also urge Congress to not approve the HHS Secretary's request for authority to reallocate up to 3 percent of funds from one agency or program and transfer it to another program. Such actions should be subject to a formal reprogramming process.

Thank you for your consideration of our recommendations.

PREPARED STATEMENT OF THE METLAKATLA INDIAN COMMUNITY

The Metlaktala Indian Community requests the following in the fiscal year 2003 Interior and Related Agencies Budget:

—$14 million in IHS funds to complete construction of our health clinic and quarters

—$2 million in BIA funds for its share of the Walden Point Road Project and direction to the BIA to request $2 million annually through fiscal year 2008 for the Project.

HEALTH CLINIC AND QUARTERS

We ask this Subcommittee to recommend $14 million in IHS funds to complete construction of our replacement outpatient health clinic and quarters. We cannot tell you how disappointed we were that the Administration's fiscal year 2003 budget did not propose construction funding for our facility even though we received fiscal year 2001 Denali Commission funds ($1.2 million) for planning and design and fiscal year 2002 IHS funds ($3.4 million) for site preparation and related work. It makes no sense—and is dangerous to the health of our residents—to stop the progress on this desperately needed health facility.

Site preparation is now underway. We are currently shooting (breaking up) the rock on the 11-acre clinic and quarters. We will be ready to use fiscal year 2003 IHS construction funds for the clinic and eight associated housing quarters.

We have told this Subcommittee a number of times in the past about the terrible physical condition of our outpatient facility and the ongoing and extraordinary effort it takes to keep it patched together enough to keep the doors open. The physical condition of the clinic has resulted in us being unable to meet the Joint Commission on Accreditation of Health Care Organizations Standards.

Our health center consists of four modular buildings that are set on pilings and are connected by open, elevated wooden walkways. Over time the buildings have

settled unevenly, the walls drop and separate when the temperature rises from below freezing. We have had to spend precious dollars on new pilings, replacement of hot and cold water piping, insulation, a circulation pump, repair of waste piping in the crawl spaces and replacement of rotting emergency room and patient room floors. These conditions pose an unsafe environment for people seeking health services.

We point out again that our health center is the sole source of health care on the Annette Island Reserve, and so we have made every effort to keep the doors open. Inclement weather on the islands often isolates us for days at a time, preventing transporting patients to off-island locations for treatment. So the prospects of no fiscal year 2003 construction funding, resulting in further delay on the replacement clinic, is a very serious matter for us.

Lack of fiscal year 2003 IHS construction funding will result in a construction delay of yet another year. We are eager to finally be able to provide a full range of ambulatory care services and a comprehensive community health program to the residents of the Annette Islands Reserve and to provide those services in a safe facility. In our new clinic we will provide expanded services in the areas of laboratory work, radiology, emergency and urgent care, ambulatory care, community health services such as mental health, substance abuse services, social services and community health representatives, dental, pharmacy and physical therapy. New services to be offered include health education, public health nutrition and environmental health.

The Juneau-based architectural firm Jensen Yorba Lott, Inc., is the lead designer of our new health facility. The IHS will manage the construction of the health center, while the Metlakatkla Indian Community is the lead contractor for site development and the housing quarters construction. The health facility will be managed under a Public Law 93–638 compact with the IHS under the direction of Rachael Askren, the Service Unit Director.

WALDEN POINT ROAD

Under an MOU, the Metlakatla Indian Community along with the Department of Defense (DOD), Federal Highways Administration (FHWA), Bureau of Indian Affairs, and the Alaska Department of Transportation and Public Facilities have worked jointly on a plan to alleviate the isolation and improve the safety of the Community. Through innovative planning and cooperative efforts, the joint project will result in a 14.7-mile road (Walden Point Road) and a 3-mile ferry link to Saxman, Alaska. Presently the Community must rely on commercial air transport or the Alaska Marine Highway System (ferry service). The air service is costly and availability is severely impacted by the weather. The Alaska Marine Highway System is not a daily service and is also dependent upon weather conditions. There are days at a time when, due to the weather, neither the air nor ferry services can function and we remain isolated on the island.

The Walden Point Road project has been underway since 1997 and should be completed in 2007, at an estimated cost of $29.8 million. So far the Department of Defense, under its Civil-Military Innovative Readiness Training Program, has completed 5 miles of construction grade roadway and expects to complete roadway construction by 2005. The paving and finishing (road signs, centerlines, guardrails) would be completed by 2007.

The completion of Walden Point Road is dependent upon each party to the MOU carrying out the obligations they committed to perform in signing the agreement. In the initial years of the project, each agency was able to provide the funds, resources, and expertise required to get the project off the ground. As we get further into the actual construction—which is more costly than in the initial phase of planning, design, and environmental assessments—funding has become the greatest barrier to keeping the project on schedule. While the DOD and FHWA have been able to identify resources and are committed to seek the necessary funding within their respective annual appropriations requests, the BIA has informed us they can neither provide funds from existing allocations nor request for a line item appropriation in its annual budget requests. Due to the economic devastation the Community has suffered as a result of the closure of our timber processing facilities and the marked drop in the fishing industry in recent years, we are unable to provide the amounts need to ensure the necessary construction materials are available to continue construction on schedule.

We request that the Subcommittee recommend at least $2 million in fiscal year 2003 BIA funds be made available to continue the Walden Point Road project. We further request that the Subcommittee direct the Bureau to include a $2 million line

item request in the fiscal year 2004 through fiscal year 2008 budgets for the Walden Point Road project.

PREPARED STATEMENT OF THE NATIONAL CONGRESS OF AMERICAN INDIANS

On behalf on the National Congress of American Indians and its more than 200 member tribal nations, we are pleased to have the opportunity to present written testimony on fiscal year 2003 appropriations for the Indian Health Service (IHS).

The tragic events of September 11 brought forth the strength and the determination of our nation to survive in the face of adversity. It is this same spirit that has carried Indian Country through years of annihilation and termination. It is this same spirit that has propelled Indian Nations forward into an era of self-determination and self-governance. And it is in this same spirit of resolve that Indian Nations come before Congress to talk about honoring the federal government's treaty obligations and trust responsibilities throughout the fiscal year 2003 budget and appropriations process.

On February 4, President Bush proposed a $2.13 trillion budget for fiscal year 2003 that included generally level funding 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. This trend demonstrates the abject failure of the federal government to commit the serious resources needed to fully honor its trust commitment to Indian tribes.

The federal trust responsibility represents the legal obligation made by the U.S. government to Indian tribes when their lands were ceded to the United States. This obligation is codified in numerous treaties, statutes, Presidential directives, judicial opinions, and international doctrines. It can be divided into three general areas—protection of Indian trust lands; protection of tribal self-governance; and provision of basic social, medical, and educational services for tribal members.

NCAI realizes that 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 fact that the federal government has a solemn responsibility to address the serious needs facing Indian Country remains unchanged, whatever the economic climate.

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 healthy Indian Nations.

The President has requested $2.9 billion for the Indian Health Service, a $60 million increase over the current funding level, but an effective decrease in funding when new absorption requirements and mandatory pay cost increases are figured in. Of the total request, $2.5 billion is proposed for Indian health services and $370.5 million, a less than $1 million increase, is proposed for facilities. Because most of the increases under the President's budget are targeted for mandatory pay-cost adjustments and staffing at new facilities, the budget request falls far short of allowing the IHS to break even with fiscal year 2002 funding levels once the new absorption requirements under the President's budget are accounted for.

Measured in constant dollars, per capita spending for health care in the IHS service population is actually lower today than it was is in 1977. Over the past ten years alone, population growth and inflation costs have increased by over 46 percent, while IHS funding has risen by only 36 percent.

Indian Country is all-too-familiar with the disproportionate impact that diseases such as diabetes, heart disease, and cancer have in American Indian and Alaska Native communities. In January, the Centers for Disease Control released a study[1] which found that, between 1990 and 1998, the lung cancer death rate for American Indians and Alaska Natives increased by 28 percent and the percent of low birthweight infants increased by 11 percent. The study also found that American Indians and Alaska Natives do not appear to have experienced the same improvements in suicide, breast cancer, and stroke death rates that other racial/ethnic groups have seen.

