Departmental Overview

The Department of the Interior is truly the Department of America. We are uniquely positioned to provide enduring benefits to the American people.

Ken Salazar, Secretary of the Interior
March 10, 2010

The mission of the Department of the Interior is simple but profound—to protect America's natural resources and cultural heritage and honor the Nation's trust responsibilities to American Indians and Alaska Natives.

Interior's people and programs impact all Americans. The Department is the steward of 20 percent of the Nation's lands including national parks, national wildlife refuges, and the public lands. Interior manages the resources on these lands and the Outer Continental Shelf – providing access for renewable and conventional energy development and managing the protection and restoration of surface-mined lands. The Department of the Interior is also the largest supplier and manager of water in the 17 western States and provides hydropower resources used to power much of the country. Interior is responsible for migratory wildlife and endangered species conservation as well as the preservation of the Nation's historic and cultural resources. The Department supports cutting edge research in the earth sciences – geology, hydrology, and biology – to inform resource management decisions at Interior and organizations all across the world. The Department of the Interior also fulfills the Nation's unique trust responsibilities to American Indians and Alaska Natives, and provides financial and technical assistance for the Insular areas.

Measured in economic terms, the Interior Department supports over 1.3 million jobs and over $370 billion in economic activity each year. Parks, refuges, and monuments generate over $24 billion in economic activity from recreation and tourism. Conventional and renewable energy produced on Interior lands and waters results in about $295 billion in economic benefits and the water managed by Interior supports over $25 billion in agriculture. The American outdoor industry estimates 6.5 million jobs are created every year from outdoor activities. An economic impact analysis completed by the Department in December 2009 estimates that in 2008 more than 400 million visits to the Nation's parks, refuges, and public lands generated nearly $25 billion and over 300,000 jobs in recreation and tourism, contributing significantly to the economic vitality of many communities.

In measures that cannot be translated into dollars and cents, the Department protects the Nation's monuments and priceless landscapes, conserves wildlife and fisheries, offers unparalleled recreational opportunities, protects and interprets the cultural collections that tell America's history, and manages resources that help to fulfill the Nation's demands for energy, minerals, and water. Through its trust responsibilities on behalf of American Indians and Alaska Natives, Interior supports tribal self-governance and the strengthening of Indian communities. For affiliated island communities, the Department fulfills important commitments providing much needed technical and financial assistance.

Interior works to ensure that America's spectacular landscapes and unique natural life endures for future generations, tells and preserves the American story, and maintains the special places, like the National Mall, that enable the shared American experience. At the same time, Interior manages many of the Nation's natural resources – oil and gas, coal, and minerals such as gold and uranium. Interior manages and delivers water, arbitrates long-standing conflicts in water allocation and use, and actively promotes water conservation. As one of the Nation's primary natural resource stewards, the Department

makes decisions regarding potential development on the public lands and offshore coastal areas that can greatly impact the Nation's energy future and economic strength. Factored in this balance is the Department's unique responsibility to American Indians and Alaska Natives. Maintaining and building the capacity to carry out these responsibilities on behalf of the American people is the Interior's primary focus. Identifying better ways to do business and deliver service and apply cutting edge science to operations is Interior's principal challenge. Through a progressive management agenda, the Administration has made clear that delivering on that principal challenge is a critical priority.

2010 – A Year of Challenge and Success

At the start of the Administration, Secretary Salazar set Interior on a course to create a comprehensive strategy to advance renewable energy; tackle climate change impacts; improve the sustainable use of water; engage youth in the outdoors; and improve the safety of Indian communities. These priority goals integrate the strengths of the Department's diverse bureaus and offices to address key challenges of importance to the American public. With transparency and accountability, Interior has been tracking achievements in these areas, including:

- Approval of 12 renewable energy projects on public lands that when built, will produce almost 4,000 megawatts of energy, enough energy to power over one million American homes, and create thousands of construction and operational jobs. This includes the first solar projects ever permitted on public lands, and what will be the largest solar project in the world.
- Designation of more than 5,000 miles of transmission corridors on public lands to facilitate siting and permitting of transmission lines and processing more than 30 applications for major transmission corridor rights-of-way. In 2010, Interior granted over 190 miles of rights-of-way for new major electric transmission lines on public lands in Nevada and in Idaho.
- Establishment of three of eight planned regional Climate Science Centers. Interior's bureaus also established nine of the 21 Landscape Conservation Cooperatives. This approach reaches across traditional barriers, between Interior bureaus, other Federal agencies, State, tribal and local governments, non-governmental organizations and the public, to create partnerships that craft practical solutions to natural resource management challenges. U.S. Geological Survey scientists crafted a new method to assess the potential to store carbon in wetlands, forests, and rangeland ecosystems.
- Issuance of grants to water districts and other water delivery authorities resulting in the conservation of 150,000 acre-feet of water.
- The number of youth employed increased to 21,874 in 2010, including 15,900 new hires, either through direct hires or partnerships. The number of new hires increased by 45 percent over 2009 levels.
- Reductions in crime in four Indian communities as a result of a concerted effort to increase deployed law enforcement officers, and conduct training in community policing techniques, and engage the communities in other law enforcement efforts.

The tragic events resulting from the sinking of the Deepwater Horizon drilling rig in April of last year drew the attention of the world to the Gulf of Mexico. Although much of the focus of Interior's bureaus and offices in 2010 was on oil spill response and Gulf Coast restoration, the Department advanced other key priorities and strategic goals that will improve the conservation and management of natural and cultural resources into the future.

- Interior, along with the Department of Agriculture and the White House Council on Environmental Quality, hosted the White House Conference on America's Great Outdoors and held 50 public listening sessions across the Country, that have helped shape a conservation vision for the 21st Century. This vision, the America's Great Outdoors initiative, promotes and supports innovative community level efforts to conserve outdoor spaces and reconnect Americans to the outdoors.
- On the conservation front, Interior welcomed new national wildlife refuges and proposed others. The new Flint Hills Legacy Conservation Area in Kansas works with farmers and ranchers to protect more than one million acres of the once vast tall grass prairie. In Colorado,

the Rocky Mountain Arsenal National Wildlife Refuge formally joined the Department. A place that once served as a manufacturing site for weapons and toxic chemicals is now home to bald eagles and roaming buffalo. Recently, Secretary Salazar announced a proposal for a new wildlife refuge and conservation area in Florida at the headwaters of the Everglades. Like Flint Hills, this area would work with local ranchers and farmers to preserve their heritage and way of life for generations to come. The refuges mark a new era of conservation for Interior, one that is community driven, science-based, and takes into account entire ecosystems and working landscapes.

- The Department worked to develop a Federal action plan to bring relief for the drought-stricken California Bay-Delta area, investing over $500 million in major water projects over the past two years, and moved forward on long-standing water availability issues in the Colorado River Basin by securing a commitment to initiate discussions on a comprehensive long-term agreement between the U.S. and Mexico on the management of the Colorado River.
- Worked with Congress to bring about resolution of the historic *Cobell* v. *Salazar* settlement and Indian water rights issues with enactment of the Claims Resolution Act of 2010, and completed negotiation of a new Compact of Free Association agreement with the island of Palau which awaits Congressional approval.
- In December of last year, the President hosted the second White House Tribal Nations Conference bringing together tribal leaders from across the United States. These conferences enabled tribal leaders to interact directly with Administration representatives and identify actions to fulfill the President's commitment to strengthen the Nation-to-Nation relationship with American Indians and Alaska Natives.

