



United States Department of the Interior

BUREAU OF RECLAMATION
Washington, DC 20240

MAR 07 2013

IN REPLY REFER TO:

91-00000
ADM-1.10

VIA ELECTRONIC MAIL ONLY

MEMORANDUM

To: All Reclamation Employees

From: Michael L. Connor 
Commissioner

Subject: Sequestration Implementation at Reclamation

As Secretary Salazar said in his message on Friday afternoon, Department of the Interior agencies have begun to implement the budget sequestration plan that is required due to the inability of Congress to reach an agreement to resolve the situation. In FY 2013, we expect Reclamation to experience a reduction of more than \$80 million. As I said in my message to you last week, these forced reductions are clearly the result of poor fiscal policy and will have lasting consequences on our operations and our mission. Today, I want to outline the ways Reclamation is addressing this matter.

Reclamation developed an initial plan that we expect to refine in the coming month or so and, based on that plan, we realize that we will have impacts to our workforce and operations effective immediately. Some of those impacts are a result of actions we have already put in place. We instituted a hiring freeze, established restrictions on non-essential travel and continue our aggressive cost cutting efforts throughout Reclamation.

While I continue to anticipate that there will not be widespread furloughs across Reclamation in 2013, there is still the possibility of isolated furloughs in some specific programs, projects or activities due to a shortage of funding. If the sequestration continues into 2014, there will likely be the need for additional furloughs. Permanent employees will be notified 30 days in advance of any furloughs as set forth in my previous memo dated February 26, 2013. At this time, however, one tool we can use to manage through sequestration is to assign staff resources to cover mission execution gaps and reduce negative impacts to the extent possible. There is no doubt that the hiring freeze and other cutbacks will limit our ability to mitigate all impacts. We continue to plan to reduce spending in several areas including administration, travel, training, new hires and contracts.

Our initial sequestration implementation plan identifies some significant operational impacts. For example, the reduction in funding will result in deferred maintenance and delays in

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addressing safety and security issues at our facilities. A reduction in hiring will also require the deferment of some maintenance activities and a reduction in seasonal hires may impact projects as we move into summer months at some of our recreational facilities.

I am also very concerned about the impacts the sequestration may have on our ability to stay current with our legal obligations related to particular settlements and agreements. I am concerned that those impacts will extend into future years – resulting in additional demands on our workforce in accomplishing both prior year deferred work as well as honoring our future legal obligations. Our ability to carry out obligations associated with the Endangered Species Act and other environmental laws is also likely to be affected.

Finally, this sequestration will impact our ability to address current and future water supply challenges by limiting our ability to develop new infrastructure and limiting the scope of our established grant programs. Those grant programs may now be run at a reduced level or, in some cases, be cancelled altogether. Again, we will make these adjustments in coming weeks and months as our initial plan is adjusted to meet this new budget reality.

At Reclamation, we are working together to minimize the on-the-ground impacts of sequestration while at the same time delivering our core services and meeting our mission-critical responsibilities. Nonetheless, I remain concerned that sequestration will ultimately impact our ability to reliably deliver water and power to our customers. As we continue with our efforts to mitigate impacts, I firmly believe it is your continued commitment and professionalism in the face of this difficult situation that will make the difference for the people we serve. I truly appreciate the work you and many others have performed in helping to develop effective plans to manage through this period of uncertainty.

Once again, your hard work and determination is appreciated at this very difficult time.

Bureau of Reclamation Sequestration Weekly Look Ahead

Sequester POC

Agency Lead: Gray Payne, Deputy Commissioner

CoS: Bob Quint

Coms: Dan DuBray

Policy: Roseann Gonzales-Schreiner

Budget: Bob Wolf

OVERVIEW: Week of 8 April, 2013

The funding and hiring freeze impacts of sequester continue to have impacts on Reclamation's ability to successfully execute FY 2013 programs and projects. In general, duties planned to be performed by new hires through filling vacancies are being covered by onboard staff. The constraint on overall resources, restrictions on overtime, compensatory time, and credit hours, however, are causing difficulties in completing necessary tasks to fulfill project requirements and commitments, resulting in workload backlogs.

Reclamation is finalizing a Request for Delegation of Authority for Exception to the Hiring Freeze to the Department. Reclamation is awaiting exception approvals from the Department for selections that occurred prior to the freeze as well as clearance to advertise for key vacancies.

Effects that will be most apparent to the public in the near future as a result of the hiring are the delays in opening of recreation sites and facilities for seasonal activities. The effect of the hiring freeze on seasonal workers is the public's use of recreational facilities due to limited staff and reduced hours. Reclamation also remains concerned about the cumulative effect of reduced staff and funding for project operations. Reclamation continues to reduce or eliminate travel and training that is not critical to mission activities.

Impacts and Significant Actions (April 8-12)

- Reclamation has cancelled attendance of employees at seven different conferences, meetings, and training sessions scheduled for the week of April 8-12, 2013.
- The hiring freeze has impacted operations, management and activities at 13 projects and programs throughout Reclamation. Of those, 4 involve seasonal positions which impact recreation areas, visitor centers and related activities.
- Cancelled a task order valued at \$364,106 under the Lower Colorado Multi-Species Conservation Program repair and replace canal lining and related structures at the Imperial Wildlife Refuge. Cancellation means that the refuge will continue to experience problems with water delivery to their fields, with continued deterioration of the canal and possible localized failures until it is replaced.
- Cancelled a solicitation valued at \$100,000 under the Lower Colorado Multi-Species Conservation Program on aquifer assessment work at the Palo Verde Ecological

Bureau of Reclamation Sequestration Weekly Look Ahead

Reserve. This cancellation will delay determinations on how groundwater and salinity affect habitat establishment in MSCP conservation areas.

- Cancelled service agreement valued at \$77,500 with the Technical Service Center to provide engineering and economic analyses related to the replacement of a sludge disposal pipeline for the Yuma Desalting Plant in Yuma, AZ. This will delay completion of plans to replace the 22-mile long, 23-year old pipeline.
- The scheduled annual maintenance outage will be extended one extra week (April 4-12) on Unit 3 at Canyon Ferry in Montana. Due to the hiring freeze, an electrician position has not been filled following a recent retirement. Electrician specific work to get the unit back up and running is not complete due lack of staff to keep the work on schedule. This was previously reported in the April 1 report and extended into this week.

Press Outreach.

A press release was issued on April 5 announcing closures and reduced services at Lake Berryessa, CA in day use areas and Dufer Point Visitor Center and cancellation of environmental education programs and interpretive programs.

Stakeholder / Hill / Intergovernmental Outreach

Nothing to report.

Upcoming Milestones (these dates are subject to change)

- **April:** As reported in the April 1 Look Ahead, Reclamation is in the process of finalizing its projected funding reductions to existing contracts and financial service agreements based on funding levels in the Operating Plan that is under development for FY 2013, as required by the CR. This will include a final determination on the WaterSMART grant programs. This determination will include a decision on the possible elimination of certain grant programs in FY 2013.
- **May 8:** As reported in the April 1 Look Ahead, Commissioner Connor and Assistant Secretary Castle will testify before the Senate Energy & Water Appropriations Subcommittee on Reclamation's FY 2014 budget, where it is expected that sequestration will also be addressed.
- **May:** As reported in the April 1 Look Ahead, as a result of sequestration funding reductions and the current hiring freeze, reductions in recreation services at Lake Berryessa will include closure of a day use area from Tuesday through Thursday each week, closure of the visitor center, cancellation of 70% of environmental education and 100% of interpretive programs, and reduction of the garbage service contract by approximately 30%. (Reclamation will submit requests for hiring freeze exemptions to reduce impacts.)

Bureau of Reclamation Sequestration Weekly Look Ahead

- **April-May:** Due to sequestration funding reductions, repairs to the Middle Rio Grande Collaborative Program's Minnow Sanctuary will not be made in the foreseeable future.
- **May:** The BLM vacancy announcement for Reclamation's Law Enforcement Special Agent in Charge, which is soon to be vacant by retirement, is delayed due to the hiring freeze and waiting for the exemption approval from the Department to be granted. Impacts to Reclamations Law Enforcement Program will include delayed completion of investigations.
- **May:** The DOI Dam Safety Coordinators Conference will be canceled. The Conference is important to the DOI Dam Safety community for Dam Safety training and presentations of the most current and critical dam safety issues.

Bureau of Reclamation Sequestration Weekly Look Ahead

Sequester POC

Agency Lead: Gray Payne, Deputy Commissioner

CoS: Bob Quint

Coms: Dan DuBray

Policy: Roseann Gonzales-Schreiner

Budget: Bob Wolf

OVERVIEW: Week of 15 April, 2013

The funding and hiring freeze impacts of sequester continue to have impacts on Reclamation's ability to successfully execute FY 2013 programs and projects. In general, duties planned to be performed by new hires through filling vacancies are being covered by onboard staff. The constraint on overall resources, restrictions on overtime, compensatory time, and credit hours, however, are causing difficulties in completing necessary tasks to fulfill project requirements and commitments, resulting in workload backlogs.

Reclamation has submitted a Request for Delegation of Authority for Exception to the Hiring Freeze to the Department. Reclamation is awaiting exception approvals from the Department for selections that occurred prior to the freeze as well as clearance to advertise for key vacancies.

- Effects that will be most apparent to the public in the near future as a result of the hiring freeze are the delays in opening of recreation sites and facilities for seasonal activities. The effect of the hiring freeze on seasonal workers is the public's use of recreational facilities due to limited staff and reduced hours. Reclamation also remains concerned about the cumulative effect of reduced staff and funding for project operations. Reclamation continues to reduce or eliminate travel and training that is not critical to mission activities. Also, Grand Coulee has delayed starting several new direct-funded projects (totaling over \$200M) due to the hiring freeze.

Impacts and Significant Actions (April 15-19)

- Reclamation will cancel attendance of employees at five different conferences, meetings, and training sessions scheduled for the week of April 15-19, 2013.
- The hiring freeze will continue to impact operations, management and activities at additional projects and programs throughout Reclamation. Of particular note are the seasonal positions which impact recreation areas, visitor centers and related activities. In addition, the increased use of overtime in select cases on a reduced staff, are of particular concern in terms of cost and safety.

Bureau of Reclamation Sequestration Weekly Look Ahead

Press Outreach.

- A press release will be issued on April 12 announcing closures and reduced services at Lake Berryessa, Northern California, in day use areas and Dufer Point Visitor Center and cancellation of environmental education programs and interpretive programs.

Stakeholder / Hill / Intergovernmental Outreach

Nothing to report.