To help address these health disparities in a meaningful way, the IHS Level-of-Need Funding Workgroup has identified an $18 billion needs-based budget for the IHS, including a nonrecurring $8.7 billion facilities request and $10 billion to fully fund the health needs for American Indians and Alaska Natives.

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[1] Department of Health and Human Services, Centers for Disease Control, Trends in Racial and Ethnic-Specific Rates for the Health Status Indicators: United States, 1990–98, January, 2002.

A 10-year phase-in of the $18 billion needs-based budget can be achieved through several years of appropriations increases. If a first year increase of $2.6 billion were appropriated (a 112 percent increase), the following years' increases would decline to 20 percent in year 5 and 10 percent in year 10. The first year increase would be substantially more to help offset the more than $2 billion lost to inflation over the past 8 years.

NCAI strongly supports the needs-based budget request for the IHS, and urges Congress to take actions to close the gap between IHS funding levels and the health care needs of American Indians and Alaska Natives. Unfortunately, the President's budget request fails on this front.

The Northwest Portland Area Indian Health Board (NPAIHB) estimates that approximately $313 million is needed just to maintain current IHS services, including $51.4 million for population growth, $212 million for inflation, and $60 million for contract support costs. The Administration request is less than one-fifth of that amount, which means the very real likelihood of fewer services provided through several programs, including Alcohol and Substance Abuse, Contract Health Services, Health Education, Community Health Representatives, and Urban Health.

With respect to contract support funding, NCAI is disappointed that the President has requested only a $2.5 million increase, which would bring funding to $270.7 million. This amount is woefully below the amount needed to cover the current $100 million IHS contract support shortfall. We fully urge the Subcommittee to support meaningful increases to address this shortfall so that tribes are not penalized for assuming program responsibility in accordance with their rights under the Indian Self-Determination and Education Assistance Act, Public Law 93–638.

NCAI is extremely troubled by the essentially level funding request for IHS facilities. Over the past decade, the IHS facilities maintenance and improvement account has increased by less than 5 percent, even though the inventory of buildings had increased much more than that. The Federal Government's investment in IHS facilities is depreciating rapidly because of the lack of funding for regular maintenance activities. In fact, the IHS in January 2002 identified a $484 million backlog in facilities maintenance and repair.

Finally, NCAI would like to express our concerns about the Administration's proposal to consolidate 50 public affairs and 20 legislative affairs offices within the Department of Health and Human Services into one central office. For IHS, $838,000 and eight FTEs would be transferred from the IHS budget to the Office of the Secretary to implement this change. There are few details about this proposal, including whether the IHS legislative affairs office would be physically located away from the day-to-day IHS operations in Rockville, Maryland, or whether current IHS legislative affairs staff would be detailed to work on other issues.

We are pleased that the Senate budget resolution, S. Con. Res. 100, adds $1 billion to the President's request for the IHS, which would increase IHS funding by 37 percent over the current level. The majority of the increase would go to clinical services, with the remainder for contract support costs and to restore the proposed cuts to facilities. We strongly urge you to support this funding level as the budget and appropriations process continues.

Thank you for this opportunity to present written testimony regarding the fiscal year 2003 appropriations for the Bureau of Indian Affairs. The National Congress of American Indians calls upon Congress to fulfill the federal government's fiduciary duty to American Indians and Alaska Native people. This responsibility should never be compromised or diminished because of any political agenda or budget cut scenario. Tribes throughout the nation relinquished their lands and in return received a trust obligation, and we ask that Congress maintain this solemn obligation to Indian Country and continue to assist tribal governments as we strive to reduce the health disparities that so disproportionately affect our Nations.

PREPARED STATEMENT OF THE JOSLIN VISION NETWORK/JOSLIN DIABETES CENTER

Mr. Chairman, thank you for this opportunity to present a status report on the funds the Interior Subcommittee provided for the past 2 fiscal years, and to request $2 million to continue the Indian Health Service/Joslin Diabetes Center telemedicine work in fiscal year 2003 in the Indian Health Service Medical Care Account.

BACKGROUND

The Interior Subcommittee recommended that the Indian Health Service develop in fiscal year 2000 a $1,000,000 cooperative relationship with the Joslin Diabetes Center/Joslin Vision Network (JVN) to address diabetes issues within the Indian Health Service and among the Native American patient population by integrating

the JVN and Joslin Diabetes Eye Health Care Model into the care of the Native American population.

The Joslin Diabetes Center JVN is a telemedicine initiative designed to screen for diabetes and to access all diabetic patients into cost-effective, quality diabetes and eye care programs across geographic and cultural boundaries at reduced cost.

In the fiscal year 2001 Budget, the IHS requested $1,000,000 to continue this project. The request was approved by the Conference Committee and enacted into law. Joslin Diabetes Center welcomed this opportunity to work collaboratively with IHS through the sharing of technology and training in a clinical setting.

The Congress, through your Subcommittee, provided $1,500,000 in fiscal year 2002 to continue and expand this project.

The fiscal year 2003 Budget contains $1,500,000 for this project. We are seeking an increase of $500,000 above that amount for fiscal year 2003.

Joslin is currently developing a Comprehensive Diabetes Management Plan that will be incorporated within the health care systems of the Department of Defense, Department of Veterans Affairs, and the Indian Health Service. This telemedicine platform will allow seamless migration among these three systems.

FISCAL YEAR 2000–2002 STATUS REPORT

The IHS for the initial pilot site of cooperation with the Joslin JVN selected Phoenix Indian Medical Center (PIMC). Following the successful implementation at PIMC of the first pilot IHS/JVN telemedicine diabetes detection, prevention and treatment initiative, Sells, Arizona was selected as the second site. The plans for disbursement of remaining funds for fiscal year 2000–2001 include deployment at four additional sites, refinement of the IHS/JVN telemedicine protocol, and integrating Native-American outreach and education programs. It appears that the four identified additional sites targeted are Rocky Boy, MT, Sitka Clinic, AK, Chinle Reservation, AZ, and Minneapolis, MN.

Participants from the Indian Health Services have made major contributions to the development of the Comprehensive Diabetes Management Program effort. The program now incorporates significant value added to existing Indian Health Services efforts such as their Diabetes Tracker program. Work has been completed in the design of the different clinical, educational and behavior/lifestyle modification modules and in algorithms defining dynamic alert notification and diabetes risk assessment that are specific for the requirements of the Native American populations. It is expected that a production version of the Diabetes Management program will be available for implementation in September 2002 and sites in the Indian Health Services have already volunteered to be involved in the initial roll out of this program.

FISCAL YEAR 2003

For 2003, the President's budget Request includes $1.5 million, the fiscal year 2002 appropriated level. In order to accelerate the deployment of JVN imaging sites and increase the number of reading center workstations in use at the central JVN reading center in Phoenix Indian Medical Center, we are respectfully requesting an increase of $500,000 above the budget to a total of $2 million for fiscal year 2003. This level will permit the Indian Health Service to establish and deploy equipment for 14 more image acquisition sites and serve a larger portion of the patient population.

CONCLUSION

Thank you for this opportunity to present this fiscal year 2002 status report and this request of fiscal year 2003 funding of $2 million for the IHS /Joslin project. This project is viewed by IHS and Joslin Diabetes Center as a significant medical technology breakthrough for the patients and health care system within the Indian Health Service.

PREPARED STATEMENT OF THE LAC DU FLAMBEAU BAND OF LAKE SUPERIOR CHIPPEWA INDIANS

The Lac Du Flambeau Band of Lake Superior Chippewa Indians delivers health care services under a "Self-Determination" contract with the Indian Health Service. Lac Du Flambeau's Health Department has operated the Peter Christensen Health Center since 1972, and offers outpatient medical and dental services.

We are pleased to present this testimony to the Subcommittee regarding the Band's priorities for fiscal year 2003 IHS funding.