The Deepwater Horizon disaster has had and will continue to have a significant impact on the management of ocean resources and more specifically on the management of OCS oil and gas development. It undermined public confidence in the safety and reliability of offshore oil and gas development and called into question long-standing acceptance of expanded deepwater drilling.

The recently released report from the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling concludes there are risks for which neither industry nor government have been adequately prepared. The report recommends that fundamental reforms are needed to

PRESENTING THE 2012 BUDGET

At the time the 2012 budget was released, the Department was operating under the authority of P. L. 111-322, a Continuing Resolution making appropriations available through March 4, 2011. To accommodate the lack of an enacted 2011 appropriation, the President's budget appendix materials display the 2011 CR level as a placeholder for the 2011 appropriation.

Interior's budget display follows the convention in the President's budget and ties to the 2011 CR amounts at the account level. Most of Interior's funding is the same as the 2010 Enacted level under the 2011 CR. For this reason, the center column in Interior's budget materials is labeled 2010 Enacted / 2011 CR and detailed comparisons are made against the level.

Program funding for the Bureau of Ocean Energy Management, Regulation and Enforcement differs, as P.L. 111-322 provided a $23.1 million increase above the 2010 Enacted level. In cases such as BOEMRE, where there is a difference between the 2010 Enacted and the 2011 CR amount detailed comparisons are made against the 2010 Enacted level and an adjustment is added at the bottom to tie the amounts to the 2011 CR level.

An exception is made, however, for accounts with line-item project activities – land acquisition, construction and the Bureau of Reclamation. The project level details for these accounts are presented at the 2011 President's request level to provide a basis for planning assumptions. An adjustment is made at the bottom of the account to tie the total to the 2011 CR amount.

ensure technical expertise, independence, and full consideration of environmental protection as well as continued reforms in human safety, regulatory oversight, energy exploration, and production. In addition the report indicates that the existing gap in containing, responding to, and cleaning up spills should be closed by government and industry, and that the scientific understanding of environmental conditions and impacts of oil spills is inadequate.

The Commission's findings and recommendations bolster the case for Interior's comprehensive reforms and Secretary Salazar's reorganization of offshore oil and gas activities that will remedy conflicted missions, stand up a stronger regulatory framework, create an internal review unit to identify problems in a timely manner, improve agency and industry management of safety and environmental protection, and expand the team of inspectors. Many reforms have already been accomplished including:

- Termination of the controversial royalty-in-kind program that accepted oil and natural gas from producers in lieu of cash royalty payments, in favor of a more transparent and accountable royalty collection system.
- Dissolution of the Minerals Management Service with the transfer of minerals revenue management to the Office of Natural Resources Revenue in the Office of the Secretary and creation of the Bureau of Ocean Energy Management, Regulation and Enforcement as an interim organization while further structural changes are made.
- Published the results of the first review by the OCS Safety Oversight Board and began the development of regulations and guidance to operators to implement steps to respond to the Board's recommendations.
- Utilized the expertise of the National Academy of Engineering who investigated the root causes of the Deepwater Horizon blowout and provided a 30-day report to the President on steps that should be taken to improve the safety of OCS drilling.
- Completed a review of ethics issues related to the Department's management of the OCS program to inform ongoing reforms.

Interior's Budget In Context

The future is ours to win. But to get there, we just can't stand still.

President Barack Obama
January 25, 2011

In his State of the Union address in January, President Obama spoke of the future and what it will take to "win the future." He challenged the Nation to encourage American innovation, educate young people, rebuild America, and shrink the burden of mounting debt. Interior's 2012 budget request responds to this challenge. This budget proposes legacy investments in America's outdoors and cultural heritage. At the same time, this budget recognizes the need for fiscal responsibility. The investments proposed in 2012 are balanced by reductions in other programs – recognizing the Nation's need to live within its means to ensure a legacy of economic strength.

Taking Fiscal Responsibility – Interior's 2012 budget must be viewed in context of the difficult fiscal times facing the Nation and the President's freeze on discretionary funding. Interior's budget of $12.2 billion funds important investments by eliminating and reducing lower priority programs, deferring projects, reducing redundancy, streamlining management, and capturing administrative and efficiency savings. The 2012 request is essentially level with both the 2010 Enacted and 2011 CR amounts. It is a freeze budget.

The 2012 budget reflects many difficult budget choices, cutting worthy programs in order to fund the highest priority requirements, and advancing efforts to shrink Federal spending while being mindful of ongoing responsibilities. The budget contains reductions totaling $1.1 billion or 8.9 percent of the 2010 Enacted/2011 CR level. Staffing reductions are anticipated in some program areas, which will be achieved through attrition, outplacement, and buy-outs in order to minimize the need to conduct reductions in force to the greatest extent possible.

This budget is responsible, maintaining the 2010 funding levels and core functions that are vital to uphold stewardship responsibilities and sustain key initiatives. Permanent funding that becomes available as a result of existing legislation without

BUDGET AUTHORITY AND RECEIPTS
(millions of dollars)

	2010 Actual	2010 Enacted/ 2011 CR	2012 Request	Change
BUDGET AUTHORITY				
Total Current Appropriations *(w/o supps)*	12,243	12,217	12,227	+10
Supplementals	+39	0	0	0
Total Current Appropriations *(w/ supps)*	12,282	12,217	12,227	+10
Permanent Appropriations	6,014	7,602	5,607	-1,995
TOTAL	**18,296**	**19,819**	**17,834**	**-1,986**
[Net discretionary BA]	*[12,130]*	*[12,064]*	*[12,058]*	*[-6]*
RECEIPTS				
Outer Continental Shelf	4,916	5,224	7,343	+2,119
Onshore Mineral Leasing	3,579	3,821	4,247	+426
Other Offsetting Receipts	1,580	3,583	1,586	-1,997
Other Receipts	1,009	843	894	+51
TOTAL	**11,084**	**13,471**	**14,070**	**+599**

further action by the Congress results in an additional $5.6 billion, for $17.8 billion in total budget authority for Interior in 2012.

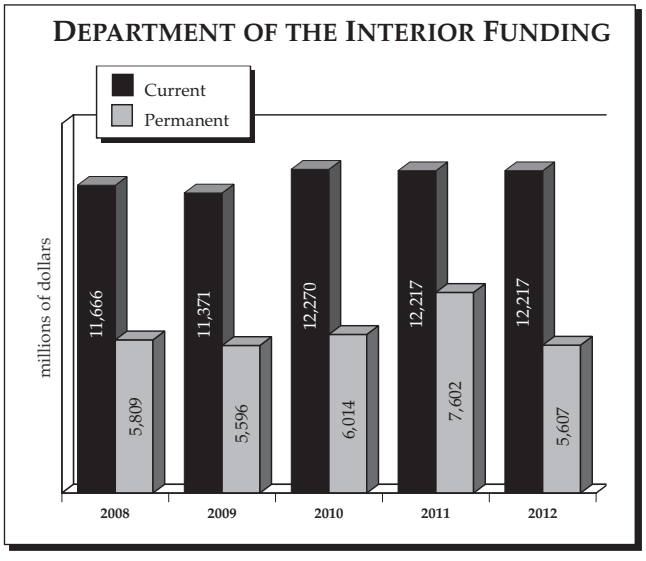
The 2012 request includes $11.2 billion for programs funded by the Interior, Environment, and Related Agencies appropriation. This is $69.2 million, or less than one percent, above the 2010 Enacted level and $87.6 million above the 2011 CR level. The 2012 request for the Bureau of Reclamation and the Central Utah Project Completion Act, funded in the Energy and Water Development Appropriations Act, is $1.1 billion in current appropriations, $88.3 million or eight percent below the 2010 Enacted level and $78.3 million or seven percent below the 2011 CR level.