Upcoming Milestones (*these dates are subject to change*)

- **April:** As reported in the April 1 Look Ahead, Reclamation is in the process of finalizing its projected funding reductions to existing contracts and financial service agreements based on funding levels in the Operating Plan that is under development for FY 2013, as required by the CR. This will include a final determination on the WaterSMART grant programs. This determination will include a decision on the possible elimination of certain grant programs in FY 2013.
- **April 16:** The Commissioner will testify before the House Water and Power Subcommittee on Reclamation's FY 2014 Budget.
- **May 8:** As reported in the April 1 Look Ahead, Commissioner Connor and Assistant Secretary Castle will testify before the Senate Energy & Water Appropriations Subcommittee on Reclamation's FY 2014 budget, where it is expected that sequestration will also be addressed.
- **May:** As reported in the April 1 Look Ahead, as a result of sequestration funding reductions and the current hiring freeze, reductions in recreation services at Lake Berryessa will include closure of a day use area from Tuesday through Thursday each week, closure of the visitor center, cancellation of 70% of environmental education and 100% of interpretive programs, and reduction of the garbage service contract by approximately 30%. (Reclamation will submit requests for hiring freeze exemptions to reduce impacts.)
- **April-May:** Due to sequestration funding reductions, repairs to the Middle Rio Grande Collaborative Program's Minnow Sanctuary will not be made in the foreseeable future.

Bureau of Reclamation Sequestration Weekly Look Ahead

- **May:** The BLM vacancy announcement for Reclamation's Law Enforcement Special Agent in Charge, which is soon to be vacant by retirement, is delayed due to the hiring freeze and waiting for the exemption approval from the Department to be granted. Impacts to Reclamations Law Enforcement Program will include delayed completion of investigations.
- **May:** The DOI Dam Safety Coordinators Conference will be canceled. The Conference is important to the DOI Dam Safety community for Dam Safety training and presentations of the most current and critical dam safety issues.

Bureau of Reclamation Sequestration Weekly Look Ahead

Sequester POC

Agency Lead: Gray Payne, Deputy Commissioner

CoS: Bob Quint

Coms: Dan DuBray

Policy: Roseann Gonzales-Schreiner

Budget: Bob Wolf

OVERVIEW: Week of 22 April, 2013

The funding and hiring freeze impacts of sequester continue to have impacts on Reclamation's ability to successfully execute FY 2013 programs and projects. In general, duties planned to be performed by new hires through filling vacancies are being covered by onboard staff. The constraint on overall resources, restrictions on overtime, compensatory time, and credit hours, however, are causing difficulties in completing necessary tasks to fulfill project requirements and commitments, resulting in workload backlogs. Of particular note are the seasonal positions which impact recreation areas, visitor centers and related activities. In addition, the increased use of overtime in select cases on a reduced staff, are of particular concern in terms of cost and safety. Where exceptions were granted, there will be some near-term impacts due to hiring delays.

Reclamation has submitted a Request for Delegation of Authority for Exception to the Hiring Freeze to the Department. Reclamation has received exception approvals from the Department for some selections to include the hiring of seasonal support at several locations.

Impacts and Significant Actions (April 22-26)

- Reclamation will cancel and curtail attendance of employees at 5 different conferences, meetings, and training sessions scheduled for the week of April 22-26, 2013.
- The hiring freeze has resulted in the postponement of filling a vacant Hydrosystem Controller position in the Mid-Pacific Region and will cost an estimated \$67,882 in overtime from mid-February through the end of April.
- At Lake Berryessa, exceptions were recently received to fill four Seasonal Park Ranger and four Seasonal Maintenance Worker positions:
 - Full opening of two day use areas and a visitor center are still delayed until May 26.
 - 25 percent of the environmental education programs scheduled for May have been cancelled.
 - Interpretive programs scheduled for April and May have been cancelled.

Bureau of Reclamation Sequestration Weekly Look Ahead

- At New Melones Reservoir, exceptions were also recently granted for seasonal hiring. Though this will alleviate many of the ongoing impacts of those unfilled positions, some near-term impacts will be unavoidable due to the hiring delays, as follows:
 - The delay in hiring seasonal staff will allow little time for training and orientation. Consequently, there will be little time to become adequately prepared for the busy summer season. Many of the issues experienced with potential seasonal hires will need to be addressed during the busy holiday weekend when visitor use will be at its maximum level.
 - Currently, both Recreation Areas at New Melones remain in a winter configuration. This closure configuration is expected to remain in place until May 12.
- **April 22-24:** The California Water and Environmental Modeling Forum (CWEMF) will hold its 19th Annual Meeting in Folsom, California. There will be a joint plenary session with the Interagency Ecological Program on April 24. Attendance by the Mid-Pacific Region at this annual meeting will be limited to only four participants this year. This is the most important modeling event of the year for California issues, as it provides opportunities for collaboration across agency lines and affords the modeling community the opportunity to brief on innovations in modeling, status of model development efforts and lessons learned in the application of models.
- **April 24-26:** Attendance is being reduced at the 2013 Interagency Ecological Program Workshop (addressing California Bay-Delta issues).

Press Outreach.

- **Lake Berryessa:** A press release will be issued the week of April 22 or 29 announcing closures and reduced services in day use areas and Dufer Point Visitor Center and cancellation of environmental education programs and interpretive programs.

Stakeholder / Hill / Intergovernmental Outreach

- On April 19, the Mid-Pacific Regional Director met with Congressman Thompson and Napa County officials to discuss issues at Lake Berryessa to include discussion of the impacts due to the hiring freeze.
- On April 24, impacts to the community on reduced programs as a result of Sequestration, may be raised at the Lake Berryessa Community Forum.

Upcoming Milestones (these dates are subject to change)

- **April:** As reported in previous Look Ahead Reports, Reclamation is in the process of finalizing its projected funding reductions to existing contracts and financial service agreements based on funding levels in the FY 2013 Operating Plan that is currently under

Bureau of Reclamation Sequestration Weekly Look Ahead

development. This will include a final determination on the WaterSMART grant programs. This determination will include a decision on the possible elimination of certain grant programs in FY 2013.

- **May 8:** The Leadership Challenge Workshop scheduled for May 8, 2013 has been cancelled. This class was part of the MP Region's Advanced Leadership Program.
- **May 8:** As reported in previous Look Ahead Reports, Commissioner Connor and Assistant Secretary Castle will testify before the Senate Energy & Water Appropriations Subcommittee on Reclamation's FY 2014 budget, where it is expected that sequestration will also be addressed.
- **April-May:** Due to sequestration funding reductions, repairs to the Middle Rio Grande Collaborative Program's Minnow Sanctuary will not be made in the foreseeable future.
- **May:** The DOI Dam Safety Coordinators Conference will be canceled. The Conference is important to the DOI Dam Safety community for Dam Safety training and presentations of the most current and critical dam safety issues.

Bureau of Reclamation Sequestration Weekly Look Ahead

Sequester POC

Agency Lead: Gray Payne, Deputy Commissioner

CoS: Bob Quint

Coms: Dan DuBray

Policy: Roseann Gonzales-Schreiner

Budget: Bob Wolf

OVERVIEW: Week of 25 March, 2013

The funding and hiring freeze impacts of the sequestration are having impacts on Reclamation's ability to successfully execute FY 2013 programs, projects and activities. Though duties are covered by onboard staff resources, restrictions on overtime, compensatory time and credit hours are causing difficulties in completing necessary tasks to fulfill project requirements and commitments, resulting in workload backlogs.

Impacts and Significant Actions (Mar 25-29)

- The Reclamation Manager of the Civil Right Division drafted an exception policy/procedure to the sequestration hiring and awards freeze for resolution or settlement of EEO complaints. Of special note is a blanket exception to those agreements signed prior to the freezes, thereby avoiding untenable breach of settlement claims. The policy/procedure has been forwarded to the Department's Office of Civil Rights for their consideration.
- Denver Acquisition Office will complete evaluation of the costs associated with termination for convenience for various contracts and interagency agreements identified within the office. A final decision will be made at a later date.
- Due to the impacts of the hiring freeze, the Mid-Pacific Region will transfer a portion of its procurement workload to Reclamation's Acquisition and Assistance Management Division in Denver.
- Due to the hiring freeze, water delivery operations and regulatory compliance activities at Klamath Basin Area Office and Lahontan Basin Area Office will continue to be impacted. Though duties are covered by other resources, restrictions on overtime, compensatory time and credit hours are causing difficulties in completing necessary tasks to fulfill project requirements and commitments, and additional workload backlogs are developing.
- The Mid-Pacific Region will cancel staff training courses for Federal Budgeting, Geographic Information Systems (GIS) training, and Collaboration Skills training.

Bureau of Reclamation Sequestration Weekly Look Ahead

- Cancelling attendance at the Environmental Systems Research Institute (ESRI) Developer Summit scheduled for March 25 through March 28, 2013.
- Cancelling attendance at GIS Tech Team Meeting scheduled for March 25 through March 28, 2013.
- Cancelling attendance at the American Society for Photogrammetry and Remote Sensing Annual (ASPRS) Conference scheduled for March 25 through March 28, 2013.
- Reducing the number of Lower Colorado (LC) Regional security staff traveling to perform a Comprehensive Security Review at Brock Reservoir in the Imperial Valley, California.
- Reducing overtime/compensatory time for LC staff members working with National Conservation Corps youth work group performing trail and vegetation management work for the Resources Management Office; resulting impact of reduced staff time availability to coordinate with the field crew.
- Cancelling presentation to Arizona Historical Society in Yuma, Arizona, on Colorado River Overview.
- Cancelling participation of Hoover Dam staff in Weld Cracking Conference.
- Cancelling attendance at a meeting regarding the Boulder Canyon Project Energy Rate for FY 2014, held at Western Area Power Administration Desert Southwest Region in Phoenix, Arizona.
- Cancelling attendance at GIS Coordination and Implementation Meeting in Yuma, Arizona, to help staff implement system components.

Press Outreach

- None to date

Stakeholder / Hill / Intergovernmental Outreach

- Anticipate release Reclamation's ETA (Efficiency, Accountability, Transparency) newsletter next week (March 25-29), which includes a message from the Commissioner regarding sequestration.
- The Mid-Pacific Region is responding to Reclamation's Sequestration Impact Letters recently sent to Reclamation contractors/funding recipients.

Bureau of Reclamation Sequestration Weekly Look Ahead

Upcoming Milestones (these dates are subject to change)

As stated in prior Reclamation Weekly Look Ahead Reports:

- **April:** Reclamation will finalize its projected funding reductions to existing contracts and financial service agreements in order to meet both sequestration and anticipated future funding shortfalls once final CR appropriations for FY 2013 are released.
- **April:** Reclamation will make a final determination on the reduction to WaterSMART grant programs based on sequestration funding reductions and available FY 2013 appropriations. This determination will also include a decision on the possible elimination of certain grant programs in FY 2013.
- **April 10:** Commissioner Connor is expected to testify before the Senate Energy & Water Appropriations Subcommittee on Reclamation's FY 2014 budget, where it is expected that sequestration will also be addressed.
- **April:** As a result of sequestration funding reductions, Mid Pacific region will continue Winter hours for the visitor's center and recreation areas at New Melones Reservoir (reduced hours from the normal spring schedule). Wintertime closures of campgrounds and day use areas will remain in place.
- **May:** As a result of sequestration funding reductions and the current hiring freeze, reductions in recreation services at Lake Berryessa will commence, to include closure of a day use area from Tuesday through Thursday each week, closure of the visitor center, cancellation of 70% of environmental education and 100% of interpretive programs, and reduction of the garbage service contract by approximately 30%. (Reclamation will submit requests for hiring freeze exemptions to reduce impacts.)