CHALLENGES IN THE FISCAL YEAR 2003

The Lac Du Flambeau tribal community maximizes the use of fiscal resources currently provided by an integrated pool from Federal, State and Tribal sources. The fiscal year 2003 Department of Health & Human Services Departmental Budget will impact the Lac Du Flambeau community in the following ways:

The Lac Du Flambeau Chippewa Tribe through the comprehensive service delivered by the Peter Christensen Health Center will mirror the initiatives of the Department of Health & Human Services strategic initiatives for fiscal year 2003. However, in order to meet these strategic goals, more funding in needed. With the President's fiscal year 2003 Budget Request, Lac Du Flambeau will not keep pace with rising costs or increased patient load.

Contract Health Services

One specific area of concern is Contract Health Service funding. The Administration has requested only a $7.3 million increase for this vital program. Nationally, the shortfall for this program is $1.1 billion. The shortfall at Lac Du Flambeau alone is $4 million. The Administration's increase will do little to improve the health of Indian people nationwide let alone in Lac Du Flambeau.

The Lac Du Flambeau Band of Lake Superior Chippewa Indians requests $4 million for "Contract Health Services" to provide access to health care for the increasing number of tribal members.

Health Facilities

Another area of concern for the Band, is the proposed decrease in facilities construction. Like the school construction backlog experienced in the BIA, there is a severe backlog in health facilities within IHS. The Band is now developing plans for a new facility for the Peter Christensen Health Center. The current facility cannot meet accreditation standards, and is undersized for the rising number of patients. However, the current Indian Health Service Facilities program cannot provide Lac Du Flambeau with meaningful resources to help build a new facility. We urge the appropriators to continue to support innovative programs like the Joint Venture Program and the Small and Ambulatory Clinic funding program to address the critical backlog in health facilities in Indian country.

Pay costs

In order to attract quality medical professionals, the Band must pay premium salaries. This has resulted in a reduction in services at the clinic. In order to address this shortfall in pay costs, the Band requests $2 million from the resources identified for "Tribal Pay Costs" in the IHS proposed budget.

PREPARED STATEMENT OF THE AMERICAN ASSOCIATION OF COLLEGES OF PHARMACY

Dear Chairman Byrd: On behalf of all the members of the American Association of Colleges of Pharmacy (AACP) please accept our appreciation for your support of the Indian Health Services (IHS).

The health disparities present among the Native American and Alaskan Native populations has drawn increased scrutiny in recent months. The IOM report, "Unequal Treatment: Confronting Racial and Ethnic Disparities in Health Care," confirms what you and your committee have been aware of for years. As difficult as the appropriations process will be this year, we are confident that through your leadership, the health and well-being of Native Americans and Alaskan Natives will not suffer more than it already has.

The AACP seeks your continued support for two important IHS programs. The IHS pharmacy resident training program provides pharmacists with additional experience and education to increase their clinical skills. Beyond that, this program serves as an important recruitment tool for IHS health service sites. Pharmacists that enter the pharmacy resident training program are more likely to stay on once they complete the program. Better yet, the program provides Native American populations with another health care professional dedicated to the improvement of their health and well-being.

There are currently 11 pharmacy residents practicing and training at IHS sites. There is growing concern among the sites of their ability to continue their support in light of increased costs associated with special pay requirements. Additional sites would like to start a pharmacy resident training program, but the special pay requirements keep them from initiating their development. We would ask you to consider funding the pharmacy resident program at $1 million in fiscal year 2003 to

assist current sites with their special pay requirements, and allow additional sites to develop their programs.

The other program that is important to recruiting and retaining pharmacists is the health professions loan repayment program. This program is essential for the IHS to remain competitive with other higher paying pharmacy practice sites. Last year the IHS was able to provide $2.8 million in loan repayment to IHS pharmacists. With the average student that enters the IHS having approximately $60,000 worth of debt, loan repayment is a real boon. 50–60 new pharmacists will be hired this year, helping to reduce years of double digit vacancy rates. Almost all will request loan repayment. Vacancies will remain high as retirements through out the IHS take place faster than they can be replaced. We would ask you to consider at least $34 million be made available for loan repayment, with special consideration for pharmacists.

We would also ask you to look closely at a provision in the President's budget that states "In 2003, this structure will be streamlined to create one office for public affairs and one centralized legislative affairs office." The attempt to streamline HHS communications seems laudable at first glance. Yet, the competing nature of programs and inter-departmental initiatives could quickly overwhelm a centralized office. The release of important information could be delayed at best, and possibly eliminated at worst, all depending on priorities of individuals with little or no connection or appreciation of the information they are responsible for releasing. We ask that you give this provision serious consideration and seek other ways of improving HHS communications.

At a time when the demand for pharmacists far outpaces the ability of colleges and schools of pharmacy to supply graduates, the residency training program and the loan repayment program provide IHS with powerful tools to recruit and retain pharmacists. All this leads to improved access for Native American populations and the chance for a healthier life for all.

Thank you again for your support.

RECOMMENDATIONS FOR FISCAL YEAR 2003

	Fiscal year	
	2002	2003
Total IHS Health Funding	$2,400,000,000	$4,400,000,000
Loan Repayment	17,000,000	34,000,000
Pharmacy Residency Training Program	620,000	1,000,000

"The University of Wyoming places students at various IHS sites. I have placed students at Winnebago, Fort Washakie, Arapahoe and Ship Rock. We have had several students participate in Costep-2 this past summer. Currently we have a 2000 alumnus participating in a 2-year residency at Shiprock. He completed a four week experience at our drug information center and is developing a drug information center at Shiprock as his project." ——Loren A. Thompson, R. Ph. Professional Experience Coordinator

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OTHER RELATED AGENCIES

INSTITUTE OF AMERICAN INDIAN AND ALASKA NATIVE CULTURE AND ARTS DEVELOPMENT

PREPARED STATEMENT OF THE INSTITUTE OF AMERICAN INDIAN AND ALASKA NATIVE CULTURE AND ARTS DEVELOPMENT

INTRODUCTION

On October 17, 1986, Congress enacted legislation creating the IAIA (Public Law 99–498, Sec. 1502, 100 Stat.). At that time, Congress recognized that "Indian art and culture occupy a unique position in American history as being our only native art and cultural heritage." Congress also found "the enhancement and preservation of this Nation's native art and culture has a fundamental positive influence on the American people . . ."

The Institute of American Indian and Alaska Native Culture and Arts Development (IAIA) respectfully requests a $6.0 million appropriation for fiscal year 2003—$5.0 million for core operations and $1 million for construction costs for our new campus on a matching basis.

The $5.0 million requested for operations represents an increase of $500,000 over the 2002 appropriations. These additional dollars are necessary to cover the costs of the four newly accredited bachelor degree programs in Studio Arts, Visual Communications, and Museum Studies and Creative Writing. The $1 million is for construction of the Library and Technology Center. The construction cost of the building is $7.5 million, which includes furniture, computers and equipment. The $1 million requested from Congress is requested as a match to the four million IAIA has already raised. IAIA has not received any construction dollars from Congress since 1994.

As we approach the millennium, there is no less a need for a college like the IAIA than there was when it was transferred from the Bureau of Indian Affairs. The IAIA has many unique distinctions. It is the only fine arts college devoted solely to the study and practice of the artistic and cultural traditions of American Indian and Alaska Natives. It houses the National collection of Contemporary Indian Art. It has the designation as the National Repository for Native Languages. It is also the first school operated by the federal government that permitted the teaching of native arts and culture in an academic setting.

Since 1962, the IAIA has been the birthplace of some of the most exciting new directions in Indian art. Students at the IAIA have experimented with new forms of expression and have greatly expanded the definition of Indian art. The IAIA is a place where traditions are rediscovered and reaffirmed, where it is possible for American Indian and Alaska Native students to celebrate their art and cultural identity and to receive the education needed to be successful, contributing members of their tribes and society at large.