Interior continues to generate more revenue for the U.S. Treasury than its annual appropriation. In 2012 Interior will generate revenue of approximately $14.1 billion and propose mandatory legislation estimated to generate another $2.5 billion in revenue over ten years.

Program Reductions and Terminations – Through a very rigorous process, Interior took stock of its ongoing activities considering elements such as program performance, mission relevance, the availability of alternatives to meet the objectives, the breadth of public benefit, and the appropriateness of the Federal role.

Interior's $12.2 billion budget proposal includes $913.6 million in program terminations and program reductions of which $188.0 million are significant reductions of 50 percent or more. These are highlighted in the President's Budget volumes and are described on the next page.

The balance of program terminations and reductions were identified as part of a top to bottom review that considered mission criticality, the ability of partners to support the function, duplication or overlap,



MAJOR REDUCTIONS AND TERMINATIONS HIGHLIGHTED IN THE PRESIDENT'S BUDGET VOLUMES

- **Wildland Fire – Hazardous Fuels Reduction (-$44.6 million)** – The proposed reduction reflects a refocusing of the program to address highest-risk areas, those where wildfire can threaten communities.
- **BIA – Trust Real Estate Services (-$27.0 million) –** The budget proposes an 18 percent reduction in real estate services, including reductions to the cadastral surveys program and other record keeping activities. The Department will consider providing surveys on a reimbursable basis as part of the cost of each real estate transaction and manage records more efficiently.
- **NPS – Save America's Treasures Grants (-$25.0 million) –** The budget proposes to eliminate funding in 2012 to focus NPS resources on managing national parks and other primary responsibilities.
- **BLM – Alaska Conveyance (-$17.0 million) –** This reduction is part of an effort to reevaluate and streamline the conveyance process to better focus on transferring title to 150 million acres Interior is required to convey.
- **OST - Historical Trust Accounting (-$16.0 million) –** The budget proposes to reduce funding for historical accounting of individual Indian accounts in light of the *Cobell* v. *Salazar* settlement, but retains funding for the historical accounting of tribal trust funds.
- **FWS – National Wildlife Refuge Fund (-$14.5 million) –** The budget proposes to eliminate the discretionary contribution to the National Wildlife Refuge Fund, which delivers payments to counties to offset tax loss due to Federal land ownership. The mandatory receipts will continue to be allocated. Payments collected by counties can be used for non-conservation purposes which are not the best use of FWS funding.
- **USGS – National Biological Information Infrastructure (-$6.7 million) –** The program is duplicative of other Federal and private sector efforts to collect similar data into a single location.
- **NPS – Heritage Partnership Program (-$9.0 million) –** The Department proposes a 50 percent reduction in this program. The program will support emerging national heritage areas while encouraging the long-term sustainability of the more established sites.
- **Wildland Fire – Rural Fire Assistance (-$7.0 million) –** This program is duplicative of other fire assistance grant programs managed by the Office of Homeland Security and Department of Agriculture.
- **USGS – Water Resources Research Act Program (-$6.5 million) –** Program grants to Water Resources Research Institutes are not a clear Federal responsibility.
- **NPS – Park Partnership Project Grants (-$5.0 million) –** The NPS will use neither grant funding nor the $10.0 million in dedicated recreation fees for these projects in 2012. Partners have not committed at the level envisioned and projects have not always addressed highest park priorities.
- **NPS – Preserve America Grants (-$4.6 million) –** The budget proposes to eliminate funding in 2012 to focus NPS resources on managing national parks and other primary responsibilities.
- **BIA – Indian Guaranteed Loan Program (-$5.1 million) –** A 63 percent reduction is proposed in 2012 pending an evaluation of the program's effectiveness and alternatives for promoting economic development in Indian Country.

relevance to key initiatives, program performance, the relevance of timing and if the activity could be deferred, and short and long term strategic goals. The 2012 request also eliminates $47.6 million in congressional earmarks not related to land acquisition or construction and an additional $52.2 million in smaller program terminations.

Program reductions are proposed in every bureau and office in the Department. One area that is reduced Interior-wide is construction. The budget includes $178.8 million for the Bureau of Land Management, Fish and Wildlife Service, and National Park Service construction programs, a total reduction of $100.2 million or 36 percent from the 2010 Enacted/2011 CR level. The Department has frozen construction of new facilities in 2012 and deferred construction of replacement facilities. Interior's 2012 request for

construction focuses on the highest priority health and safety and mission critical projects and defers lower priorities. The Department is committed to the repair and rehabilitation of current assets and funding for facility maintenance is held nearly level.

Interior also took stock of centrally funded requirements to make room for programmatic priorities. The Department's 2012 request for the Working Capital Fund proposes a decrease of $21.1 million in the Financial Business Management System project. When FBMS is fully implemented by the end of 2014, it will replace the Department's many administrative systems throughout the bureaus, provide a modernized, fully integrated solution providing core accounting, real and personal property, fleet management, travel, enterprise information management, and reporting. In developing the 2012 request, the Department carefully evaluated the project's baseline to improve the implementation strategy, reduce complexity and risk, and focus on core functionality, while maintaining focus on critical business needs. The revised plan makes changes in the deployment schedule, strikes the budget formulation component of the project, and allows Interior to reduce the request for appropriated funds.

Administrative Savings – The budget includes $99.4 million in reductions reflecting administrative cost savings as part of the Administration's Accountable Government Initiative. These reductions will be generated by efficiencies throughout Interior, changing how the Department manages travel, employee relocation, acquisition of supplies and printing services, and the use of advisory services. These reductions are in addition to $62.0 million in travel, information technology, and strategic sourcing savings identified as part of the President's 2011 request. These reductions are sustained in the 2012 request along with bureau-specific efficiencies. The proposed savings in administrative functions will not have an impact on programmatic performance.

The Department's 2012 budget also reflects a freeze on Federal salaries for 2011 and 2012. The request for fixed costs is limited to anticipated changes in the Federal contributions to health benefits, GSA rent increases, changes in workers and unemployment compensation costs, and specific contract requirements for Section 638 agreements. The 2012 request also reflects a reduction in the Working Capital Fund charges to which every Interior bureau and office contributes. Centrally funded requirements were reprioritized to pass along over $10 million in savings to bureaus and offices. Program reductions offset the $30.5 million in anticipated fixed cost increases in 2012.

Cost Recovery – The budget proposes to increase cost recovery to offset the cost of some resource development activities that provide clear benefits to customers. The budget includes a $38.0 million decrease in BLM for onshore oil and gas inspection activities. This reduction will be fully offset by increased inspection fees. Fees for offshore oil and gas inspections are increased substantially from $10.0 million in the 2010 Enacted budget to $65.0 million in 2012 reflecting a need for a more robust inspection program. The budget also proposes to expand the scope of offshore inspection fees in 2012 to include offshore mobile drilling given the need for greater scrutiny of drilling operations as a core component of deepwater oil and gas development.

The National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling recommends the Administration increase fees as a way to support increased regulatory oversight and improve leasing support. The report argues that the oil and gas industry should be "required to pay for its regulators" so that the costs of regulation "would no longer be funded by taxpayers but instead by the industry that is permitted to have access to a publicly owned resource."