United States Department of the Interior

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VIA ELECTRONIC MAIL ONLY

MEMORANDUM

To: All Reclamation Employees

From: Michael L. Connor
Commissioner

FEB 26 2013

Subject: Update on Preparations for Potential Sequestration

I wanted to take a moment to follow up on Secretary Salazar's all-employee message by providing additional details on Reclamation's preparations to implement sequestration reductions on Friday, March 1. I share the view of the Secretary and the President that the sequester is poor public policy but, with Congress showing little progress in resolving the situation, we have no other choice but to take solid management steps to prepare for a new fiscal reality that will have lasting consequences on our operations and our ability to carry out our mission.

First and perhaps foremost on the minds of many employees is the prospect of furloughs – requiring employees to take unpaid days of leave to reduce costs. Some Federal agencies for which personnel are the predominant cost have already signaled to employees the potential that they could be required to take one unpaid furlough day per pay period or per week. We are still finalizing our plans and assessing whether furloughs of permanent employees will be required. In any case, I am resolute that we will carry out the development of Reclamation's implementation plan in the most transparent way possible. Any permanent employees who would be potentially impacted by furloughs will be provided at least a 30 day notice of such a plan. If you have questions on this issue, I would encourage you to go to the Office of Personnel Management website, which has helpful information and answers to frequently asked questions regarding furloughs (found at www.opm.gov/furlough, under the "administrative furlough" section).

Already, the Secretary has announced the implementation of hiring freezes, the reduction of overtime and further reducing or deferring employee travel. Other cost-saving activities ordered by the Secretary will result in the elimination of non-essential conferences and training. Throughout Reclamation, we will work to find ways to reduce the impact these dramatic cuts will have to our workforce and mission.

Our mission at Reclamation – to effectively manage water and power resources across 17

western states – is a significant responsibility. It is reasonable, however, to expect that reductions prompted by sequestration will require us to adjust our activities in key areas such as Indian water rights settlement implementation and rural water development, as well as dam safety, river restoration efforts and environmental compliance projects. I am determined that notwithstanding the sequester, we will continue our hard work on these and other vital programs with the maximum of efficiency, effectiveness and with an eye to doing all we can to protect and enhance water supplies for communities, industry, agricultural producers and ecosystems.

Secretary Salazar has also announced Department-wide directives to reduce contracts, cooperative agreements and grants – which will have a significant impact on our activities. For example, one of our successful grant activities which demonstrates clear achievement and success is the WaterSMART program. Through WaterSMART, Reclamation is in the midst of conducting 14 detailed basin studies. The conservation activities of the Water and Energy Efficiency Grant program are rapidly moving us toward our goal of conserving 730,000 acre-feet of water and saving 40 million kilowatt-hours of energy by the end of FY 2013. Through our efforts, we are also contributing 3.5 megawatt-hours of renewable energy capacity to the Department's "all of the above" energy strategy. That progress could easily become stalled if we have no other choice but to impose draconian, across-the-board funding cuts in WaterSMART activities in FY 2013 and in future years.

Finally, Reclamation has been a leading Interior agency in the hiring of temporary, seasonal and permanent employees in association with the Secretary's Youth Initiative. I regret that the hiring freeze and funding limitations imposed by the sequester will stall this effort, limiting the number of students that we had hoped to engage and forcing us to lower our youth hiring expectations. We have worked so hard to provide real incentives to attract the best and brightest of young people into Federal service and it is a bitter pill that this sequester will have the exact opposite effect.

Let there be no mistake: the impacts of the sequester will be felt far beyond the next seven months of FY 2013. As Reclamation goes further down the road of this new budget reality, there will likely be even greater impact to you, your Reclamation colleagues, our customers and ultimately on our ability to fully carry out our mission. Please know that I am working closely with the Reclamation Leadership Team to ensure that we complete our sequestration implementation plan with the maximum of transparency and collaboration. We are committed to provide periodic updates to you as events unfold, including specifics on cuts to our programs and any contemplated impacts to employees such as furloughs.

Thank you for your commitment to the important work of the Bureau of Reclamation.

Bureau of Reclamation Sequestration Timeline

Sequester POC

Agency Lead: Gray Payne, Deputy Commissioner

CoS: Bob Quint

Coms: Dan Dubray

Policy: Roseann Gonzales-Schreiner

Budget: Bob Wolf

OVERVIEW: Week of March 11, 2013

As of March 7th, **Reclamation** has communicated to its employees the general areas impacted by sequestration. Although widespread furloughs are not expected, isolated areas of the organization may still be subject to a shortage of funds. Employees have been notified of this potential. Currently, the hiring freeze now in place is already impacting operations, with approximately 300 positions now affected. Restrictions on travel and other administrative actions have also been put in place to reduce costs. Overall, Reclamation's sequestration impact is approximately \$83 million. Mission impacts have been identified and will begin to be communicated to the public this week. These will include impact to operations, our ability to comply with legal obligations, and the impact to Reclamation's ability to meet current and future water supply challenges. In sum, sequestration will create an increasing risk to fundamental mission of providing a reliable and sustainable supply of water and power generation while also undermining our ability to carry out our environmental restoration responsibilities.

Reclamation has prepared a detailed sequestration plan and communications plan. Upon approval, Reclamation will begin implementation.

March 11-15

Impacts and Significant Actions

- As of Friday, March 8, **Reclamation** began to notify by e-mail, entities with contracts and financial assistance agreements of potential reductions due to the sequestration. Reclamation is also contacting all tribal governments with which Reclamation has active agreements, regardless of the dollar amount of the agreement to inform these tribes of the impacts of sequestration. Notifications are expected to be finalized early this week, with questions and follow-up activity at the Regional level.
- **Reclamation** is refining its impacts analysis to be integrated with its communication plan at the local level. In addition to the impacts to Reclamation's workforce due to the hiring freeze, youth programs (approx. 80 youth); and seasonal hires, it is expected that the reductions in contracts and other financial assistance agreements will result in the loss of approximately 650 contract jobs.

- **FTA** will provide further written instructions to Headquarters and Field managers on how to prioritize among mission-critical travel expenditures when applying the 75 percent cut in travel funding that was implemented weeks ago in anticipation of a possible sequester. FTA will provide notice to employees of impending furloughs in mid- to late-Spring.

Press Outreach

- **Reclamation** expects to release video podcasts, news releases, and information packets highlighting sequestration impacts on a local and regional basis. Communications will be coordinated with the Department of the Interior's communications team

Stakeholder / Hill / Intergovernmental Outreach

- It is expected that the ongoing notifications will result in substantial questions and meetings with stakeholders over the next several weeks.

Upcoming Milestones (these dates are subject to change)

- **April: Reclamation** will finalize its reductions to existing contracts and financial service agreements once appropriations for the remainder of FY 2013 are determined.
- **April : Reclamation** will make a final determination on the reduction to WaterSMART grant programs based on the sequester and full-year appropriations. This determination will also include a decision on eliminating certain grant programs in 2013.
- **Late April:** Commissioner Connor is expected to testify before the Senate Energy & Water Appropriations Subcommittee on the FY 2014 budget, where it is expected that sequestration will also be addressed.



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

FEB 25 2013

Memorandum

To: All OIG Employees

From: Mary L. Kendall
Deputy Inspector General

Subject: OIG Sequestration

As the March 1 sequestration deadline approaches, I wanted to share with you the preparations the OIG has taken, and actions we will take, to address the severe cuts that will take place should sequestration occur.

With our budget being close to 80% payroll and benefits, any reduction would be painful. The projected 5% across the board cut will result in an approximately \$2.5 million dollar reduction for the OIG by October 2013. The impact of this irrational reduction may be felt for years to come.

Recognizing the significant impact sequestration would have on our personnel-intensive budget, we have operated under a self-imposed hiring restriction since last September. Over 20 vacancies were not filled during this time, resulting in increased workloads, reduction to audit teams, and a reduction of investigations accepted. We had hoped that we could hire for all vacancies once a resolution to sequestration occurred in January (now March).

We are still finalizing our plans and assessing whether furloughs of permanent employees will be required. As a result of the lapse positions and holding back training funds, we may be able to address the necessary cuts without the need for furloughs. Our colleagues throughout DOI may not be as fortunate. Each bureau has differing program requirements and obstacles to face in their management of their budgets.

Regardless of whether we have to furlough employees, OIG will feel the impacts of this painful cut. There is a department-wide hiring freeze in effect until further notice, and we will need to take further action to reduce travel and conference attendance. Training funds and performance awards will likely remain sparse, if nonexistent.

There appears to be no impact for our term employees for the remainder of the year. Tough decisions for FY2014 will be required, however, should sequestration occur. The reductions will impact our traditional youth hiring program of 15 or more summer interns. This successful program has brought high-energy college students to our workforce to introduce them

to the Federal Government, Department of the Interior, and to the OIG, resulting in a mutually beneficial experience.

Travel is critical to our mission and unavoidable. We have attempted to schedule audits and evaluations close to our offices for the beginning of the year to be cost effective. This cannot, however, be a long-term strategy. We must continue to look for ways to reduce our expenses in other areas to allow for our mission critical travel. I recognize that our budget is lean to begin with, so that reductions are taken from muscle mass, if not organs. Difficult times are truly ahead.

We continue to be faced with many unknowns, and the impact to the DOI and OIG mission from these cuts remains to be fully determined. I ask for your patience as we await decisions from the Congress.

I want to close by thanking you for your dedication to federal service and to the OIG. Your work is valuable and much appreciated and I am confident that we will meet all challenges with the professionalism that is routinely displayed in your work.



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

APR 24 2013

The Honorable Jeanne Shaheen
United States Senate
Suite SH-520
Hart Building
Washington, DC 20510

Dear Senator Shaheen:

This is in response to your letter of April 5, 2013 in which you ask how my office has been impacted by sequestration, the projected long-term impact on our oversight abilities, and, if possible, an estimate of how much money will *not* be recovered as a result of the sequester.

The impacts of sequestration on the OIG for DOI are considerable. Anticipating sequestration, OIG has not replaced many of the employees it has lost to attrition, putting the office at roughly a 10 percent shortage of staff. This, of course, means scaling back on the scope and breadth of our audit, inspection, evaluation (AIE), and investigation oversight work we do.