IAIA serves students, visitors, and tribes as a national college, museum and resource center. IAIA serves all 558 federally recognized Tribes in Alaska and Canada, as well as non-native students and foreign students. 90 tribes from 27 states were represented in the Fall 2001 semester. The IAIA provides a tribally-diversified approach to students seeking to increase their economic opportunities as artists, museum curators, administrators, and technicians.

The IAIA has many accolades. The artistic legacy of the Institute spans more than three generations. Through its alumni, the IAIA has contributed greatly to the world's appreciation of native arts and culture. The Indian arts and crafts industry is a multimillion dollar business and contributes to the economy at all levels. The IAIA is an irreplaceable asset to the Nation.

BUDGET REQUEST

The fiscal year 2003 request for $6.0 million provides for $5.0 million for core operations for instruction, student support services, administration, lease costs, and for operating the IAIA Museum. The IAIA has been compared to other institutions in terms of cost per student. In addition to the cost of operating the college, the IAIA operates a world class museum, which houses the National Collection of American Indian and Alaska Native Art and comprises more than 8,000 pieces of art. The IAIA has the only American Indian Museum Studies Program. The Museum resources are used to offer students instruction and training in Museum Studies, Arts Management, and Indian Art History. Museum Studies graduates are employed in the Smithsonian Institution, tribal museums, cultural centers, and in state and historical museums. The Museum also provides public programming in native arts and culture. Another factor in cost, which is significant, is that the IAIA is located in the center of the Indian Art Market. This is a great advantage for the students: however, overall operations are impacted by the high costs associated with being located in an international tourist location.

The funds requested for construction will enable IAIA to offer state of the art technology programs to its students. The new degree includes courses in digital media and digital design, enabling IAIA students to be competitive in the 21st century.

ACCOMPLISHMENTS

This past year, the IAIA has realized a number of important goals, which reflect the significant progress at IAIA toward the congressional mandate and the expectations of Tribes. Some of the major accomplishments are highlighted below.

New Campus

The Institute has completed the first four buildings from Phase One of its Master Plan for New Campus Facilities; the Academic Center, the Student Dormitories, the Student Life Center and the Cultural Learning Center. The next step will be construction of IAIA's Library and Technology Center (LTC), scheduled to begin in

Spring 2002 and to be completed by August 2003. Support for IAIA's buildings has come from a variety of sources, including the W.K.Kellogg Foundation, the Lily Foundation, and the American Indian College Fund.

New 4-Year-Degree Programs

The IAIA recently embarked on a major period of expansion as a 4-year tribal college. On March 1, 2002, the IAIA was formally notified by the North Central Association of Colleges and Schools that is has accredited the Institute for Bachelor of Arts and Fine Arts degrees in four disciplines: Studio Arts, Creative Writing, Museum Studies, and Visual communications. The IAIA has also received formal accreditation for an Associate in Applied Science degree in Visual Communications and an Associate Arts degree in Indigenous Studies. The new programs will economically strengthen tribal communities by providing artists, creative leaders and craftsmen with cutting-edge educational credentials. These programs will be located in the Library Technology Center (LTC), which will house state-of-the-art equipment and facilities. The LTC addresses the reality that computes and digital technology have forever altered the face of fine arts, art history, education in the arts and museum practices.

Product Development

IAIA has launched the development of proprietary products in an effort to increase visibility for the campus and museum as well as generate long term revenues. Products currently produced and selling in the Museum shop and on IAIA's web site include a beautiful line of full color notecards, calendars, address books, and writing journals featuring art works from the National Collection as well as products specially created for IAIA by noted alumni artists such as Tony Abeyta. IAIA will continue to create unique and one of a kind items to sell in partnership with former and recent alumni and will be cultivating licensing agreements with major institutions and manufacturers.

Museum Programs

Last year, 46,183 people visited the IAIA Museum. In addition to exhibitions that are regularly featured in leading newspapers and art magazines, the museum has extensive public lecture series and outreach programs. 7,744 people attended the Museum's Public Programs in 2001 and 3,592 visitors participate in the Museum tours program. The IAIA Museum has also developed very successful outreach programs, which, in addition to the tours, provide activities for the general public, K–12 students, and their teachers. Last year's Children's Day event attracted over 850 participants.

Library Resources

The IAIA expanded its library resources last year by joining the American Indian Higher Education Consortium Virtual Library Project. This Internet resource aggregates information in the arts and humanities and social sciences, with a special emphasis on Native American studies. Last year, the library received three significant book donations totaling approximately 600 items, which increased holdings in Native American history, arts and culture. Library patrons also acquired new access to three additional databases last year. Including The Ethnic Newswatch database, which provides full-text articles of the native, ethnic and minority press.

IAIA Goals for 2003

The IAIA has identified major goals that will need to be accomplished to meet the mandates of Congress and the educational and cultural needs of Tribes this coming year. Major goals include those highlighted below.

—Construction of the new Library & Technology Center (LTC) is IAIA's major goal in the coming year. The LTC will be designed to support the Institute's transition in to a 4-year tribal college and to provide its students with access to cutting-edge educational technology. It will house an expanded library and state-of-the-art equipment and facilities, such as: laboratories for film and video production, multi-media lecture halls, graphic design capabilities for both the Internet and print media, animation and distance learning. By offering distance learning programs of study, the LTC will also be a viable means of closing the "digital divide," which has adversely affected Native American educational opportunities. Substantial funding for the new 55,000 square foot LTC has been secured. The State of New Mexico has contributed $1 million to date. Private funders, agencies, individuals, and Tribes have committed nearly another $3 million. However, the IAIA still needs $1 million from Congress to complete the construction and installation of technology and furnishings for the LTC.

—It is the goal of IAIA to serve more students by providing quality art programs and innovative methods of instruction on the Internet, on a satellite campus, with continuing education classes, and with diverse and new degree programs. The recent accreditation of the college for Bachelor of Arts and Fine Arts degrees in four disciplines will also enable the IAIA to achieve this goal of enhanced recruitment. The IAIA is continuing with its plan to establish a branch campus at the Alaska Native Heritage Center which will allow students to take art classes for credit. By the end of the year, an educational plan and resource development plan should be completed. Over the years, IAIA has served hundreds of Alaska Natives who have earned degrees at the IAIA. Additionally, the implementation of distance learning classes will enable the IAIA to reach more students on other campuses. The library is gearing many of its activities towards the new Library and Technology Center (LTC), which will provide much-needed space for IAIA archives, visual resources including the collection of 15,000 photographs of Native peoples, and the newly acquired personal library of artist/alumnus T.C. Cannon. It is anticipated that student enrollment will increase substantially, with the addition of the LTC and the new degree and certificate programs, continuing education classes, distance learning, and a satellite campus.

—The IAIA continues its fund raising for the new campus, general endowment, and scholarship endowment. It is the goal of the IAIA to significantly increase the general endowment to provide state-of-the-art degree and certificate programs and to provide revenue for campus development and maintenance. Fund raising provides for the much-needed scholarships for the current students and the future students. Student scholarships are a necessity for the IAIA students whose families are among the poorest in the nation.

In sum, IAIA's goal is to provide the structure for the Institute to stabilize its operations in order to become a viable and sustainable center of Native American higher education. Focusing on enrollment management and revenue diversification involves: aggressive recruitment efforts; distance learning initiatives; community-based outreach programs; increased revenue from educational product and service sales; and fund raising.

In order to be responsive to the twenty-first century needs of the Tribes and the students for education in the arts, the IAIA must have the necessary technological resources for the new Library Technology Center and the new degree and certificate programs. The IAIA is requesting from Congress $1 million to be used toward the $7.5 million construction and equipment costs of the LTC. In addition, the IAIA is requesting the continued economic support of the Congress for the IAIA operational budget of $5.0 million. The total request of $6.0 million for fiscal year 2003 ($5.0 million for IAIA operations and $1.0 million toward the construction of the new LTC) will:

—Provide economic opportunities for more students,
—Provide new programs which will economically strengthen tribal communities by providing artists and craftsmen with up-to-date creative and marketing skills,
—Assure the continuance of quality programs of education in the arts,
—Assure the continuance of a quality residential program,
—Provide the first bachelor programs in studio arts, museum studies, creative writing and visual communications,
—Offer new art degree programs based on twenty-first century technologies,
—Provide distance learning,
—Preserve Indian art and Alaskan Native art for the future generations of Americans,
—Continue excellence in the arts at the IAIA through the educational programs on the campus and at the IAIA museum, and
—Fulfill the Federal responsibility to sovereign Indian Nations and Tribes.