Forging an Enduring Legacy

The Interior Department's 2012 budget continues efforts that began in 2009 with Secretary Salazar's commitment to a set of priority goals that focus on America's future. These goals have remained constant in guiding the Department's efforts. They are embedded within the Strategic Plan as a set of priority goals to spur near-term results – investing in renewable energy, implementing sustainable water management and conservation, adapting to the challenge of a changing climate, engaging youth in natural resources, and improving the safety of Indian communities. These goals are among the Department's highest priorities because of their importance to the Nation's future.

- Implementing a comprehensive New Energy Frontier strategy that creates jobs, reduces the Nation's dependence on foreign oil, and reduces carbon impacts. The Department's goal is to increase approved capacity for renewable energy production on Interior managed lands to at least 10,000 megawatts by the end of 2012,

INTERIOR'S STRATEGIC PLAN AND PRIORITY GOALS

On January 24, 2011, the Department issued a new Strategic Plan for Fiscal Years 2011-2016. The plan is the result of an 18-month process to integrate Interior's diverse activities and develop a unified approach to key goals for stewardship of lands and resources; responsible development of energy, minerals, and other resources; enhancing the government-to-government relationship with Indian Tribes and Alaska Natives and upholding commitments to Insular areas; establishing a scientific foundation for decisionmaking; and creating a 21st Century Department of the Interior.

MISSION AREAS AND GOALS

- **Provide Natural and Cultural Resource Protection and Experiences**
  - Protect America's Landscapes.
  - Protect America's cultural and heritage resources.
  - Provide recreation and visitor experience.
  - Manage the impacts of wildland fire.
- **Sustainably Manage Energy, Water, and Natural Resources.**
  - Secure America's energy resources.
  - Manage water for the 21st Century.
  - Sustainably manage timber, forage, and non-energy minerals.
- **Advance Government-to-Government Relationships with Indian Nations and Honor Commitments to Insular Areas.**
  - Meet our trust, treaty, and other responsibilities to American Indians and Alaska Natives.
  - Empower Insular communities.
- **Provide a Scientific Foundation for Decisionmaking.**
  - Ensure the quality and relevance of science products to partners and customers.
  - Provide science for sustainable resource use, protection, and adaptive management.
  - Provide scientific data to protect and inform communities.
  - Develop a comprehensive science framework for understanding the earth.
- **Building a 21st Century Department of the Interior.**
  - Building a 21st Century workforce.
  - Youth stewardship and engagement.
  - Sustainability of Interior's operations.
  - Dependability and efficiency of information technology.
  - Improving acquisition and real property management.

while ensuring full environmental review. The budget requests $684.3 million for renewable and conventional energy programs in 2012, an increase of $145.7 million above the 2010 Enacted/2011 CR level.

- Confronting the challenges of a changing climate impacting the American landscape. Through an integrated strategy that leverages expertise across the Department, the Federal government, and with outside partners, Interior will identify resources that are vulnerable to climate change and implement coordinated adaptation response actions for 50 percent of the Nation by the end of 2012. The 2012 budget includes $175.0 million for cooperative landscape conservation, an increase of $43.8 million above the 2010 Enacted/2011 CR.
- Tackling the water challenges facing the country with WaterSMART. The Department's goal is to increase available water supplies in the west by 490,000 acre-feet by the end of 2012 through the Bureau of Reclamation's

water conservation programs. The 2012 budget includes $69.8 million for WaterSMART sustainability activities, an increase of $9.0 million for U.S. Geological Survey above the 2010 Enacted / 2011 CR and a reduction of $11.0 million below the 2011 President's budget for the Bureau of Reclamation.

- Engaging America's youth in the great outdoors. The Department will employ, educate, and engage young people from all backgrounds in exploring, connecting with, and preserving America's natural and cultural heritage. This initiative complements Interior's goal to hire or temporarily engage individuals aged 18-25 in the Department's mission areas and activities. The 2012 budget includes $46.8 million for youth programs, an increase of $7.6 million above the 2010 Enacted / 2011 CR level.
- Honoring trust responsibilities and Strengthening Tribal Nations. The Department's goal is to achieve a reduction in violent crime of at least five percent within 24 months on targeted tribal reservations through a comprehensive and coordinated strategy. The 2012 budget includes $354.7 million for BIA public safety and justice program operations to improve the safety of Indian communities. This is a program increase of $20.0 million.

This budget places a priority on the Department's stewardship and trust responsibilities, reflecting the Administration's long-standing commitment to provide an enduring legacy for the Nation–to protect, conserve, and make available America's open spaces for generations to come.

America's Great Outdoors– The 2012 President's budget proposes a landmark investment of $5.5 billion for Interior's programs that are part of the America's Great Outdoors initiative. This initiative is a partnership with citizens, community groups, and local, State, and tribal governments to share the lead in protecting, improving, and providing greater access to natural areas and their resources to leave a healthy, vibrant legacy for the future.

This request includes full funding of the Land and Water Conservation Fund land. The Administration's budget request for both Interior and the U.S. Forest Service totals $900.0 million for LWCF programs, the full amount of revenue generated each year from oil and gas development that is dedicated for land acquisition and conservation. This request is historic as it has only been fully funded one time since it was championed 40 years ago by John F. Kennedy. The 2012 budget for Interior includes $675.0 million for Federal land acquisition and competitive grant programs to enhance endangered species protection, outdoor recreation, and non-Federal land conservation.

As part of America's Great Outdoors, the 2012 budget maintains $4.6 billion for core operations in the land management bureaus – BLM, FWS, and NPS. More than 285 million Americans and foreign tourists visited the Nation's national parks in 2009, nearly 11 million more than in 2008, a 3.9 percent increase. This was the fifth busiest year for the national park system, just missing the all-time visitation record set in 1987. The increased visitation to the national parks reinforces the importance and value Americans place on their treasured landscapes. The 2012 budget also includes $150.0 million for fish and wildlife conservation grants and $72.4 million for NPS partnership programs.

Offshore Energy Reforms – The 2012 budget proposes a significant investment to continue reforms of the Nation's offshore oil and gas program. The 2012 budget proposes a program level of $506.3 million for the components of the former Minerals Management Service, an increase of $158.0 million over the 2010 Enacted level and $134.9 million over the 2011 CR. This includes a total program of $358.4 million for the Bureau of Ocean Energy Management, Regulation and Enforcement. The 2012 budget request also includes $147.9 million for the Office of Natural Resources Revenue now transferred to the Office of the Secretary. The proposed increases support an aggressive strategy to reorganize the offshore oil and gas program activities and build capabilities in environmental analysis, inspection, and oil spill research.

The 2012 budget also proposes funding for an Investigations and Review Unit within BOEMRE to respond to allegations or evidence of misconduct and unethical behavior; oversee and coordinate internal auditing, regulatory oversight and enforcement systems and programs; and ensure the organization's ability to respond to emerging issues and crises, including spills and accidents. Funding is also included to support an independent advisory board to review and analyze environmental studies and analyses to support the use of sound science in all of the Department's offshore energy activities. Separate and apart from BOEMRE, the Secretary and Director Michael Bromwich established the Offshore Energy

Safety Advisory Committee to advise BOEMRE on a variety of issues related to offshore energy safety, including drilling and workplace safety, well intervention and containment, and oil spill response. The budget proposes to offset BOEMRE program funding with $160.2 million in offsetting rental receipts and cost recoveries, and $65.0 million from increased oil and gas inspection fees.

Indian Land and Water Settlements – The 2012 budget includes $84.3 million to begin implementation of the Claims Resolution Act of 2010 and continue work on other active settlements. The legislation included four water settlements for Taos Pueblo of New Mexico and Pueblos of New Mexico named in the Aamodt case, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. The primary responsibility for constructing water systems associated with the settlements was given to the Bureau of Reclamation and BIA is responsible for the majority of the trust funds.