Generally, in times of economic challenges the need to identify cost savings and eliminate fraud, waste, and mismanagement is essential; it would be prudent and cost effective to increase Office of Inspector General (OIG) staffing—not reduce it. The OIG is the only office in the Department of the Interior (DOI) whose primary purpose is to ensure that fines, penalties, and improper payments are collected, and to identify funds that are due the government.

Previous reductions have curbed the OIG's ability to conduct investigations, audits and evaluations, causing a steady decrease in the overall number of cases investigated and audits performed. The OIG has refocused its efforts and has put an emphasis on high priority, high impact programs and activities. This strategy allows for attention to be concentrated where the highest risks lie, but it severely diminishes the ability to proactively identify fraud and waste where it may be most prevalent.

With sequestration, we have had to delay the timing of some AIE assignments, reduced their scope, and in some instances, simply eliminated areas from oversight. With investigations, we have had to do much the same, by limiting the number of cases we accept for investigation, reduce or eliminate the coverage we provide in Indian Country or the Insular Areas, and limit proactive efforts we make to oversee high-risk funding areas, such as the monies appropriated in response to Hurricane Sandy.

In past years, the OIG has focused on prevention as a significant part of our oversight role. Notwithstanding our efforts, problems and fraud still occur. Sequestration affects the likelihood of preventing problems before they occur or detecting them after the fact, as expert staff becomes

stretched beyond capacity. Additionally, providing advice about best practices and warnings about vulnerabilities take a secondary role, as reacting to crises moves to the forefront. The OIG has had to limit the technical assistance, training, and outreach efforts throughout the DOI because of limited funding for travel and training.

The OIG suspension and debarment program has matured over the past several years, to become a robust and highly effective tool in the arsenal to address fraud and misconduct on the part of DOI contractors and grantees. Ironically, because of the program's success, the work is increasing in complexity. With flat or diminishing resources to dedicate to suspension and debarment, the OIG will not be able to keep pace with the demands of running this program effectively.

In all of our components, AIE, the Office of Investigations, and the Office of Management, sequestration has forced us to curtail training significantly. We have already reduced the specialized training we can offer our staff, which, unfortunately, affects those areas in which the greatest amount of revenue is generated in DOI—namely energy resources. Presently, we are providing only mandatory training, and in doing so, finding the most inexpensive training available, which is not necessarily the optimal training. In other instances, we are delaying required training. This is something that we can manage at this juncture, but should sequestration continue in future fiscal years, such delays will catch up to those who are required to have a specified amount of professional training over the course of several years. This will threaten professional licenses of our licensed employees, and the certification of our specialized staff.

We have had to curtail most of our discretionary spending in order to fund our basic operations. This results, however, in our inability to realize some operational efficiencies, such as updated automated systems and contract support for information technology, human resources, and other operations support services. Guidance from the Office of Management and Budget has also strictly instructed all federal entities affected by sequestration to cease monetary awards/bonuses to all General Schedule employees. While this does not directly affect the OIG's ability to conduct effective oversight, it does affect the morale of the great majority of OIG employees who have enjoyed no pay raise or cost of living increase for several years. This negative impact on morale may make it difficult to retain our top performers if sequestration continues.

The OIG is expected to investigate not only fraud, waste, and mismanagement, but also retaliation complaints. Whistleblower protections for federal and non-federal employees have been significantly expanded since the Whistleblower Protection Enhancement Act was signed into law in 2012. Sequestration limits the OIG's ability to respond fully to whistleblower complaints, and will require the OIG to raise the threshold for whistleblower complaints, targeting only those complaints that have the highest impact and risk based upon available resources. We will lose much of the progress we have achieved over the years and we run the risk of losing one of our most important resources in preventing and detecting fraud, waste, and mismanagement – the whistleblower.

While we cannot accurately project how much money will not be recovered as a result of sequestration, we can tell you that over the past two fiscal years, the OIG captured nearly \$60 million in criminal and civil penalties and identified questioned costs. This does not include estimates we made for revenue-generating programs that might increase revenues, if the Department corrected the way in which it calculates and/or collects royalties and fees.

The OIG has made many difficult operational decisions in response to decreasing budgets and in anticipation of sequestration by managing attrition, reducing facilities costs, and reducing or eliminating operating expenses. Having done this, we expect to make it through fiscal year 2013 without furloughs or Reductions in Force (RIF). Only our people remain. As such, the continuation of sequestration cuts beyond this fiscal year will undoubtedly mean furloughs and RIF, which will further deteriorate our ability to provide meaningful oversight to DOI. In other words, the fat has been trimmed. Future reductions will be sliced from the muscle and bone of the organization.

If you have any questions, please do not hesitate to contact me, or your staff may contact Associate Inspector General for External Affairs, Kris Kolesnik, at (202) 208-5745.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary L. Kendall". The signature is fluid and cursive, with a large initial "M" and "K".

Mary L. Kendall
Deputy Inspector General

USGS Business Case for Furloughs while Operating Under Sequestration Funding Levels

April 9, 2013

Strategy

USGS Sequestration Plan decisions are based on safeguarding the workforce and the mission. To that end, the USGS began implementation of cost containing measures on Monday, February 25, 2013. These actions included a hiring freeze, limiting attendance at conferences, cancelling sponsorship of meetings and conferences, cancelling all non-critical travel to preserve travel for mission critical work, cancelling or postponing training, reviewing all contracts and grants, disallowing monetary awards, overtime, compensatory time, and internal working capital fund contributions. Despite these cost saving efforts, implementation of a five percent reduction half-way through the fiscal year makes it very difficult to avoid implementation of furloughs.

The five percent sequester reduction is applied to the Surveys, Investigations, and Research account. An operating plan is being developed at the program, project, and activity (PPA) level which is built from a bureau perspective rather than applying the sequester percentage across-the-board to each PPA. To understand the nature of impacts to individual PPAs, an analysis was conducted by applying the five percent across-the-board at the PPA level. The resulting data was used to determine the shortfall from which reallocations across program lines and furlough decisions will be made.

About 30% of the USGS budget comes from reimbursable funding from external partners including other Federal agencies. The USGS has received notice from some Federal agencies that their contributions to agreements will be decreased. Reimbursable funding is not evenly distributed across the bureau and to incorporate reimbursable funding into a furlough strategy would require a customized furlough package for each employee. Accordingly, any furlough implementation would be equally applied across the workforce.

The USGS will utilize its status of funds tools to monitor spending by PPA weekly and take early action to ensure adequate funding is available to “close out” the fiscal year in the black. In building the 2013 sequester operating plan, the USGS understands that this level may be sustained in 2014. This balanced approach employed by the USGS is taken to preserve as much as possible the long-term viability of the USGS mission.

Staffing, Furloughs and other Personnel Action

The USGS has been operating under a hiring freeze for several years. Hiring for all positions must be approved by a member of the Executive Leadership Team (ELT). All position requests are shared within the ELT to determine if existing staff are available to perform the functions of the position.

Effectively, February 25, all new hiring was frozen. Positions where an offer was made and accepted as of February 21, 2013 were allowed to be completed. All other active hiring actions that did not proceed to the “offer made and accepted” stage as of February 21, 2013 did not proceed through to completion. All other hiring regardless of type of position or funding source is on hold. The USGS has approval to manage the DOI hiring freeze for mission critical positions such as the Regional Director for the Pacific Region and vacancies that should occur

in positions critical to the long-term viability of the USGS mission, or those associated with other sources of funding.

The USGS is currently writing regional work force plans, together with mission area work force plans and Science Strategy plans for each mission area; these plans will provide a bureau perspective of the workforce. As the USGS implements actions taken to reach the sequester reduction, USGS leadership will use these plans to develop workforce strategies such as VSIP/VERA, to sustain the science into 2014 and beyond.

As of pay period seven, the total number of employees at the USGS was 8,837. A notice of intent to furlough will be issued to bargaining units and employees as soon as possible. All employees will be subject to furlough, regardless of employment type or funding source. Unions and formal bargaining processes are being handled by labor relations staff. The length of the USGS furlough is expected to be no more than seven days. It will be taken by each employee, including employees whose salaries are paid with reimbursable funding. Department and bureau guidance will be followed in administering and managing furloughs. The lowest line-management level will make specific decisions on administering and managing furlough days for individual employees. To provide flexibility and reduce the negative impact of furlough, employees will be afforded the opportunity to schedule their furlough days to the fullest extent possible. Because individual employee salaries may be funded by multiple PPAs, all USGS employees will take the same number of furlough days. This flexibility aligns with guidance provided in contracts with unions.

All monetary and time-off awards are disallowed until further notice. Overtime, including compensatory time, is disallowed until further notice. The USGS is developing a waiver process for overtime and compensatory time for field work. Approvals will be granted when the business case justifies that it is more cost effective to allow overtime or compensatory time than to deploy and redeploy staff and equipment or not complete the field work because of the ephemeral nature of data collection.

Planned savings from Non-labor costs to lessen the need for furloughs

To minimize the need for furlough days the USGS sequestration plan also seeks to provide savings from the following non-labor categories.

Contracts

All contracts are being reviewed internally to determine the feasibility of delay, re-scoping, or termination. Letters notifying impacted vendors were sent between March 7th and March 8th.

Grants and Payments

All grants are being reviewed internally to determine the feasibility of delay, re-scoping, or termination.

Partners—Cooperative Agreements

All cooperative agreements where the USGS is providing funding are being reviewed internally to determine the feasibility of delay, re-scoping, or termination.

Travel, Training and Conferences

Travel: All travel deemed non-critical, both domestic and international, is cancelled, effective immediately. This includes travel to training, site visits, meetings, customer visits, supervisory visits, etc., where it is determined that the mission will not be adversely affected. Alternatives to travel, such as video conferencing, are being pursued. At this time, travel related to field work and partner-driven critical travel is exempt unless further guidance is received. Individuals on overseas details are being funded by reimbursable agreements which continue to be in place. These individuals are continuing in their detail assignments.

Training: All training is to be cancelled or postponed until further notice. All Bureau leadership and supervisory training sessions are postponed until further notice. This includes the USGS Leadership 101, 201, Leadership Intensives and Supervisory Challenges courses. At this time, training related to safety in conducting field and laboratory work is exempt unless further guidance is received.

Conferences: Conferences hosted by the USGS and scheduled to take place beginning February 25 through April have been cancelled. Travel to other conferences has been cancelled or reduced to limited representation when attendance is deemed critical to the USGS mission. Any conferences over the \$100,000 threshold are being reviewed internally to determine if they are critical to move forward for approval. Some conferences are required by statute or law, which will be taken into consideration when reviewing. Alternatives to travel, such as video conferencing, are being pursued. Conference participation must be deemed critical to the mission by the sponsoring Associate Director or Regional Director and attendance must be reduced. Domestic and international conferences were provided to the Department previously as attachments to the initial draft Sequestration Plan.