The IAIA respectfully urges the approval of the 2003 budget request so that the Institute may continue to offer excellence in American Indian and Alaska Native art and culture education, art and culture preservation, and art and culture outreach.

NATIONAL ENDOWMENT FOR THE ARTS

PREPARED STATEMENT OF THE AMERICAN ASSOCIATION OF MUSEUMS

The American Association of Museums (AAM) is pleased to submit testimony in support of the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). The American Association of Museums (AAM),

headquartered in Washington D.C., is the national service association representing the American museum community. AAM provides identification and dissemination of standards and best practices, direct services, leadership on museum issues, and representation in the area of government and public affairs. Since its founding in 1906, AAM has grown to more than 16,200 members, including more than 10,800 museum professionals and trustees, 3,000 museums, and 1,900 corporate members in every State of the Union.

The NEA and the NEH, working singularly and in partnership with the Institute of Museum and Library Services (IMLS), have provided critical support for America's museums since their inception more then 35 years ago, and we fully support these valuable agencies and the good work they do for the American people.

President Bush's fiscal year 2003 budget submission proposed only modest increases of $2 million each for the NEA and the NEH ($117 million and $124.5 million respectively). In a time of national crisis, when other federal agencies are being asked to do more with less in order shift scarce resources towards programs that bolster national defense and homeland security, we appreciate and applaud the president for the support he has shown for the good work being done by both NEA and NEH through this requested increase in funding. But this support is in fact more symbolic then substantive. A close examination of the Administration's budget submission reveals that the $2 million increase proposed for each agency is intended to defray the costs associated with having the agencies assume complete financial responsibility for the health and pension benefits of their employees. If such a scenario were enacted, little if any of the proposed increases for the NEA and the NEH would be available to bolster existing grant programs. In essence, their budgets would remain flat. Even if the funding were to go to core programs instead of health and pension costs, the fact remains that the budgets of both agencies are currently simply not enough for them to fully perform the roles for which they were created in 1965. Mr. Chairman, we therefore respectfully ask you and your colleagues to increase the Administration's request for fiscal year 2003 to $155 million for each agency.

A prudent and forward thinking investment in our artistic and cultural institutions today will ensure that America has a strong, vibrant, and viable artistic and cultural community that future generations can enjoy and learn from tomorrow. Culture builds community. In cities and towns across America we have seen that arts, culture and the humanities are educational tools, economic engines, sources of civic pride, and catalysts for fostering a greater sense of community identity and multicultural understanding. The federal government, in partnership with state and local governments, private business and the nonprofit sector, provides the infrastructure support to ensure the nation's cultural and artistic well-being, which is critical to the economic and social vitality of our communities.

The true value of the NEA lies in its ability to nurture the growth and artistic excellence of thousands of arts organizations and artists in every corner of the country, making the performing, visual, literary, media and folk arts available to millions of Americans. Through these community organizations, the NEA supports learning in the arts for small children to senior citizens through a wide range of projects, including educational programs for adults, collaborations between state arts agencies and state education agencies, and partnerships between arts institutions and educators. In addition, the nonprofit arts industry alone generates $36.8 billion annually in economic activity, supports 1.3 million jobs, and returns $3.4 billion to the federal government in income taxes. The arts also attract tourism dollars. Tourism is one of the fastest growing sectors of our economy today, and according to Travel Industry Association data, cultural and historic travelers spend more, stay in hotels more often, and visit more destinations than non-historic travelers. That translates into millions of extra dollars being brought into our communities because of arts and culture.

The NEH also plays an important role in the American experience. 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. The NEH is the largest single funder of 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. Continuing this support is critical to addressing the nation's future needs in education. More than two-thirds of our nation's K–12 curriculum is dedicated to the humanities, including subjects such as reading, literature, history and civics; 2 million new teachers will be needed in our classrooms over the next decade, and 4 out of 5 teachers feel inadequately prepared in their subject area. NEH summer seminars and institutes for teachers

address these very issues, and are the catalyst for revitalized teachers for tens of thousands of students each year.

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 level of trust is due in part to the careful research that goes into developing a museum exhibition, and National Endowment for the Humanities (NEH) grants are an invaluable tool, not only in preserving and protecting the vast cultural, historic, and artistic resources housed in America's museums but in researching those resources and putting them into historic context in exhibitions for the public. The activities of the NEH touch tens of millions of our citizens—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. The tragic events of September 11 in fact underscore the importance of the humanities in understanding the state of our union and in responding effectively in times of crisis. A knowledgeable citizenry is essential to homeland defense—Americans need to understand the most important ideals, ideas and institutions that under gird our nation if we are to effectively rally to her defense. Thus we strongly support, for example, NEH Chairman Bruce Cole's intention, in his "We the People" program, to encourage increased public understanding of these ideals, ideas, and institutions.

Mr. Chairman, the NEA and the NEH are both wonderful resources for the American people. Any difficulties or inequities in the operation of the NEA have long been resolved. The NEA has responded to concerns about accountability with administrative changes. Grantees' reporting requirements were tightened, and final grant payment was made contingent upon approval of an interim report. Grants were eliminated to arts organizations for seasonal support or for sub granting in nearly every category, and for direct funding to most individual artists. The size of the National Council on the Arts was reduced from 26 to 20, with six positions held by Congress, and States received an increase in the block grant formula to ensure they receive at least 40 percent of NEA funds. The museum community is proud to partner with both the NEA and NEH and we fully support the good work these agencies do for the American people. Additional funding would enable the agencies to enhance and increase their public service activities as well as expand the reach of new and innovative programs and help the agencies rebuild after years of essentially stagnant budgets.

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 to consider the good work being done by the NEA and NEH, and do what you can to fund urgently needed substantial increases for these agencies.

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 2003 appropriations for the National Endowment for the Arts at an increased funding level of $155 million.

Americans for the Arts is the nation's leading nonprofit organization for advancing the arts. With a 40-year record of objective arts industry research, 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.

Local arts agencies comprise our core constituency. As important grantees of the National Endowment for the Arts (NEA), local arts agencies are entrusted public stewards of government funds for the arts. An increase in funding for the NEA means more grants for local arts agencies to utilize as they increase Americans' access to the arts at the local level and improve communities by stimulating economic development and improving community life. An increase in NEA funding would create increased funding for local arts agencies to continue their vital role in community building.

LOCAL ARTS AGENCY TRENDS—THE KEY TO COMMUNITY DEVELOPMENT THROUGH THE ARTS

A local arts agency is a private community organization or local government agency that supports cultural organizations, provides services to artists or arts organizations, and/or presents arts programming to the public.

Over the past 7 years, local arts agency budgets have been growing. In 2000, the average local arts agency budget grew 8.8 percent to $1.38 million. Sixty-six percent

of local arts agencies implement arts education programs and activities; in addition, some local arts agencies partner with or fund other agencies to address arts education. 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.

Local arts agencies continue to expand the role of the arts in their communities 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, 84 percent of local art agencies use the arts to address community development issues. Nearly all local arts agencies collaborate with community organizations or local government agencies to integrate the arts more fully into their community and to assist those agencies in achieving their missions, e.g., economic development departments to develop cultural districts, chambers of commerce to attract new businesses, parks and recreation departments to create after school programs, convention and visitor bureaus to increase cultural tourism, and police departments to prevent crime.