These settlements will deliver clean water to the Taos Pueblo and the Pueblos of Nambe, Pojoaque, San Ildefonso, and Tesuque in New Mexico, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. Reclamation is requesting $26.7 million in 2012 for the initial implementation of these four settlements and $24.8 million for the Navajo-Gallup Water Supply project and is establishing an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects and to highlight and enhance transparency. To begin implementing the Claims Resolution Act, the Reclamation budget also includes $60.0 million in permanent authority.

The Bureau of Indian Affairs 2012 budget includes $32.9 million for ongoing Indian land and water settlements, which includes a reduction of $12.9 million reflecting completion of the Pueblo of Isleta, Puget Sound Regional Shellfish, and Soboba Band of Luiseno Indians settlements.

Land Remote Sensing – The 2012 budget for the U.S. Geological Survey includes $48.0 million to begin planning activities with the National Aeronautics and Space Administration for an operational Landsat program. These activities include gathering and prioritizing Federal user community requirements for land image data, conducting trade studies on key design alternatives related to the development of the imaging device, initiating the procurement process through NASA for the Landsat 9 instrument and spacecraft, and establishing a science advisory team. Also included within a new separate account for National Land Imaging is an increase of $13.4 million to complete the retooling of the ground receiving stations to be able to receive data from the new instruments on Landsat 8, expected to be launched in December of 2012.

Summary of Major Changes

Bureau of Land Management – The 2012 request for BLM is $1.1 billion, a decrease of $12.0 million from the 2010 Enacted / 2011 CR level. This includes a decrease of $25.3 million for BLM's two operating accounts, an increase of $20.4 million for Land Acquisition, and a reduction of $5.1 million in the Construction account. Within the net decrease for the two operating accounts are a number of increases related to the America's Great Outdoors initiative, including a $29.9 million increase for recreation, cultural and national lands activities. Within the 2012 request for Oregon and California Lands is a $3.0 million increase to support the Secretary's Western Oregon timber strategy.

The net decrease below the 2010 Enacted / 2011 CR level primarily reflects administrative efficiency savings and a proposed shift of $38.0 million for onshore oil and gas inspection activities from discretionary appropriations to inspection fees. The budget also assumes the use of $4.4 million in fee collections to fund inspection activities at coal and other mineral sites. The budget reduces funding for the Alaska Conveyance program by $17.0 million to further streamline the program. The budget also proposes an $8.2 million reduction to the Resource Management Planning program and will focus efforts on completing ongoing plans.

The budget includes a program increase of $12.0 million in the Wild Horse and Burro program for operational costs and fertility control. The request will enable a modified management strategy for this program to focus on fertility control and move away from the concept of federally funded wild horse preserves.

Bureau of Ocean Energy Management, Regulation and Enforcement – The 2012 operating request for BOEMRE is $358.4 million, including $133.2 million in current appropriations and $225.2 in offsetting collections. Current appropriations increase by $119.3 million above the 2010 Enacted level and $109.1 million above the 2011 CR. Offsetting collections increase by $58.5 million from the 2010 Enacted

Summary of Major Program Changes
(millions of dollars)

Interior, Environment, and Related Agencies

Accountable Government Initiative	-93.6
Management Efficiency Savings	-58.1
Fixed Costs	+30.5
BLM	
Oil and Gas Management - Inspections	-38.0
Oil and Gas Management - Inspection Fee	[+38.0]
Alaska Conveyance	-17.0
Resource Management Planning	-8.2
Construction	-5.0
Coal/Other Mineral Resources Inspections	-4.4
Coal/Other Mineral Resources Inspect. Fees	[+4.4]
Wild Horse and Burro Management Program	+12.0
Oil and Gas Management - APD Processing	+13.0
Land - Easements and Acquisitions	+20.4
Operations - NLCS, Cultural Resource Protect.	+29.9
BOEMRE	
Leasing and Environmental Evaluation	+19.5
Safety and Environmental Enforcement	+26.9
Offshore Inspection Fees	[+55.0]
OSM	
Grants	-15.5
USGS	
Climate Effects Network	-9.0
Mineral Resources	-7.2
National Biological Info. Infrastructure	-6.7
National Water Quality Assessment	-6.7
Water Resources Research Act Program	-6.5
Science Support for Interior Bureaus	+4.0
Water Resources - Hydrologic Network/Anal.	+6.4
Coastal and Marine Spatial Planning	+8.0
Climate Science Centers	+11.0
Landsat Operations	+61.4
FWS	
National Wildlife Refuge Fund	-14.5
Construction	-13.7
Grant Programs	+22.4
Resource Management Operations	+30.5
Land Acq. and Highlands Conserv. Grants	+50.2
NPS	
Construction	-76.9
Save America's Treas./Preserve America Grants	-29.6
NPS *(continued)*	
Heritage Partnerships	-8.8
Statutory and Contractual Aid	-5.9
Historic Preservation Fund	
Grants to States, Territories, and Tribes	+6.5
Park Operations	+72.9
Land Acquisition and LWCF	
Battlefield Grants	+73.7
LWCF State Grants	+160.0
BIA	
Program Completions	-64.4
Construction	-61.1
Real Estate Projects	-10.9
Lands Records Improvement	-8.5
Program Eliminations	-7.9
Probate Backlog	-7.5
Indian Guaranteed Loan Program	-5.1
Improving Trust Land Management	+14.6
Contract Support/Self-Determination Funds	+29.5
Departmental Offices	
Financial and Business Management System	-21.1
Office of the Special Trustee - Historical Account.	-16.0
Wildland Fire	
Hazardous Fuels	-44.6
Rural Fire Assistance	-7.0
Burned Area Rehabilitation Program	-6.8
Wildland Fire Suppression	+42.8
Valuation Services	+12.9
Office of Natural Resources Revenue	+25.6

Energy and Water Development

Accountable Government Initiative	-5.8
Management Efficiency Savings	-3.9
Bureau of Reclamation	
Rural Water Projects	-26.5
Central Valley Project	-12.1
Safety of Dams	-11.5
WaterSMART Grants	-8.5
Yakima River Basin	-5.5
Klamath Sedimentation Study	-5.0
Minidoka Area Projects	+9.2
Indian Water Rights Settlements	+26.7
Central Utah Project	-9.0

level and $60.3 million from the 2011 CR level. The total for offsetting collections includes a proposed increase of $55.0 million in inspection fees.

The 2012 budget for BOEMRE includes increases of $19.5 million from the 2011 CR level for leasing and environmental activities to promote offshore leasing from conventional and renewable energy development that is economically and environmentally responsible. The budget also proposes to increase safety and environmental enforcement activities by $26.9 million from the 2011 CR level for enhanced enforcement of operational safety standards offshore, adherence to environmental regulations, and compliance with conservation requirements to protect the Nation's natural resources.

Office of Surface Mining – The 2012 budget request for the Office of Surface Mining is $145.9 million, a decrease of $17.0 million from the 2010 Enacted / 2011 CR level. This includes a reduction of $8.8 million in Regulation and Technology and $8.1 million in Abandoned Mine Reclamation Fund programs. The reductions reflect decreases in grants to States and Tribes to encourage regulatory programs to recover costs from fees charged to the coal industry and finalize the transition of abandoned mine land reclamation from discretionary to mandatory funding.