Sponsorships: All sponsorship commitments are disallowed until further notice. The attachments provided previously to the Department as part of the initial draft Sequestration Plan had a breakout of these sponsorships.

The USGS will continuously monitor these policies, and will evaluate throughout the remainder of the fiscal year.

USGS Sequestration Timeline for May 6, 2013

Sequester POCs

- **Agency Lead:** Suzette Kimball, Acting Director
- **CoS:** Judy Nowakowski, Chief of Staff
- **Coms:** Barbara Wainman, Associate Director for Communications & Publishing
- **Policy:** Bill Werkheiser, Acting Deputy Director
- **Budget:** Carla Burzyk, Associate Director for Budget & Planning

OVERVIEW: Week of May 6, 2013

During the week of May 6, USGS continues to cancel many of its scientific conference attendances, as well as partner meetings on critical issues. Of particular note is that USGS plans to issue notice to all USGS employees of possible furloughs up to 7 days. In addition, sequestration is beginning to make it difficult to maintain the integrity of seismic hazard monitoring networks, such as the earthquake monitoring network in California and the volcano monitoring network in Hawaii.

Monday, May 6

- **Impacts and Significant Actions**
 - **(Update) Week of May 6:** Furlough letters issued to all 8,500 USGS employees proposing up to 7 days of furlough for all USGS employees.
 - **(No Change) May 6-10:** Due to sequestration, USGS canceled the surface-water field methods course offered at Gateway Community College in Phoenix. Planned dates were May 6-10.
- **Press Outreach**
 - Nothing to Report
- **Stakeholder / Hill / Intergovernmental Outreach**
 - Nothing to Report

Tuesday, May 7

- **Impacts and Significant Actions**
 - **(No Change) May 7-9:** Due to sequestration, USGS will be unable to attend the 2013 ESRI Petroleum GIS Conference (PUG) in Houston, Texas, from May 7 - May 9. Because of this restriction, the USGS has lost an opportunity to showcase its latest innovations in GIS analysis and presentation of energy resources data, and our IT professionals have lost an opportunity to learn of the latest applications available in the industry. This hinders our ability to maintain cutting-edge approaches in computer applications to energy-resource issues.
 - **(New) May 7-10:** Due to the sequestration, for the first time in over a decade, USGS will not be participating in the Association of California Water Agencies

(ACWA) Spring 2013 conference. More than 1,500 local and state water leaders are expected to attend the event, themed "Rethinking California Water," to exchange knowledge and ideas about water science in California. The conference and exhibition is an ideal setting for the USGS to fulfill its mission in disseminating impartial hydrologic data and information needed to wisely manage water resources for the people of the United States and the State of California.

- **Press Outreach:**
 - Nothing to Report
- **Stakeholder/Hill/Intergovernmental Outreach**
 - Nothing to Report

Wednesday, May 8

- **Impacts and Significant Actions**
 - Nothing to Report
- **Press Outreach:**
 - Nothing to Report
- **Stakeholder/Hill/Intergovernmental Outreach**
 - Nothing to Report

Thursday, May 9

- **Impacts and Significant Actions**
 - Nothing to Report
- **Press Outreach:**
 - Nothing to Report
- **Stakeholder/Hill/Intergovernmental Outreach**
 - Nothing to Report

Friday, May 10

- **Impacts and Significant Actions**
 - **(No Change) May 10:** Due to sequestration and despite having funding from a reimbursable agreement with EPA, USGS could not attend a science meeting discussing sediment transport characteristics of asbestos in the Sumas River.
- **Press Outreach:**
 - Nothing to Report
- **Stakeholder/Hill/Intergovernmental Outreach**
 - Nothing to Report

Upcoming Milestones (these dates are subject to change)

- **(No Change) Mid-May:** Notify unions of furlough
- **(No Change) May:** Due to sequestration, USGS canceled attendance at the USDA Forest Service's SERCAL conference on chaparral ecology in May 2013.
- **(No Change) May:** Due to sequestration, USGS will cancel hosting a NASA Distributed Active Archive Meeting, which was to be held in Reston in May.

- **(No Change) May:** Due to sequestration, USGS declined invitations to be keynote speakers at a workshop on airborne mineral dust organized by the University of Arizona and National Institute of Environmental Health Sciences (NEIHS). Conference will be held in May 2013. USGS has been an international leader in studying the health effects of dust, and this represents a lost opportunity to share this research and secure future cooperation from stakeholders.
- **(No Change) May 15-17:** Due to sequestration, USGS has had to cancel participation in the May 15-17 Geological Society of America Rocky Mountain Section meeting in Gunnison, CO.
- **(No Change) June 2-5:** Due to sequestration, USGS participation in the conference "MODFLOW and More" at the Colorado School of Mines in Golden, Colorado, June 2-5, 2013 has been reduced from 34 attendees to 14. This conference is named for the USGS groundwater modeling code MODFLOW. Many USGS conference proceedings papers were withdrawn ahead of the submission deadline because of the sequester-related uncertainty, and several USGS conference presenters were forced to withdraw. These actions resulted in less exposure of USGS science, and reduced USGS leadership in the groundwater modeling field at a conference named for a USGS product.
- **(No Change) June 3-7:** USGS cancelled attendance at the Geoscience Information Consortium annual conference in Orleans, France on June 3-7, where USGS was to represent the United States as part of the network of national Geological Surveys. This organization meets to exchange knowledge about geological data management and systems in support of earth sciences. The lack of attendance by USGS will impact global geodata sharing activities, the use of cloud and distributed infrastructure technologies, and USGS's role as a global leader in standards, technologies, and scientific data life-cycle management.
- **(New) June 4-8:** Due to budget and travel impacts related to the sequestration USGS cancelled participation in the International Symposium on Society and Resource Management to be held June 4-8, 2013 in Estes Park, Colorado.
- **(No Change) June 6:** Due to sequestration, USGS canceled participation as keynote speaker at the Alabama Department of Environmental Management Groundwater Conference on June 6.
- **(New) June 12:** Due to sequestration, USGS had to abolish the job of a part time Physical Scientist in Portland, OR. Their last day of work will be June 12, 2013.
- **(No Change) June 25-26:** USGS cancelled attendance at the National Fish Habitat Partnership Board Meeting from June 25-26, 2013 in Salt Lake City, UT. As Co-chair to the National Fish Habitat Partnership Science and Data Committee, USGS has the lead role in the direction of science data management efforts being implemented in the Partnership and the resulting tools and data that are being made available to the fisheries community through the Partnership. The lack of attendance by USGS will impact the data sharing activities established through interactions with agency and organization administrators and other partners and stakeholders who attend these meetings.

- **(No Change) June:** Due to sequestration, USGS canceled participation in the iDigBio Symposium and the Society for Preservation of Natural History Collections Annual Meeting, Rapid City, SD, which was scheduled for June 2013.
- **(New) June:** The USGS-sponsored New Science in the San Luis Valley: Science in Support of the America's Great Outdoors Workshop in Alamosa has been postponed due to sequestration. This workshop was designed to formally announce the release of valley-wide Light Detection and Ranging (LiDAR) data. Not participating in the workshop will limit the communication to the public and natural resource managers about this important data product representing 2.2 terabytes of data and more generally about the successful model for jointly funding and managing such a major project.
- **(No Change) September 14:** Due to sequestration, a Groundwater Resources Association (GRA) conference titled "trace elements in the environment" scheduled for September 14, 2013 was cancelled because USGS personnel were unable to attend and present critical material for the meeting.
- **(New) September 16-20:** Due to sequestration, USGS has canceled the training class "Field Techniques for Groundwater/Surface-Water Exchange, scheduled for September 16-20 in Waquoit, Massachusetts. Up to 22 USGS scientists will miss this training opportunity. The class provides a mix of core, tried-and-true field techniques and emerging technologies for determining the locations, directions, and rates of water exchange between groundwater and surface-water systems.
- **(No Change) October:** Due to sequestration, USGS canceled its partnership with the University of Nebraska (NU) Water Center to present an annual symposium, which began with the Platte River Ecosystem Symposium in the early 1990's. Over the past 5 years it has become one of two leading water science and management conferences for the state. The loss of this partnership reverses years of progress towards a closer relationship between the Nebraska Water Center and the USGS.

Long-Term Readiness Impacts

- The USGS has not been able to fill several critical vacancies in the seismic and geodetic networks used to monitor earthquakes in California.
- Due to sequestration, USGS cancelled participation in a data management workshop for the NASA Carbon Program, where USGS scientists would have highlighted USGS data management capabilities, increasing the ability to partner with other agencies engaged in similar efforts.
- Due to sequestration, USGS has cancelled the reinstallation of new tilt meter in the lower east rift zone of Kilauea
- A borehole tilt meter installation in the lower east rift zone of Kilauea was vandalized and all the panels, batteries, and radio equipment had been stolen and will not be reinstalled due to sequestration. This leaves only two seismometers and one GPS receiver to monitor the easternmost 30 km and most populous area of the Kilauea east rift zone. Kilauea is the youngest and southeastern-most volcano on the Big Island of Hawai'i and is perhaps the world's most active volcano.

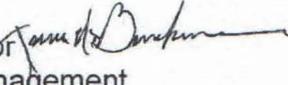


United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

March 12, 2013

Memorandum

From: James N. Burckman, Director 
Office of Human Capital Management
Assistant Secretary – Indian Affairs

To: L. Sue Parton, President
Federation of Indian Service Employees

Subject: Notification of Intent to Furlough Indian Affairs Employees

This memorandum serves as official notification of management's intent to furlough Indian Affairs employees from Assistant Secretary – Indian Affairs, Bureau of Indian Affairs, and Bureau of Indian Education. Excluded from this furlough will be Teachers, uniformed Correctional Officers, and uniformed Police Officers. Otherwise, all other Indian Affairs employees will face furlough to include Senior Executive Service employees, Management Officials, Supervisors, and both bargaining and non-bargaining unit employees.

The furlough will begin in Pay Period 11, which starts on May 5, 2013 and continue through September 21, 2013 (end of Pay Period 20). Employees will be required to take up to 80 hours (10 work days) of furlough time during this time frame in order to realize the required reduction in salaries and expenses appropriation for FY 2013 mandated by sequestration.

Please be assured that the Assistant Secretary for Indian Affairs and his management team are doing everything in their power to mitigate the length of the furlough. If you have any questions, please contact Nancy Nelson at 202-208-6175 or email Ms. Nelson at nancy.nelson@bia.gov.