ARTS AND HEALING IN RESPONSE TO 9/11

In the wake of the September 11 terrorist attacks, the arts emerged as an important source of national strength and inspiration. We saw their impact almost immediately in the spontaneous adoption of "God Bless America" as the song that comforted the nation and in the speed with which world-renowned artists collaborated to produce and televise numerous celebrity-filled fundraising events. Because they are unique to their communities, local arts agencies are in a position to respond directly to community changes and special needs. We saw this as hundreds of local arts agencies and organizations responded to the 9/11 attacks with programs to help their communities grieve and heal. Here are a few examples:

Seattle Arts Commission (Seattle, Washington)

The Commission and Richard Hugo House co-sponsored a reading by Joan Fiset of *Bandaged Moments*, her poems about war and its aftermath, as well as readings from Seattle writers and performers from their favorite works about New York. Donations benefited a fellow local arts agency in New York City. The Lower Manhattan Cultural Council had maintained its offices inside the World Trade Center.

Colorado Council of the Arts (Denver, Colorado)

The Colorado Council of the Arts has created *The Healing Power of the Arts* website with funds from the National Endowment for the Arts. The site offers resources through which to "investigate the power of the arts as a force for positive change in our lives."

Out of the Ashes (Albuquerque, New Mexico)

In Albuquerque, dozens of students spent every afternoon in a downtown studio creating art to process their anger, sorrow, and bewilderment over September 11 and the retaliation against Muslims in the United States. The result is *De las Cenizas: Altars to Victims of Terror and Vengeance*, a collaborative installation for Day of the Dead that filled Visiones Gallery. To complete their work, students invited members of the Muslim, Sikh, Hindu, Buddhist, Jewish, and Christian communities to participate by contributing coins, newspapers, photos, music, and mementos to provide a symbolic representation of the many nations where innocent people are victims of terror and vengeance. Out of the Ashes was open October 26–November 16.

San Francisco Arts Commission (San Francisco, California)

Within days of the World Trade Center attack, thousands of "missing" fliers were distributed by loved ones in an effort to trace survivors. With the permission of New York City authorities, hundreds of the fliers were collected before they could be destroyed by the elements. The collection was presented in San Francisco City Hall on February 6–26, 2002, as part of a touring exhibition visiting cities throughout the United States. Missing celebrates and commemorates the lives of the September 11 victims, giving viewers the opportunity for private contemplation.

Anchorage Concert Chorus (Anchorage, Alaska)

On September 14, the Chorus sang the opening and closing hymns at a community-wide memorial at the Alaska Center for the Performing Arts, which was broadcast on television and radio.

Great Falls Symphony Association (Great Falls, Montana)

On October 16, in cooperation with the Great Falls Tribune and the City of Great Falls, the Great Falls Symphony Association presented a concert to Celebrate America. Donations benefited the United Way September 11 fund, the American Red Cross, and the Salvation Army. All performance-related costs were donated.

We are reminded of the critical service the arts provide to our communities. Terrorism is an act of destruction, but art one of creation; these local art agencies, organizations, and artists have been able to empower American communities with the tools, resources, and support necessary in their efforts to create. Art has served not only as a healing tool, but a cultural bridge, fostering understanding and tolerance. Without the proper funding, these local arts agencies and the organizations they support would not have been in a position to help their communities in this time of crisis.

CHALLENGE AMERICA INITIATIVE IS BUILDING COMMUNITIES

In addition to strengthening the nation's artistic infrastructure by providing more programs and services, an increase in NEA funding would provide additional money for the Challenge America initiative to address four broad based goals: connect arts organizations more closely with families and communities, provide access to the arts in underserved areas, encourage the development of cultural organizations in communities not previously served by the NEA, and 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 partner with other community organizations to tackle projects from developing economic cultural tourism plans to restoring historic structures. Here are some examples of local arts agencies and organizations using Challenge America grants to improve their communities:

Arts Partnership of Greater Spartanburg, Inc. (Spartanburg, South Carolina)

Project Type.—Civic Design—$10,000

To support a partnership with the Spartanburg Little Theatre and Youth Theatre, Spartanburg Museum of Art, Spartanburg Historical Association, Ballet Spartanburg, and the Music Foundation of Spartanburg to design a community arts facility. The facility would include an art and history museum, a 500-seat theatre, and a science center. This proposed facility would serve as an architectural icon and provide a much-needed venue for community celebrations and cultural activities in this small rural town.

Town of Morristown/River Arts of Morrisville, Inc. (Morrisville, VT)

Project Type.—Cultural Tourism/District—$5,000

To support a partnership with Morristown Community Partnership, Conservation Commission, and Recreation Trails Committee to develop a design concept to represent the community. The project is planned in three stages: research and development, design and review, and presentation and recommendations with public input solicited at each phase. With this strategy, the partnership hopes to raise community awareness and pride in its cultural and historic identity.

Pocahontas Communications Cooperative Corporation (Dunmore, West Virginia)

Project Type.—Cultural Tourism/District—$10,000

To support an ongoing partnership with Highland County Arts Council, Allegheny Mountain Radio Arts Partnership, Pendleton County Committee for the Arts, Pocahontas County Convention & Visitors' Bureau, various regional libraries, and others to promote the activities of the arts organizations in the Highland area. The nonprofit Radio Partnership will provide broadcast marketing for the arts organizations to publicize their activities. The public libraries will serve as conservators through the collection and documentation of local cultural traditions and histories of this rural region.

Davis County Arts & Humanities Council (Layton, Utah)

Project Type.—Cultural Assessment/Planning—$10,000

To support a partnership with the City of Layton, Davis County and the Bountiful Performing Arts Center for a city and county cultural needs assessment. Through a series of community conversations, surveys, interviews, and other data gathering, the partners will evaluate the resources and services offered to the community by

its cultural organizations and how best to address the significant increase in the area's population.

Brookhaven Trust for the Preservation of History, Culture, and Arts (Brookhaven, Mississippi)

Project Type.—Civic Design—$10,000

To support a partnership with the Brookhaven-Lincoln Chamber of Commerce and the Brookhaven Arts Council to provide an architectural review of the Old City Hall and Fire Station to develop a plan of how the unused space could be used for civic events. This plan will facilitate historically sensitive renovation of the facility in a prime downtown location, providing for cultural events, and fulfilling a pressing need in the community.

The fiscal year 2002 NEA budget increase is currently being used to fund Challenge America. This program is already enriching communities around the country, not only through increased access to the arts for community members, but also by stimulating local economies through tourism, urban renewal, and attracting new business. Challenge America is extending the nonprofit arts industry's economic impact by stimulating non-arts related growth at the local level.

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 afterschool programs for children to working with local law enforcement to reduce crime. By creating therapeutic outlets for people to express their pain, confusion, and anger in response to 9/11, local arts agencies and arts organizations have shown that their service to communities not only expands access to the arts but also helps touch and heal those in need. Local arts agencies are strengthening our communities' economies by increasing tourism, urban renewal, and attracting new businesses. We urge this subcommittee to make a commitment to supporting community building through local arts agencies by appropriating $155 million for the National Endowment for the Arts.

NATIONAL ENDOWMENT FOR THE HUMANITIES

PREPARED STATEMENT OF THE NATIONAL HUMANITIES ALLIANCE

The National Humanities Alliance writes to request a fiscal year 2003 appropriation for the National Endowment for the Humanities of $155 million, an increase of $30.5 million over last year's enacted level of $124.5 million. The National Humanities Alliance is a coalition of more than 80 national humanities organizations representing scholars, teachers, librarians, archivists, museum professionals and others involved in delivering work in the humanities across the country. We submit this request today not just on behalf of these communities, but on behalf of the American people.

INTRODUCTION

The National Endowment for the Humanities is the largest single funder of humanities programs in the United States. Though a relatively small program, the leadership provided by NEH is critical for the national effort to:

—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

With a relatively small investment from Congress, NEH provides access to high-quality educational programs and resources that reach millions of Americans each year. NEH grants are awarded through a competitive, peer-review process based on merit. Not only do NEH grants encourage excellence, but most NEH grants provide leveraging for significant private support, which stimulates millions of dollars in non-federal support each year. The NEH model is consistent with our nation's commitment to excellence, the democratic process, and the responsible use of taxpayer dollars.