Bureau of Reclamation – The 2012 Reclamation budget request totals $1.0 billion, $69.3 million below the 2010 Enacted / 2011 CR level. The budget request for Reclamation targets support for ongoing water conservation and reuse efforts, ecosystem restoration projects, tribal settlements pursuant to the Claims Resolution Act of 2010 and the Navajo-Gallup Water Supply project, and project safety requirements. Programs and projects that can be deferred or slowed are reduced, including rural water projects, the Central Valley Project, WaterSMART grants, Yakima River Basin, and the Klamath project. The budget request includes reductions to the Safety of Dams program reflecting additional funds made available through the American Recovery and Reinvestment Act. The budget request also assumes savings of $5.0 million from the completion of the Klamath Sedimentation Study.

Funding for Native American programs in Water and Related Resources shows a reduction of $12.5 million. This reflects the shift of $24.8 million to the new Indian Water Rights Settlements account, completion of the Soboba settlement, and smaller increases. Reclamation is establishing an Indian Water Rights Settlements account in 2012 to assure continuity in the construction of the authorized projects and to highlight and enhance transparency in handling these funds. The total request for Reclamation's implementation of Indian Water Rights Settlements in 2012 is $111.5 million, $51.5 million in discretionary funding and $60.0 million in permanent authority.

Central Utah Project – The 2012 budget proposes $33.0 million, a $9.0 million or 21.5 percent reduction in the Central Utah Project Completion Act program. Reductions reflect significant advancements with funding from the American Reinvestment and Recovery Act and difficult budget choices.

U. S. Geological Survey – The budget request for USGS is $1.1 billion, a $6.1 million increase from the 2010 Enacted / 2011 CR level. This includes a reduction of $93.7 million in Surveys, Investigations and Research and an increase of $99.8 million in a new account to consolidate the Survey's National Land Imaging activities. Adjusting for the transfer of Landsat activities to the new account, the remaining reduction to other Surveys, Investigations and Research programs is $53.6 million.

The 2012 request for USGS includes terminations of programs that are lower priority to better support higher priority programs, initiatives, and mission areas. In some of these instances partner funding could continue program activities or reduced program scope would likely have minimal impacts. For example, the budget proposes to eliminate the National Biological Information Infrastructure and the National Geological and Geophysical Data Preservation program, which are largely duplicative of other Federal and private programs.

Reductions in the Mineral Resources program would eliminate lowest priority research and assessment activities which could be performed by the private sector. Within the water program, funding is shifted from the Groundwater Resources, National Water Quality Assessment, and Water Resources Research Act programs to support comprehensive water supply and demand inventories that provide the baseline information needed by public and private water managers to work toward sustainable water supplies as part of WaterSMART. Similarly, within climate variability research, a net increase of $9.7 million reflects increases for the Climate Science Centers, science support to the bureaus, and biological sequestration research offset by a reduction of $9.0 million from the Climate Effects Network.

Program reductions proposed for USGS will necessitate staff reductions of approximately 230 FTE that will be accomplished through attrition, incentives, and a possible reduction-in-force. The USGS request includes $5.9 million to help pay for the cost of staff reductions in 2012.

Fish and Wildlife Service – The 2012 budget includes $1.7 billion for FWS, an increase of $47.9 million from the 2010 Enacted / 2011 CR level. This includes America's Great Outdoors initiative related increases of $2.5 million in the operations account, and $53.7 million for land acquisition. There is a $22.4 million increase in FWS conservation grant programs associated with the America's Great Outdoors initiative. Funding for the Construction account is reduced by $14.4 million.

The 2012 budget proposes a reduction of $14.5 million to eliminate the discretionary contribution to the National Wildlife Refuge Fund payments to counties to offset local tax loss due to Federal land ownership. The mandatory receipts collected and allocated under the program would remain. Payments collected by counties can be used for non-conservation purposes, as such, this Fund does not provide the high priority conservation benefits delivered by other FWS programs.

National Park Service – The 2012 budget includes $2.9 billion for NPS, an increase of $137.8 million from the 2010 Enacted / 2011 CR level. This includes decreases of $80.8 million in the Construction account, $18.5 million in the Historic Preservation Fund, and $16.9 million in National Recreation and Preservation; and increases of $35.3 million in operations, $160.0 million in LWCF State Assistance Grants, and $73.7 million in Federal land acquisition. Within the total available for NPS in 2012, $276.6 million in net increases are associated with the America's Great Outdoors initiative.

Funding for the Historic Preservation Fund includes a reduction of $25.0 million, which eliminates funding for the Save America's Treasures program to focus available resources on managing national parks and other primary responsibilities. This decrease is partially offset by an increase of $6.5 million in historic preservation grants to States, Territories, and Tribes to support their growing responsibilities to carry out the National Historic Preservation Act and other statutes.

Funding for National Recreation and Preservation includes a reduction of $4.6 million reflecting the termination of the Preserve America program to focus resources on other primary responsibilities. The 2012 budget also proposes a reduction of $8.8 million from the National Heritage Partnership program. Remaining funding of $9.0 million will be used to maintain support for recently added National Heritage Areas while encouraging self-sufficiency for those areas that are well established.

The 2012 NPS budget also proposes the elimination of Park Partnership Projects, to focus resources on other park service priorities. Private contributions for these partnership projects have declined resulting in inconsistent support for the Department's highest priority projects.

Indian Affairs – The 2012 budget includes $2.5 billion for BIA programs, a decrease of $118.9 million from the 2010 Enacted / 2011 CR. This includes an increase of $23.7 million for Operation of Indian Programs, and a decrease of $120.0 million in the Construction account that partially reflects a shift in funding to the Operation of Indian Programs account to support facilities maintenance activities. The budget also includes decreases of $14.5 million in Indian Land and Water Claim Settlements reflecting completed settlements, $5.1 million in the Indian Guaranteed Loan program while the program undergoes an evaluation, and $3.0 million reflecting the funds provided for land consolidation in the *Cobell* v. *Salazar* settlement.

The 2012 BIA request reflects the discontinuation of a $50.0 million one-time forward funding payment for tribal colleges without programmatic impact. Reductions of $15.3 million are made in central oversight across multiple program areas reflecting increased priority for self-determination. Contract support and the Indian Self-Determination Fund receive the largest increase, $29.5 million, in the 2012 BIA budget.

In 2012, funding for the Trust Real Estate Services program decreases by $27.0 million. Indian Affairs will work with Tribes to consider a reimbursable program to fund the cadastral survey program activities so that these costs are captured as part of real estate transactions. Other savings are the result of more efficient record keeping methods. Funding increases for Trust Land Management programs are proposed to assist Tribes in the management, development, and protection of Indian trust land and natural resources.

Departmental Offices – The 2012 request for the Office of the Secretary reflects the transfer of the Office of Natural Resources Revenue from the former Minerals Management Service. This functional transfer significantly increases the total for the Office of the Secretary, adding $147.9 million. The increase for other Office of the Secretary programs in 2012 is $16.9 million, the majority of which reflects a proposed $12.9 million increase for appraisal services as part of the America's Great Outdoors initiative.

Major changes in other Departmental programs include a decrease of $44.6 million in the Hazardous Fuels program within Wildland Fire. This reduction reflects a refocusing of the program to address highest risk Wildland Urban Interface areas. Also within the Fire program, is a $7.0 million reduction reflecting termination of the Rural Fire Assistance Program which provides support that is redundant

with similar support offered through the Office of Homeland Security and U.S. Forest Service. The budget fully funds the inflation adjusted ten year average of suppression expenditures at $362.6 million.

The Department's 2012 request for the Working Capital Fund appropriations decreases by $12.7 million, which reflects a thorough review and revision of the Financial and Business Management System project deployment schedule and the elimination of the budget formulation function from the current project scope.