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

April 3, 2013

Memorandum

To: Indian Affairs Employees
BIA Employees
BIE Employees

From: James N. Burckman 
Director, Office of Human Capital Management

Subject: Employee Furlough Proposal

This memorandum is being sent to notify you that Indian Affairs proposes to furlough you no earlier than 30 calendar days from receipt of this notice. The furlough is being proposed under the authority of 5 CFR Part 752, Subpart D based on Indian Affairs' need to realize required reductions in the employee salaries and expenses appropriation for FY 2013 that are mandated by the sequestration law. This furlough is proposed to promote the efficiency of the service by avoiding a deficit of funds in FY 2013, while ensuring Indian Affairs ability to carry out its mission critical functions and services.

We plan to apply the following procedures and conditions related to the furlough:

1. The furlough will be on discontinuous (intermittent) days, beginning May 5, 2013, through September 21, 2013. Full-time employees will be furloughed no more than 22 workdays or 176 hours. If you are a part time employee, your furlough time off will be prorated, based on your work schedule. At the present time, we anticipate no more than 10 furlough days or 80 hours; however, this is subject to change.
2. You may request a specific schedule for furlough time off subject to management approval based upon mission and workload considerations. At this time, the number of hours per pay period required for the furlough may vary. Your supervisor will advise you in advance of each pay period of the number of furlough hours required to allow Indian Affairs to meet its financial obligations.
3. Annual, sick, court, or military leave which has been approved for a day which is later designated as a furlough day will be recorded as a furlough and you will be placed in a nonpay status for the day. However, when you receive the notice of your furlough dates, you may request that furlough time off be rescheduled, as provided in paragraph 2 above, if you wish to use leave as approved.

At this time, we are working diligently to reduce the amount of furlough days/hours that will be needed. We recognize the difficult personal financial implications of any furlough, no matter how large or small. We will make every effort to keep you informed as additional information regarding the agency's funding level becomes available.

EMPLOYEE RIGHTS

Bargaining Unit Employees

You have the right to reply both orally and in writing to this proposed action to your second level supervisor who is designated as the deciding official for this proposed action. You have the right to furnish affidavits and/or other documentary evidence in support of your reply as to why the proposed action should not be taken. You will be allowed 14 calendar days from the date you receive this notice to submit your reply. Full consideration will be given to any response you submit. Consideration will be given to extending the reply period if you submit a request stating your reasons for desiring more time. All documents supporting this proposal will be made available to you for your review, if you desire, by contacting me. You will be allowed up to eight hours of official time to review supporting material, seek assistance, prepare your reply, secure affidavits and statements, consider appropriate courses of action, and make a response. Please contact me, your first line supervisor, to arrange for official time.

You have the right to be represented by a person of your choice in responding to this notice. Please contact your local steward, or the Union President, Sue Parton at (505) 243-4088. She can be reached at the Federation of Indian Services Employees (FISE) Office at 1218 Lomas Boulevard, N.W., Albuquerque, New Mexico 87102.

Non-Bargaining Unit Employees

You will be allowed fourteen (14) calendar days from the receipt of this letter to respond orally and/or in writing, to review the supporting material, and to furnish any affidavits or other supporting documentary evidence in your answer. You have the right to be represented in this matter by an attorney or other person you may choose. If you are in active duty status, you and/or your representative, if an agency employee, will be allowed up to four hours of official time to review the supporting material, seek assistance, prepare your reply, secure affidavits and statements, consider appropriate courses of action, and make a response. Please contact me, your first line supervisor, to arrange for official time. Your second line supervisor will serve as the deciding official for this action. As such, please send your written reply directly to your second line supervisor. Also, to arrange for an oral reply or to review the supporting material, please contact your second line supervisor.

A final written decision, including an explanation of the specific reasons for the action taken, will be given to you as soon as possible after the fourteen days allowed for your reply.

No decision to furlough you has been made or will be made until full consideration is given to your reply.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 4, 2013

M-13-11

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Danny Werfel
Controller

SUBJECT: Ongoing Implementation of the Joint Committee Sequestration

Section 251A of the Balanced Budget and Emergency Deficit Control Act (BBEDCA), as amended, on March 1, 2013, required the President to issue a sequestration order canceling \$85 billion in budgetary resources across the Federal Government for the remainder of fiscal year (FY) 2013. This action was required due to the failure of the Joint Select Committee on Deficit Reduction to propose, and the Congress to enact, legislation to reduce the deficit by \$1.2 trillion.

The Administration continues to urge Congress to take action to eliminate the Joint Committee sequestration and restore cancelled budgetary resources as part of a balanced agreement on deficit reduction. However, until Congress takes such action, executive departments and agencies (agencies) must continue to implement the reductions required by sequestration.

This memorandum provides further guidance on specific issues regarding the management and implementation of sequestration that the Office of Management and Budget (OMB) preliminarily addressed in prior memoranda. OMB previously issued guidance on the appropriate implementation of sequestration in Memorandum 13-03, *Planning for Uncertainty with Respect to Fiscal Year 2013 Budgetary Resources*; Memorandum 13-05, *Agency Responsibilities for Implementation of Potential Joint Committee Sequestration*; and Memorandum 13-06, *Issuance of the Sequestration Order Pursuant To Section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as Amended*.

Appropriate Use of Existing Reprogramming and Transfer Authority

Sequestration provides an agency with little discretion in deciding where and how to reduce spending. All non-exempt budget accounts in a given spending category must be reduced by a uniform percentage, and the same percentage reduction must be applied to all programs, projects, and activities (PPAs) within a budget account. However, depending on an agency's account structure and any existing flexibilities provided by law, some agencies may have a limited ability to realign funds to protect mission priorities. As directed by Memorandum 13-03, in allocating reduced budgetary resources due to sequestration, agencies should generally "use

any available flexibility to reduce operational risks and minimize impacts on the agency's core mission in service of the American people." Agencies should also "take into account funding flexibilities, including the availability of reprogramming and transfer authority."

Consistent with this guidance, agencies with reprogramming or transfer authority should continue to examine whether the use of these authorities would allow the agency to minimize the negative impact of sequestration on core mission priorities. In doing so, agencies must consider the long-term mission, goals, and operations of the agency and not just short-term needs. For example, agencies should avoid taking steps that would unduly compromise the ability to perform needed deferred maintenance on facilities, invest in critical operational functions and support, conduct program integrity and fraud mitigation activities, and pursue information technology or other infrastructure investments that are essential to support the long-term execution of the agency's mission. Similarly, while agencies with carryover balances or reserve funds should consider appropriate use of these funds to maintain core mission functions in the short term, it is important not to use these funds in a manner that would leave the agency vulnerable to future risks due to a potential lack of available funds in future years.

Agencies should consult with their OMB Resource Management Office (RMO) to assess options for utilizing existing authorities and ensure that any proposed actions appropriately balance short-term and long-term mission priorities. Agencies must also consult closely with their OMB RMO on any proposed actions that would reduce carryover balances or reserve funds below historical levels.

Funding for Agency Inspectors General

Funds for agency Inspectors General (IGs) from non-exempt accounts are subject to sequestration under the March 1, 2013 sequestration order. The head of each agency has the final responsibility for implementing the reductions required by sequestration. Upon making such determinations, IGs have the final responsibility for determining how their authorized budgets will be allocated.

To the extent an agency has discretion in implementing reductions to IG funding due to sequestration, agency heads should be mindful of the independence of the Office of Inspector General and should consult with the IG on a pre-decisional basis on matters that may impact IG funding. In particular, agencies must remain cognizant of the provisions in section 6 of the Inspector General Act of 1978, as amended, which outline the need for IGs to maintain the appropriate resources and services necessary to perform their statutory duties and describe the manner in which IG budgets are requested.

In cases where IG funds are not intermingled with other agency funds and exist as their own PPA, the IG should be provided full discretion to determine how to implement the reductions required by sequestration. In cases where IG funds are intermingled with other agency funds within a PPA, while the specific amount of reductions will vary by agency and account, a benchmark that should be considered by the head of the agency—in consultation with the IG—is to apply a percentage reduction to IG funds that is same as the average percentage reduction for all other funds within the PPA. Upon determining the amount of the reduction for

IG funds in such cases, the agency head should then defer as appropriate to the IG in determining how the IG manages the reductions.

Agencies should consult with their OMB RMO throughout this process as well.

Discretionary Monetary Awards

OMB Memorandum 13-05 directs that discretionary monetary awards should not be issued while sequestration is in place, unless issuance of such awards is legally required. Discretionary monetary awards include annual performance awards, group awards, and special act cash awards, which comprise a sizeable majority of awards and incentives provided by the Federal Government to employees. Until further notice, agencies should not issue such monetary awards from sequestered accounts unless agency counsel determines the awards are legally required. Legal requirements include compliance with provisions in collective bargaining agreements governing awards.¹

Consistent with past guidance, certain types of incentives are not considered discretionary monetary awards for the purposes of this policy. These include quality step increases (QSIs); travel incentives recognizing employee savings on official travel; foreign language awards for mission-critical language needs; recruitment, retention, and relocation incentives (3Rs); student loan repayments; and time-off awards. While these items are permitted, in light of current budgetary constraints, they should be used only on a highly limited basis and in circumstances where they are necessary and critical to maintaining the agency's mission. In addition, consistent with the policy set forth in the *Guidance on Awards for Fiscal Years 2011 and 2012*, jointly issued by the Office of Personnel Management (OPM) and OMB on June 10, 2011, spending for QSIs and 3Rs should not exceed the level of spending on such incentives for fiscal year 2010.

With respect to Federal political appointees, agencies should continue to follow the policy set forth in the August 3, 2010 Presidential Memorandum, *Freeze on Discretionary Awards, Bonuses, and Similar Payments for Federal Political Appointees*. OPM previously issued guidance on implementation of this memorandum.

Reducing Burden for State, Local, and Tribal Governments

To the extent agencies provide grants or other forms of financial assistance to States, localities, or tribal governments, agencies should consider if there are ways to help such entities mitigate the effects of funding reductions due to sequestration through reducing administrative burdens or other standard administrative processes, consistent with applicable legal requirements associated with the funds provided. In doing so, agencies should consult closely with their State, local, and tribal partners to determine whether such steps enable public funds to be used in a more cost-effective manner.

¹ Consistent with legal requirements, agencies may consider engaging in discussions with employees' exclusive representatives to explore revisions to such provisions in existing collective bargaining agreements, in recognition of this guidance.



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

April 18, 2013

Memorandum

To: Director, Office of Natural Resources Revenue

From: Director, Office of Budget *Alvanne Cross for DF*

Subject: FY 2013 Disbursements under Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)

This memorandum clarifies the treatment of certain disbursements under the terms of fiscal year 2013 Consolidated and Further Continuing Appropriations Act (P.L. 113-6) enacted March 26, 2013. The Act preserves the provisions established by the Consolidated Appropriations Act, 2012 (division E of P. L. 112-74) pertinent to the Office of Natural Resources Revenue. This memorandum provides guidance for the treatment of net receipts sharing and geothermal payments to counties under the Act which covers funding for the duration of fiscal year 2013.