The President's request for fiscal year 2003 is $126.9 million. While this request represents a $2.4 million increase for administrative and treasury funds, it provides only level funding for endowment programs. The $155 million recommended by the National Humanities Alliance incorporates the necessary administrative increase, but also enhances the NEH's ability to support humanities projects throughout the United States. As outlined below, these additional funds would better enable NEH

to carry out its mission for the American people, and represent a reasonable step toward addressing unmet program needs. In recent years, the combined impact of budget cuts and inflation has reduced the number, diversity and buying power of NEH awards. In fact, we estimate that the agency is running at about 55 percent of its demonstrated capacity of 10 years ago. More importantly, current applications in all program areas demonstrate a need that greatly exceeds the endowment's grant-making capacity at present funding levels.

HOMELAND DEFENSE

We applaud the administration's special initiative, "We the People," to encourage new project proposals that advance our knowledge of the events, ideas, and principles that define the American nation. Requiring no new funds, and working within the agency's established review system, the We the People initiative will call upon humanities scholars, teachers, filmmakers, museums, libraries, and other individuals and institutions engaged in the humanities to develop projects on the most significant events and themes in the nation's history and culture. As stated in the NEH Budget Request, "The horrific events of September 11 have underscored the importance of the humanities in understanding the state of our union and in responding effectively in times of crisis. A knowledgeable citizenry is essential to homeland defense; Americans need to understand the ideals, ideas, and institutions that undergird our nation if we are to defend it". NEH's overarching mission—to encourage the study of history, literature, languages, government, philosophy, ethics, religion and other humanities subjects—helps us not only to better understand our own nation, but other cultures as well.

FEDERAL/STATE PARTNERSHIP

The Alliance recommends an increase of $8.4 million for the NEH Federal/State Partnership, bringing the budget up from $31.6 to $40 million for fiscal year 2003. State humanities councils address critical needs in the areas of professional development for teachers, family literacy programs, and public humanities programming that in the broadest sense educates citizens for civic life, and strengthens the fabric of our democracy. The state councils are private, nonprofit, grassroots organizations, located in each of the 50 states, the District of Columbia, and five commonwealths and territories. State councils respond to local needs and help to ensure that the best of the humanities reaches Americans in nearly every district of the nation. This increase would guarantee at least $100,000 for each council (once the population formula has been applied). Every dollar appropriated for the state councils goes directly and immediately into local communities across the country.

CHALLENGE GRANTS

The Alliance recommends an increase of $3.4 million for the NEH Office of Challenge Grants, bringing the budget up from $10.4 to $13.8 million for fiscal year 2003. Challenge Grants strengthen the institutional base for teaching, research, preservation and public programming in the humanities. Each year, Challenge Grants are the catalyst for bringing millions of dollars in private funds to colleges and universities, museums, libraries, humanities research centers, state councils, historical societies and historical sites. Challenge Grants provide first time grantees a $1 federal match for each $3 raised privately, and a 1:4 match for second time recipients. The additional funding would stimulate at least $10.2 million in new private giving (for a total of at least an additional $41.4 million in nonfederal funds). Additional funds are needed to increase both the dollar amount and number of awards possible. In addition, an increase in the Challenge Grant program would greatly enhance the agency's ability to provide support for the newly created regional humanities centers, which are eligible to compete under the agency's regular review process.

EDUCATION PROGRAMS

The Alliance recommends an increase of $3 million for the NEH Education Division, bringing the budget up from $12.6 to $15.6 million for fiscal year 2003. NEH Education programs support content-rich teaching and learning in the humanities for our nation's students. NEH Summer Seminars and Institutes offer college and K–12 teachers opportunities to study significant topics and fundamental texts in the humanities and to revitalize their understanding of history, literature and other humanities subjects. Humanities Teacher Leadership awards help elementary and secondary school teachers share the benefits of their participation in seminars and institutes with other educators and schools. Education Development and Demonstra-

tion grants support projects to strengthen the teaching and learning of humanities subjects in K–12 schools and in colleges and universities across the country. Additional funding would better enable these programs.

—Each additional Summer Seminars and Institute funded would reach about 20 teachers and 3,100 students who would benefit from these teachers' experience within the year.

—Each teacher enabled through an additional Humanities Teacher Leadership award would reach hundreds of other teachers and students.

—Each Education Development and Demonstration project funded carries the potential of generating comprehensive plans for school improvement, innovative uses of educational technologies, and national models of excellence in humanities teaching.

PRESERVATION & ACCESS

The Alliance recommends an increase of $4.6 million for the NEH Preservation & Access Division, bringing the budget up from $18.9 to $23.5 million for fiscal year 2003. The Preservation & Access programs are in the lead in the nation's efforts to preserve and increase the availability of cultural, historical and intellectual resources for generations of Americans.

NEH supports preservation of and access to books, journals, newspapers, manuscript and archival collections, maps, photographs, films, sound recordings, oral histories, and objects of material culture held by libraries, archives, museums, historical organizations, and other repositories. NEH also supports preservation education and training, and the acquisition of research tools and reference works; and makes grants for the creation of dictionaries, atlases, encyclopedias, and other major reference works that preserve and portray the history and culture of the United States and the world.

—Additional funding would accelerate support for the Brittle Books and U.S. Newspapers Programs. An estimated 25–30 percent of the printed holdings in the country's research libraries are deteriorating because of the acidity of their paper. To date, 83 libraries and library consortia are involved in the NEH effort to preserve brittle books and serials—when currently funded newspapers projects in all 50 states are complete (present count is 39), records for 151,500 unique titles dating from 1690 will be available in a national database accessible at 40,000 institutions in the United States and abroad. Sixty-two million deteriorating newspaper pages of historical significance will have been microfilmed.

—Additional funding would stimulate further development and implementation of preservation standards and technology, as well as support new reference tools to make our nation's historic and cultural resources available for Americans today and tomorrow.

PUBLIC PROGRAMS

The Alliance recommends an increase of $3.8 million for the NEH Public Programs Division, bringing the budget up from $13.1 to $16.9 million for fiscal year 2003. Each year, Public Program grants generate projects that reach millions of Americans in every part of the country. The Humanities Project in Media program supports the planning, scripting, and production of television and radio programs on significant works and subjects in the humanities. Humanities Projects in Museums and Historical Organizations support exhibitions of cultural and historical artifacts, along with related publications and programming. Humanities Projects in Libraries and Archives seek to increase public understanding of the humanities through the discovery, interpretation, and greater appreciation of texts, media, Internet resources, and other collections available to Americans in libraries and archives. Grants have also been made for radio call-in programs that in collaboration with libraries explore regional literature in several parts of the country. Additional funding would further enable these programs.

—Each additional Media Project, including radio, television, and film productions, would generate an average of 2.6 hours of content-rich television or radio programming, each drawing an average of 4.8 million viewers and listeners.

—Each additional Museum or Historical Organization Exhibition would reach an average of 2.7 venues, attracting more than 339,000 visitors per exhibit.

—Each additional Library Project represents another local community reached by NEH.

RESEARCH AND FELLOWSHIPS

The Alliance recommends an increase of $3.9 million for the NEH Research Division, bringing the budget up from $13 to $16.9 million for fiscal year 2003. This division supports basic research, and contributes to faculty development, improved teaching, and quality public programming in the humanities across the country. Fellowships and Stipends support focused, sustained work by individual scholars, for projects that will: advance specialized areas of research, stimulate scholarship in related fields, inform the teaching of humanities subjects at all levels, and provide the foundation for public programs in the humanities. Collaborative Research grants support long-term, complex projects carried out by groups of scholars, including the preparation of documentary and literary editions, large-scale translation projects, archaeological research, wide-ranging studies of important topics in the humanities, and fellowship programs at centers for advanced study in the humanities. Additional funding would further enable these programs.