The 2012 budget proposes a reduction of $16.0 million from the Historical Accounting program within the Office of the Special Trustee. Resolution of the *Cobell* v. *Salazar* lawsuit ended the need for additional historical accounting for the individual Indian account holders. The budget proposes to reduce funding for historical accounting of individual Indian accounts, but retains funding for the historical accounting of tribal trust funds.

MANDATORY PROPOSALS

In 2012, Interior will collect $14.1 billion for the U.S. Treasury and distribute $5.6 billion without further appropriation for a variety of purposes, under current law. The budget includes 12 legislative proposals that will be submitted to the Congress to collect a fair return to the American taxpayer for the sale of Federal resources, to reduce unnecessary spending, and to extend beneficial authorities of law. Together these proposals will save $2.5 billion over the next decade.

Reform Abandoned Mine Land Reclamation – The coal industry as a whole is held responsible for cleaning up abandoned coal mines by paying a fee on production that finances grants to States and Tribes for reclamation. This purpose was lost when Congress authorized additional unrestricted payments to States and Tribes that have already completed their coal mine reclamation work. Furthermore, funds for reclamation are not well targeted at the highest priority abandoned mine lands but instead are distributed by a production-based formula, so that funding goes to the States with the most coal production, not the greatest reclamation needs. States can use their funding for a variety of purposes, including the reclamation of abandoned hardrock mines, for which there is no other source of Federal funding.

The Administration proposes to reform the coal Abandoned Mine Lands program to reduce unnecessary spending and ensure that the Nation's highest priority sites are reclaimed. First, the budget proposes to terminate the unrestricted payments to States and Tribes that have been certified for completing their coal reclamation work because these payments do not contribute to abandoned mine lands reclamation. Second, the budget proposes to reform the distribution process for the remaining funding to competitively allocate available resources to the highest priority coal abandoned mine lands sites. Through a competitive grant program, a new Abandoned Mine Lands Advisory Council will review and rank the abandoned mine lands sites, so that OSM can distribute grants to reclaim the highest priority coal sites each year.

And third, to address the legacy of abandoned hardrock mines across the U.S., Interior will propose legislation to create a parallel Abandoned Mine Lands program for abandoned hardrock sites. Like the coal program, hardrock reclamation would be financed by a new abandoned mine lands fee on the production of hardrock minerals on both public and private lands. The BLM would distribute the funds through a competitive grant program to reclaim the highest priority hardrock abandoned sites on Federal, State, tribal, and private lands.

Altogether, this proposal will save $1.3 billion over the next ten years, focus available coal fees to better address the Nation's most dangerous abandoned coal mines, and hold the hardrock mining industry responsible for cleaning up the hazards left by their predecessors.

Reform Hardrock Mining on Federal Lands – Interior will submit a legislative proposal to provide a fair return to the taxpayer from hardrock production on Federal lands. The legislative proposal would institute a leasing program under the Mineral Leasing Act of 1920 for certain hardrock minerals including gold, silver, lead, zinc, copper, uranium, and molybdenum, currently covered by the General Mining Law of 1872. After enactment, mining for these metals on Federal lands would be governed by the new leasing process and subject to annual rental payments and a royalty of not less than five percent of gross proceeds. Half of the receipts would be distributed to the States in which the leases are located and the remaining half would be deposited in the Treasury. Existing mining claims would be exempt from the change to a leasing system, but would be subject to increases in the annual maintenance fees under the

General Mining Law of 1872. Holders of existing mining claims for these minerals could, however, voluntarily convert claims to leases. The Office of Natural Resources Revenue will collect, account for, and disburse the hardrock royalty receipts.

Extend Service First Authority – The laws creating Service First give Interior and Agriculture the authority to establish pilot programs that leverage resources. Service First allows certain land management agencies to conduct activities jointly or on behalf of one another; collocate in Federal offices or leased facilities; make reciprocal delegations of respective authorities, duties, and responsibilities; and transfer funds and provide reimbursements on an annual basis, including transfers and reimbursements for multi-year projects. This authority is currently set to expire at the end of 2011. The budget proposes to make the Service First authority permanent in order to continue these arrangements that have saved costs and improved effectiveness.

Fee on Non-producing Oil and Gas Leases – The Administration will submit a legislative proposal to encourage energy production on lands and waters leased for development. A $4.00 per acre fee on non-producing Federal leases on lands and waters would provide a financial incentive for oil and gas companies to either get their leases into production or relinquish them so that the tracts can be leased to and developed by new parties. The proposed $4.00 per acre fee would apply to all new leases and would be indexed annually. In October 2008, the Government Accountability Office issued a report critical of past efforts by Interior to ensure that companies diligently develop their Federal leases. Although the report focused on administrative actions that the Department could undertake, this proposal requires legislative action. This proposal is similar to other non-producing fee proposals considered by the Congress in the last several years. The fee is projected to generate revenues to the U.S. Treasury of $25.0 million in 2012 and $874.0 million over ten years.

Net Receipts Sharing for Energy Minerals – The Administration proposes to make permanent the current arrangement for sharing the cost to administer energy and minerals receipts, beginning in 2013. Under current law, States receiving significant payments from mineral revenue development on Federal lands also share in the costs of administering the Federal mineral leases from which the revenue is generated. In 2012, this net receipts sharing deduction from mineral revenue payments to States would be implemented as an offset to the Interior Appropriations Act, consistent with the provision included in 2010 and continued under the 2011 CR. Permanent implementation of net receipts sharing is expected to result in savings of $45.0 million in 2013 and $405.0 million over ten years.

Repeal Oil and Gas Fee Prohibition and Mandatory Permit Funds – The Administration proposes to repeal portions of Section 365 of the Energy Policy Act, beginning in 2013. Section 365 diverted mineral leasing receipts from the U.S. Treasury to a BLM Permit Processing Improvement Fund and also prohibited BLM from establishing cost recovery fees for processing applications for oil and gas permits to drill. Congress has implemented permit fees through appropriations language for the last several years and the 2012 budget proposes to continue this practice. Starting in 2013, upon elimination of the fee prohibition, BLM will promulgate regulations to establish fees for applications for permits to drill administratively. In combination with normal discretionary appropriations, these cost recovery fees will then replace the applications for permits to drill fees set annually through appropriations language and the mandatory permit fund, which would also be repealed starting in 2013. Savings from terminating this mandatory funding are estimated at $20.0 million in 2013 and $57.0 million over three years.

Geothermal Energy Receipts – The Administration proposes to repeal Section 224(b) of the Energy Policy Act of 2005. Prior to passage of this legislation, geothermal revenues were split between the Federal government and States, with 50 percent directed to States, and 50 percent to the Treasury. The Energy Policy Act of 2005 changed this distribution beginning in 2006 to direct 50 percent to States, 25 percent to counties, and for a period of five years, 25 percent to a new BLM Geothermal Steam Act Implementation Fund. The allocations to the new BLM geothermal fund were discontinued a year early through a provision in the 2010 Interior Appropriations Act. The repeal of Section 224(b) will permanently discontinue payments to counties and restore the disposition of Federal geothermal leasing revenues to the historical formula of 50 percent to the States and 50 percent to the Treasury. This results in savings of $6.5 million in 2012 and $74.0 million over ten years.

Deep Gas and Deepwater Incentives – The Administration proposes to repeal Section 344 of the Energy Policy Act of 2005. Section 344 mandated royalty incentives for certain "deep gas" production on the OCS. This change will help ensure that

Americans receive fair value for federally owned mineral resources. Based on current oil and gas price projections, the budget does not assume savings from this change; however, the proposal could generate savings to the Treasury if future natural gas prices end up below current projections.