Net Receipts Sharing: An administrative provision first appearing within the FY 2008 Appropriations Act (P.L. 110-161) directed the former Minerals Management Service to withhold two percent of the State share for all Mineral Leasing Act (MLA) receipts. The MLA provides that States receive 50 percent (90 percent for Alaska) of revenues from onshore leases. The administrative provision reduces the amount payable to a State to 49 percent (88.2 percent for Alaska). The 2012 appropriation, P.L. 112-74 included the Net Receipts Sharing provision. P.L. 113-6 continues the same terms, therefore, ONRR should continue to withhold the amounts for Net Receipts Sharing.

Geothermal Payments to Counties: The Geothermal Steam Act as amended by the Energy Policy Act of 2005 (EPAct), 30 U.S.C. §1019, directed ONRR to make payments directly to counties in which geothermal energy is produced. Although previous legislation included a prohibition of payments to counties, the Consolidated Appropriations Act, 2012 (P.L. 112-74) did not include such language, allowing these payments to be made. P.L. 113-6 continues the same terms of the FY 2012 appropriation and does not include any new language prohibiting these payments. Therefore, ONRR should continue to make the payments to the counties based on the Geothermal Steam Act as amended by the EPAct of 2005. This remains the underlying governing law with respect to these county payments.

This memorandum does not address the execution of sequestration reductions for ONRR mandatory receipt accounts, as guidance issued March 15 continues in effect. The Department is working with OMB to obtain clarification on guidance contained in OMB Memorandum 937 issued April 11, 2013. ONRR can expect additional guidance on the implementation of sequestration once further information is available.

Further, this memorandum does not address any legislative changes other than those included in P.L. 113-6.

Attachment



United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, D.C. 20240

March 15, 2013

Memorandum

To: Director, Office of Natural Resources Revenue
 Bureau of Land Management - Assistant Director, Business and Fiscal Resources
 Bureau of Ocean Energy Management – Chief, Budget and Program Coordination
 Division
 Bureau of Safety and Environmental Enforcement – Assistant Director for
 Administration

From: Director, Office of Budget *Adrianne Shores for DF*

Subject: Execution of Departmental Management Mandatory Accounts Under Sequester

This memorandum clarifies the treatment of disbursement accounts subject to sequestration as identified in the March 1, 2013, OMB Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013. The guidance provided is consistent with direction on the execution of the sequester reductions in OMB Bulletin 13-06. The amounts as identified in the March 1, 2013 sequester report pertaining to the Office of Natural Resources Revenue and the Bureau of Land Management are identified in the table below. ONRR and BLM shall take steps to sequester funds in the accounts and amounts as identified in the table.

Departmental Management Mandatory Mineral Receipt Accounts (Listed by Program, Project and Activity Level, Whole Dollars)				
Name of Account as Listed in the OMB Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013	Budget Account/ Treasury Account	Amount Available for Sequestration	Sequester Percentage	Sequester Amount
Mineral Leasing and Associated Payments -- ONRR	010-84-5003/ 14X5003	2,138,853,474	5.1	109,081,527
Mineral Leasing and Associated Payments -- BLM	010-84-5003/ 14X5003	5,331,000	5.1	271,881
Mineral Leasing and Associated Payments -- ONRR	010-84-5003/ 14X5134	19,526	5.1	996
National Petroleum Reserve, Alaska	010-84-5045/ 14X5045	2,710,000	5.1	138,210
National Forests Fund, Payment to States	010-84-5243/ 14X5243	8,681,000	5.1	442,731
Leases of Lands Acquired for Flood Control, Navigation, and Allied Purposes	010-84-5248/ 14X5248	19,395,000	5.1	989,145
Geothermal Lease Revenues, Payment to Counties	010-84-5574/ 14X5574	4,000,000	5.1	204,000
Total		2,178,990,000		111,128,490

To take effect with the March 2013 payments, ONRR and BLM should withhold the sequestered amount from each account identified above to be derived from an equitable withholding of funds from recipients for each program, project, and activity level (PPA). Both ONRR and BLM should develop rates of monthly withholding to achieve an equitable annual percentage based on FY 2012 disbursements from each recipient to the extent practicable. The full amounts for withholding should be achieved by July 31, 2013, to leave time for any necessary account reconciliation needed before the end of the fiscal year. Where applicable, the sequester amount is withheld after the Net Receipts Sharing deduction is applied.

The inspection fees and offsetting rental receipts collections that ONRR collects and transfers to the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) are subject to sequestration. The sequester reductions, however, shall take place once the funds have been transferred to BOEM and BSEE and is their responsibility to execute. The funds should be transferred as follows:

- Inspection Fee Collections: ONRR should transfer inspection fee revenue in amounts not to exceed \$62,000,000 to BOEM. BOEM will then utilize the authority provided by Division E section 112 of P.L. 112-74 to transfer the funds to BSEE.
- Offsetting Rental Receipt Collections: ONRR should transfer offsetting rental receipts in amounts not to exceed \$52,587,000 to BSEE and \$98,993,000 to BOEM.

The following transfers do not represent ONRR budget authority and are exempt from sequestration by ONRR:

- Transfers of offsetting rental receipts and inspection fee revenue to BOEM and BSEE,
- Transfers of Indian Trust revenues,
- Transfers of the States' share of revenues under Section 8(g) of the Outer Continental Shelf Lands Act,
- Transfers to the Department of Energy, and
- Transfers to other funds within Treasury, such as the Reclamation Fund, National Forest Fund, National Wildlife Refuge Fund, Taylor Grazing Act Fund, National Grasslands Fund, BLM Permit Processing Improvement Fund, the Land and Water Conservation Fund and the Historic Preservation Funds.

ONRR should continue to execute these transfers at their full amounts as prescribed by applicable laws and regulations.

The annual Gulf of Mexico Energy Security Act (GOMESA) disbursement from account 010-06-5535, previously held per Department guidance issued on October 18, 2012, is not subject to sequestration since the amount shown in the President's budget rounds to zero. The annual GOMESA disbursement may be made in March 2013.

ONRR and BLM are responsible for withholding the amounts identified in this memorandum. In addition, they are responsible for tracking amounts withheld by recipient so disbursements can be made in full or in part, should subsequent Congressional action amend or reverse the sequester implemented in accordance with the Balanced Budget and Emergency Deficit Control Act as amended. Responsibility for the control and potential sequestration of funds transferred to other Federal agencies lies with those

agencies. In addition, disbursements from any of these accounts processed by other entities within the Department of the Interior are the responsibility of those entities; including the responsibility to comply with sequestration.

The sequester amounts withheld from each of the accounts identified should be held in a custodial clearing account until further guidance is issued on the final disposition of those amounts.

cc: Budget Officer, Bureau of Indian Affairs

DOI Sequestration Tracking Table
March 1, 2013 Sequestration Order

USE THIS
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Dollars in Millions
BUREAUS/OFFICES

ACCOUNTS	Amount Available for Sequestration	Percent Sequester [5% or 5.1%]	Amount Sequestered	Amount Sequestered in Millions	Amount Sequesterable in Report to Congress	Amount Sequestered in Report to Congress
BUREAU OF LAND MANAGEMENT						
Discretionary						
Management of Lands and Resources						
<i>Appropriations</i>	966,238,369	0.050	48,311,918	48	966	48
<i>Spending Authority (Offsetting Collections)</i>	74,196,000	0.050	3,709,800	4	75	4
Construction	3,592,128	0.050	179,606	0	4	*
Land Acquisition	22,480,938	0.050	1,124,047	1	22	1
Oregon and California Grant Lands	112,548,337	0.050	5,627,417	6	113	6
Service Charges, Deposits, and Forfeitures	31,063,000	0.050	1,553,150	2	31	2
Working Capital Fund - Reimbursable	9,000,000	0.050	450,000	0	9	*
Subtotal, Discretionary	1,219,118,772		60,955,938	61	1,220	61
Mandatory						
Miscellaneous Trust Fund	21,500,000	0.051	1,096,500	1	21	1
Miscellaneous Permanent Payment Accounts					62	3
<i>Payments to States from Proceeds of Sales (S133)</i>	845,000	0.051	43,095	0		
<i>Payments to States from Grazing Fees, Outside Grazing Districts (S016)</i>	925,000	0.051	47,175	0		
<i>Payments to States from Grazing Fees, Within Grazing Districts (S032)</i>	1,313,000	0.051	66,963	0		
<i>Payments to States from Grazing Fees, Misc. (S044)</i>	64,000	0.051	3,264	0		
<i>Payments to Counties, National Grasslands (S896)</i>	706,000	0.051	36,006	0		
<i>Payments to Nevada from Receipts on Land Sales (S129)</i>	17,658,000	0.051	900,558	1		
<i>State Share, Carson City Land Sales (S561)</i>	0	0.051	0	0		
<i>Secure Rural Schools Payments (S884)</i>	35,883,807	0.051	1,830,074	2		
<i>Secure Rural Schools Payments (S898)</i>	295,662	0.051	15,079	0		
<i>Secure Rural Schools Payments (S485)</i>	3,872,138	0.051	197,479	0		
Permanent Operating Funds						
<i>Appropriations</i>	131,000,000	0.051	6,681,000	7	131	7
<i>Admin Expenses in Otherwise Exempt Resources</i>	16,000,000	0.051	816,000	1	16	1
Range improvements	10,000,000	0.051	510,000	1	10	1
Helium Fund	16,000,000	0.051	816,000	1	16	1
Subtotal, Mandatory	256,062,607		13,059,193	14	256	14
Total, BLM	1,475,181,379		74,015,131	75	1,476	75
BUREAU OF OCEAN ENERGY MANAGEMENT						
Discretionary						
Ocean Energy Management						
<i>Appropriations</i>	60,061,675	0.050	3,003,084	3	60	3
<i>Spending Authority (Offsetting Collections)</i>	101,082,000	0.050	5,054,100	5	101	5
Subtotal, Discretionary	161,143,675		8,057,184	8	161	8
Total, BOEM	161,143,675		8,057,184	8	161	8
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT						
Discretionary						
Offshore Safety and Environmental Enforcement						
<i>Appropriations</i>	61,750,256	0.050	3,087,513	3	62	3
<i>Spending Authority (Offsetting Collections)</i>	121,081,000	0.050	6,054,050	6	121	6
Oil Spill Research	14,990,306	0.050	749,515	1	15	1
Oil Spill Research (Supplemental)	3,000,000	0.050	150,000	0	3	*
Subtotal, Discretionary	200,821,562		10,041,078	10	201	10
Total, BSEE	200,821,562		10,041,078	10	201	10
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT						
Discretionary						
Regulation and technology						
<i>Appropriations</i>	123,464,350	0.050	6,173,218	6	124	6
<i>Spending Authority (Offsetting Collections)</i>	3,400,000	0.050	170,000	0	3	*
Abandoned mine reclamation fund	27,566,773	0.050	1,378,339	1	28	1
Subtotal, Discretionary	154,431,123		7,721,557	7	155	7
Mandatory						
Abandoned Mine Reclamation Fund	221,400,000	0.051	11,291,400	11	221	11
Payments to States in Lieu of Coal Fee Receipts	128,000,000	0.051	6,528,000	7	128	7
Subtotal, Mandatory	349,400,000	0	17,819,400	18	349	18
Total, OSM	503,831,123		25,540,957	25	504	25
BUREAU OF RECLAMATION						
Discretionary						
Water and Related Resources						
<i>Appropriations</i>	883,540,376	0.050	44,177,019	44	883	44
<i>Reimbursable</i>	212,000,000	0.050	10,600,000	11	212	11
Lower Colorado River Basin Development Fund	6,173,552	0.050	308,678	0	6	*
Upper Colorado River Basin Fund	10,763,472	0.050	538,174	1	11	1
Policy and administration	60,367,200	0.050	3,018,360	3	60	3
Central Valley Project Restoration Fund	53,392,776	0.050	2,669,639	3	53	3
California Bay-Delta Restoration	39,893,664	0.050	1,994,683	2	40	2
Working Capital Fund	13,000,000	0.050	650,000	1	13	1
Subtotal, Discretionary	1,279,131,040		63,956,553	65	1,278	65
Mandatory						
Water and Related Resources						
<i>Miscellaneous Permanent Accounts</i>	265,000	0.051	13,515	0	1	*
<i>Federal Lands Recreation Enhancement Act</i>	648,000	0.051	33,048	0		
Lower Colorado River Basin Development Fund						
<i>Admin Expenses in Otherwise Exempt Resources</i>	247,000,000	0.051	12,597,000	13	247	13
<i>Spending Authority</i>	1,000,000	0.051	51,000	0	1	*
Upper Colorado River Basin Fund						
<i>Admin Expenses in Otherwise Exempt Resources</i>	81,000,000	0.051	4,131,000	4	81	4
Colorado River Dam Fund, Boulder Canyon Project	16,000,000	0.051	816,000	1	16	1
Reclamation Trust Funds	2,000,000	0.051	102,000	0	2	*
Subtotal, Mandatory	347,913,000		17,743,563	18	348	18