—Fellowships and Stipends are an extremely effective way to support excellent humanities research and professional development for faculty. On average, one-third of awards in a given year result in a major publication within 5 years; most reach publication in subsequent years; over the years, awards have resulted in the publication of more than 2,600 books, including ten Pulitzer Prize winners.

—Collaborative Research projects are making significant contributions to our knowledge and understanding of the world. Recent projects are increasingly making use of advanced technologies to produce their results in readily accessible, digital format.

Thank you for your past support and consideration of this request.

LETTER FROM THE ASSOCIATION OF RESEARCH LIBRARIES, COUNCIL ON LIBRARY AND INFORMATION RESOURCES, NATIONAL HUMANITIES ALLIANCE

APRIL 23, 2002.

Hon. ROBERT C. BYRD,
Chairman, U.S. Senate, Subcommittee on Interior and Related Agencies

DEAR CHAIRMAN BYRD: This letter is submitted on behalf of the Association of Research Libraries, the Council on Library and Information Resources, and the National Humanities Alliance. Once again, these national organizations write to request increased support from this the distinguished Subcommittee for the preservation and access activities of the National Endowment for the Humanities.

Our associations organizations support an increase of approximately $4.6 million in the budget for the Endowment's Preservation and Access Division, raising it from last year's $18,905,000 to $23,500,000 for fiscal year 2003.

The flat funding proposed in the Administration's budget is inadequate for preserving and ensuring access to jeopardized cultural and intellectual resources needed by students, scholars, and the American people nationwide.

Why is it so important to receive such a relatively small increase in preservation and access funds? Because without them our preservation momentum will decline, particularly in two vital programs, and material now in fragile condition in libraries and related repositories in universities, colleges, and communities across the country will be in even greater danger of permanent loss.

One such project is the preservation of chemically deteriorating, brittle books, which are unique volumes in danger of becoming unusable because of acidic paper. NEH has been able to help libraries microfilm approximately one million brittle books. But the NEH project began with studies that estimated 12 million volumes could be in jeopardy and set a goal of preserving 3 million of the most endangered volumes. With only a third of the goal accomplished, we must move this project forward at a faster pace.

Similarly, there has been great progress in the Endowment's U.S. Newspaper Project. With the help of the Congress and NEH, libraries across the country have completed microfilming historical newspapers, which are treasure troves of insight into the history of our country, in 39 states. But more than one-fifth of the states have yet to carry out newspaper preservation plans. If microfilming in all 50 states were completed, records for 151,000 unique newspaper titles could be made available in a national database through computer terminals at 40,000 institutions in the United States and abroad. These are major goals toward which we can make great progress with the small increase requested.

We understand fully that the nation must attend to its security and defense needs in the 2003 budget, but defense against deterioration of the holdings of America's libraries is vital as well. Information, education, and knowledge are the

underpinnings of our country's domestic progress and international leadership in the 21st century. The nation must preserve the historical record accumulated by past generations for use by students and scholars today and in the future. On behalf of the American people, the library and humanities communities ask that the underfunding of NEH be reversed so that momentum in the race against time can be regained, in order to save and ensure widespread access to the holdings of the nation's libraries. The challenges of this specific problem are explained more fully below, along with dimensions of the preservation need that goes far beyond brittle books and newspapers.

PRESERVING FRAGILE MATERIALS

In 1987, Congress took a significant leadership role in recognizing the importance of library print collections—the books, journals, and other historical and cultural records that are at the heart of the humanities. It was then estimated that more than 12 million unique volumes in the research libraries of this country were at risk of deterioration simply because they were printed on an unstable medium—acidic paper, commonly used between 1840 and 1980. 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 efforts of the library community to preserve these resources through microfilming, the most effective means known at the time to preserve the intellectual content of and provide broad access to copies of fragile materials. The Brittle Books Program, as it has come to be called, was envisioned as a 20-year effort to preserve 3 million unique volumes.

When current projects are completed, almost one million volumes will have been microfilmed through NEH-supported projects since funding was initiated in 1989. Many libraries and library consortia across the nation have participated. The coordination of effort by NEH with Congressionally appropriated funds has resulted in the preservation of a distributed, national collection of important materials, all microfilmed according to rigorous standards. Yet, much remains to be done. The nation's libraries have made every effort to meet the goals that were established more than a decade ago, but when the NEH budget was cut by 38 percent in 1996, funds for microfilm preservation grants were reduced proportionately. In consequence, at least two million volumes remain in jeopardy.

Fortunately, there are now ways to help extend the usability of these volumes. Microfilming has been the method of choice when materials are already brittle. But with newer, less embrittled printed works, mass deacidification, a chemical treatment, has also proven effective. In other cases, improving environmental conditions for storage also seems significantly to extend longevity. Preservation has thus become a complex blend of techniques. The microfilming program launched in 1987 remains critically important, but it, alone, is not sufficient to meet the diverse preservation needs now faced by the nation's research libraries. They need help also to continue improving techniques for preservation storage and mass deacidification, and to do more research on acidic deterioration itself, its rates, and threats. Libraries need help from NEH to employ and further develop all these techniques.

BEYOND BRITTLE BOOKS

Embrittled books and newspapers are not the only irreplaceable materials in jeopardy. Materials documenting the past that need to be kept for the future include films, videos, photographs, tapes, disks, and audio and visual recordings. These historical materials from the 20th and 21st centuries provide a sense of historical reality unattainable in print from past eras. These media capture the immediacy of historical experience and the diversity of American culture with vividness and fidelity. Regrettably, however, audiovisual materials are even harder to preserve than paper. Films and photographs fade and discolor. Audio tapes and disks break, or become unplayable as new recording technologies replace those with which original recordings were made. Without audio and visual resources, large segments of the record of more than a century of American experience will not survive. Here again, NEH grant assistance is greatly needed to preserve history.

Additionally, our organizations associations strongly support the efforts of NEH to complement its preservation assistance with grants to help make the intellectual and cultural record of the United States more accessible to educators, students, and scholars. NEH does this with grant assistance for digitizing library materials for online access. Digital technology provides new opportunities to extend the reach of humanities resources into every classroom, every library, every office, and every home. Because digitization enables individuals everywhere to view materials on the screens of personal computers, many repositories of specialized and rare materials

are digitizing their precious holdings to provide 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.

The transition to digital libraries creates new challenges. 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. The partnerships needed for long-term digital preservation are not now in place, although much-needed work toward developing a national digital preservation plan is now underway at the Library of Congress thanks to Congressional appropriations.

The Library of Congress' effort to develop a distributed system for digital preservation depends upon the ability of research libraries to add to the whole. It will be important that e urge the National Endowment for the Humanities to coordinate its efforts with the Library of Congress' program so that the citizens of the United States can be assured that the raw materials of scholarship in all major repositories will be preserved for future generations.

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; as well as targeted workshops for staff managing digital imaging and preservation microfilming projects.

CONCLUSION

In conclusion, past support from the Congress has made it possible for NEH to conduct a highly successful program for preserving library materials that constitute our national cultural heritage. Thanks to that program, students, scholars, and citizens throughout the United States now have convenient access to unique books, manuscripts, and other materials that libraries have microfilmed and digitized. NEH recognizes the need to expand the preservation agenda to include the preservation of material in audiovisual and digital formats. In addition, NEH recognizes that the preservation of digital information requires new collaborations and technical research. But NEH cannot meet these needs—nor can it complete the preservation of brittle books and newspapers—without increased funding. ARL, CLIR, and NHA strongly support an increase for NEH's Preservation and Access program. The students who learn from library resources, the scholars who create new knowledge from them, and the citizens who turn to them for enlightenment all depend on adequate funding for this program.

Thank you for your past assistance, and for this opportunity to explain unmet needs of high priority for the nation.

DUANE E. WEBSTER, *Executive Director,*
Association of Research Libraries.

DEANNA B. MARCUM, *President,*
Council on Library and Information Resources.

JOHN HAMMER, *Director and CEO,*
National Humanities Alliance.

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