Repeal of Authorities to Accept Royalty Payments In Kind – The Administration proposes to solidify a recent Departmental reform terminating the Royalty-in-Kind program by repealing all Interior authorities to accept future royalties through this program. This change will help increase confidence that future royalty payments will be properly accounted for. The budget does not assume savings from this change because the Administration does not anticipate restarting the program; however, if enacted, this proposal would provide additional certainty that a new Royalty-in-Kind program could not be initiated at some point in the future.

Federal Land Transaction Facilitation Act – The Administration proposes to reauthorize this Act, eliminating the 2011 sunset date and allowing lands identified as suitable for disposal in recent land use plans to be sold using the Act's authority. The Act's sales revenues would continue to be used to fund the acquisition of environmentally sensitive lands and the administrative costs associated with conducting sales.

Federal Migratory Bird Hunting and Conservation Stamps – Federal Migratory Bird Hunting and Conservation Stamps, commonly known as Duck Stamps, were originally created in 1934 as the annual Federal license required for hunting migratory waterfowl. Today, 98 percent of the receipts generated from the sale of these $15.00 stamps are used to acquire important migratory bird areas for migration, breeding, and wintering. The price of the Duck Stamp has not increased since 1991, while the cost of land and water has increased significantly. The Administration proposes to increase these fees to $25.00 per stamp per year, beginning in 2012. Increasing the cost of Duck Stamps will bring the estimate for the Migratory Bird Conservation account to approximately $58.0 million. With these increased receipts, the Department anticipates additional acquisition of approximately 7,000 acres in fee and approximately 10,000 acres in conservation easement in 2012. Total acres acquired for 2012 would then be approximately 28,000 acres in fee title and 47,000 acres in perpetual conservation easements.

Compact of Free Association – On September 3, 2010, the U.S. and the Republic of Palau successfully concluded the review of the Compact of Free Association and signed a 15-year agreement that includes a package of assistance through 2024. Under the agreement, Palau committed to undertake economic, legislative, financial, and management reforms. The conclusion of the agreement reaffirms the close partnership between the U.S. and the Republic of Palau. Permanent and indefinite funding for the compact expired at the end of 2010. The 2012 budget seeks to authorize permanent funding for the Compact as it strengthens the foundations for economic development by developing public infrastructure, and improving health care and education. Compact funding will also undertake one or more infrastructure projects designed to support Palau's economic development efforts. The Republic of Palau has a strong track record of supporting the U.S. and its location is strategically linked to Guam and U.S. operations in Kwajalein Atoll. The cost for this proposal for 2012-2021 is $188.5 million.

Offsetting Collections and Fees

The budget includes several proposals to increase cost recovery fees, so that industry shares some of the cost of regulation.

Fee Increase for Offshore Oil and Gas Inspections – Through appropriations language, the Administration proposes to increase inspection fees from $10.0 million in 2010 to $65.0 million in 2012 for offshore oil and gas drilling facilities that are subject to inspection by BOEMRE. The increased fees will fund an expanded inspection program, and operators will now be charged for the inspection of drilling rigs in addition to production platforms. These inspections are intended to increase production accountability, human safety, and the environmental protection.

New Fee for Onshore Oil and Gas Inspections – Through appropriations language, the Administration proposes to implement an inspection fee in 2012 for onshore oil and gas drilling activities that are subject to inspection by BLM. The proposed inspection fee is expected to generate an estimated $38.0 million in 2012, offsetting the costs of onshore inspections. The fee would support Federal efforts to increase production accountability, human safety, and environmental protection.

Onshore Oil and Gas Drilling Permit Fee – The 2012 budget proposes to continue a fee for processing drilling permits through appropriations language, an approach taken by Congress in the 2009 and 2010 Interior Appropriations Acts. A fee of $6,500 per drilling permit was authorized in 2010, and if continued, would generate an estimated $32.5 million in offsetting collections in 2012.

New Fee for Coal and Other Minerals Inspections – The 2012 budget proposes a new fee to recover the cost of inspecting coal and other minerals management program activities conducted by the BLM. These fees will be implemented administratively through existing cost recovery authorities and are expected to generate an estimated $4.4 million annually, beginning in 2012.

DEPARTMENT OF THE INTERIOR
FACTS

Land — Interior manages more than 500 million acres or about 20 percent of the land area of the United States, 700 million acres of subsurface minerals, and 53 million acres of submerged land in four Pacific marine national monuments. The Department has jurisdiction over an additional 1.7 billion acres of the Outer Continental Shelf.

Parks, Refuges, and Public Lands — Interior manages 394 units of the national park system, 553 national wildlife refuges, 70 fish hatcheries, and one historic fish hatchery as well as 21 national conservation areas and similarly designated areas, and 16 national monuments in BLM's National Landscape Conservation System.

People — Interior has about 69,000 employees located in approximately 2,400 locations across the United States, Puerto Rico, U.S. Territories, and Freely Associated States.

Volunteers — Interior benefits from approximately 301,000 volunteers who provide over 9.5 million hours of service, valued at $192 million per year.

Conservation — About 249,000 acres of high-priority abandoned coal mine sites have been reclaimed through the OSM's Abandoned Mine Lands program. The FWS acts to protect over 1,966 endangered and threatened species; 1,372 are in the United States.

Revenues — Revenues collected over the last eight years vary from $26.0 billion to $9.0 billion, including revenues from energy, minerals, grazing, timber, lands sales, and other revenue producing activities. Interior's estimated revenue projections in 2012 are $14.1 billion.

Water — The Department is the largest supplier and manager of water in the 17 western States. Reclamation manages 476 dams and 348 reservoirs that deliver irrigation water to 31 million people and one out of every five western farmers irrigating ten million acres of farmland.

Energy — Interior manages lands, subsurface rights, and offshore areas that produce approximately 30 percent of the Nation's energy, including 27 percent of natural gas, 31 percent of oil, 42 percent of coal, 17 percent of hydropower, two percent of windpower, and 40 percent of geothermal.

Visitation — Annually, more than 57.4 million visits are made to BLM public lands, over 285 million visits to national park units, 44.4 million visits to national wildlife refuges, two million visits to fish hatcheries, and 90 million visits to Reclamation recreation sites.

American Indians — The Department maintains relationships with 565 federally recognized Tribes in the lower 48 States and Alaska, and provides support to a service population of more than 1.7 million people. The BIE provides education services to approximately 41,000 students in 23 States attending 183 elementary and secondary schools and dormitories and supports 31 tribally controlled community colleges, universities, and post-secondary schools. There are 85 BIA-funded corrections programs and 187 BIA-funded law enforcement programs.

American Indian Trust — Interior has responsibility for the largest land trust in the world. Today, the Indian trust encompasses approximately 55 million surface acres and 57 million acres of subsurface mineral estates. On these lands, Interior manages over 100,000 leases for uses such as farming, grazing, and oil and gas production on behalf of individual Indians and Tribes. The Office of the Special Trustee manages over $3.6 billion of funds held in over 2,800 trust accounts for more than 250 Indian Tribes, and over 380,000 open Individual Indian Monies accounts.

Science – Interior provides unbiased, multi-discipline science for use in understanding, managing and protecting the landscape, natural resources, and natural hazards. Data are available to the public from over 7,600 streamgages and 900 earthquake sensors. Over one million satellite scenes have been downloaded from the Landsat archives since being made available at no cost. Over 61,000 publications dating back to 1882 are available through the publishing warehouse.