DOI Sequestration Tracking Table March 1, 2013 Sequestration Order		USE THIS COLUMN FOR THE APPORTIONMENTS					
Dollars in Millions BUREAUS/OFFICES		Amount Available for Sequestration	Percent Sequester (5% or 5.1%)	Amount Sequestered	Amount Sequestered in Millions	Amount Sequesterable in Report to Congress	Amount Sequestered in Report to Congress
ACCOUNTS							
Total, Reclamation		1,627,044,040		81,700,116	83	1,626	83
CENTRAL UTAH PROJECT COMPLETION ACT							
Discretionary							
Central Utah project completion act		26,867,428	0.050	1,343,371	1	27	1
Utah reclamation mitigation and conservation		2,012,240	0.050	100,612	0	2	*
Subtotal, Discretionary		28,879,668	0	1,443,983	1	29	1
Total, CUPCA		28,879,668		1,443,983	1	29	1
GEOLOGICAL SURVEY							
Discretionary							
Surveys, investigations and research							
Appropriations		1,074,568,768	0.050	53,728,438	54	1,075	54
Subtotal, Discretionary		1,074,568,768		53,728,438	54	1,075	54
Total, USGS		1,074,568,768		53,728,438	54	1,075	54
FISH AND WILDLIFE SERVICE							
Discretionary							
Resource management							
Appropriations		1,233,681,176	0.050	61,684,059	62	1,234	62
Reimbursable		55,000,000	0.050	2,750,000	3	55	3
Construction							
Appropriations		23,192,131	0.050	1,159,607	1	91	5
Supplemental		68,200,000	0.050	3,410,000	3		
Land acquisition		54,966,799	0.050	2,748,340	3	55	3
Coop endangered species conservation fund		47,972,394	0.050	2,398,620	2	48	2
National wildlife refuge fund		14,043,053	0.050	702,153	1	14	1
North American wetlands conservation fund		35,714,356	0.050	1,785,718	2	36	2
Neotropical migratory birds conservation fund		3,809,103	0.050	190,455	0	4	*
Multinational species conservation fund		9,523,761	0.050	476,188	0	10	1
State and Tribal wildlife grants		61,698,021	0.050	3,084,901	3	62	3
Subtotal, Discretionary		1,607,800,794		80,390,041	80	1,609	82
Mandatory							
Federal Aid in Wildlife Restoration		413,240,000	0.051	21,075,240	21	413	21
Migratory Bird Conservation Account		47,000,000	0.051	2,397,000	2	47	2
National Wildlife Refuge Fund		8,000,000	0.051	408,000	0	8	*
North American Wetlands Conservation Fund		700,000	0.051	35,700	0	1	*
Recreation Enhancement Fee Program, FWS							
Admin Expenses in Otherwise Exempt Resources		1,000,000	0.051	51,000	0	1	*
Sport Fish Restoration		445,538,000	0.051	22,722,438	23	446	23
Subtotal, Mandatory		915,478,000		46,689,378	46	916	46
Total, FWS		2,523,278,794		127,079,419	126	2,525	128
NATIONAL PARK SERVICE							
Discretionary							
Operation of the national park system							
Appropriations		2,250,255,552	0.050	112,512,778	113	2,250	113
National recreation and preservation		60,245,500	0.050	3,012,275	3	60	3
Historic preservation fund							
Appropriations		56,252,572	0.050	2,812,629	3	106	5
Supplemental		50,000,000	0.050	2,500,000	3		
Construction and Major Maintenance							
Appropriations		156,316,444	0.050	7,815,822	8	505	25
Supplemental		348,000,000	0.050	17,400,000	17		
Land acquisition and state assistance							
Federal Land Acquisition		57,317,352	0.050	2,865,868	3	103	5
State Grants		45,202,959	0.050	2,260,148	2		
Subtotal, Discretionary		3,023,590,379		151,179,520	152	3,024	151
Mandatory							
Other Permanent Appropriations							
Admin Expenses in Otherwise Exempt Resources		8,000,000	0.051	408,000	0	8	*
Recreation Fee Permanent Appropriations							
Appropriations		1,000,000	0.051	51,000	0	1	*
Admin Expenses in Otherwise Exempt Resources		34,000,000	0.051	1,734,000	2	34	2
Subtotal, Mandatory		43,000,000		2,193,000	2	43	2
Total, NPS		3,066,590,379		153,372,520	154	3,067	153
BUREAU OF INDIAN AFFAIRS AND BUREAU OF INDIAN EDUCATION							
Discretionary							
Operation of Indian programs							
Appropriations		2,382,228,103	0.050	119,111,405	119	2,382	119
Construction							
Appropriations		124,386,490	0.050	6,219,325	6	124	6
Indian guaranteed loan program account		7,146,086	0.050	357,304	0	7	*
Subtotal, Discretionary		2,513,760,679		125,688,034	125	2,513	125
Mandatory							
Miscellaneous Permanent Appropriations							
Admin Expenses in Otherwise Exempt Resources		19,000,000	0.051	969,000	1	19	1
Operation and Maintenance of Quarters							
Admin Expenses in Otherwise Exempt Resources		3,000,000	0.051	153,000	0	3	*
Subtotal, Mandatory		22,000,000	0	1,122,000	1	22	1
Total, BIA/BIE		2,535,760,679		126,810,034	126	2,535	126

DOI Sequestration Tracking Table
March 1, 2013 Sequestration Order

USE THIS
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Dollars in Millions
BUREAUS/OFFICES

ACCOUNTS	Amount Available for Sequestration	Percent Sequester (5% or 5.1%)	Amount Sequestered	Amount Sequestered in Millions	Amount Sequesterable in Report to Congress	Amount Sequestered in Report to Congress
DEPARTMENTAL MANAGEMENT						
Discretionary						
Salaries and expenses					624	31
<i>Salaries and Expenses w/o OVS</i>	250,730,770	0.050	12,536,539	13		
<i>OVS</i>	12,769,334	0.050	638,467	1		
<i>Supplemental</i>	360,000,000	0.050	18,000,000	18		
Subtotal, Discretionary	623,500,104		31,175,006	32	624	31
Mandatory						
Geothermal Lease Revenues, Payment to Counties	4,000,000	0.051	204,000	0	4	*
Leases of Lands Acquired for Flood Control, Nav. & Allied Purposes	19,395,000	0.051	989,145	1	19	1
Mineral Leasing and Associated Payments - ONRR	2,138,873,000	0.051	109,082,523	109	2,144	109
Mineral Leasing and Associated Payments - BLM	5,331,000	0.051	271,881	0		
National Forest Fund, Payment to States	8,681,000	0.051	442,731	0	9	*
National Petroleum Reserve, Alaska	2,710,000	0.051	138,210	0	3	*
Subtotal, Mandatory	2,178,990,000		111,128,490	110	2,179	110
Total, DM	2,802,490,104		142,303,496	142	2,803	141
INSULAR AFFAIRS						
Discretionary						
Assistance to territories	9,522,757	0.050	476,138	0	10	1
Subtotal, Discretionary	9,522,757	0	476,138	0	10	1
Total, OIA	9,522,757	0	476,138	0	10	1
OFFICE OF THE SOLICITOR						
Discretionary						
Salaries & Expenses						
<i>Appropriations</i>	66,595,008	0.050	3,329,750	3	67	3
Subtotal, Discretionary	66,595,008	0	3,329,750	3	67	3
Total, SOL	66,595,008		3,329,750	3	67	3
OFFICE OF INSPECTOR GENERAL						
Discretionary						
Salaries & Expenses						
<i>Appropriations</i>	49,694,124	0.050	2,484,706	2	50	3
Subtotal, Discretionary	49,694,124	0	2,484,706	2	50	3
Total, OIG	49,694,124	0	2,484,706	2	50	3
OFFICE OF SPECIAL TRUSTEE FOR AMERICAN INDIANS						
Discretionary						
Office of the Special Trustee for Amer. Indians						
<i>Appropriations</i>	153,005,991	0.050	7,650,300	8	153	8
Subtotal, Discretionary	153,005,991	0	7,650,300	8	153	8
Total, OST	153,005,991		7,650,300	8	153	8
NATIONAL INDIAN GAMING COMMISSION						
Discretionary						
Salaries and Expenses						
<i>Reimbursable</i>	3,000,000	0.050	150,000	0	3	*
Subtotal, Discretionary	3,000,000	0.050	150,000	0	3	0
Mandatory						
NIGC, Gaming Activity Fees	18,000,000	0.051	918,000	1	18	1
Subtotal, Mandatory	18,000,000	0	918,000	1	18	1
Total, NIGC	21,000,000		1,068,000	1	21	1
Department Wide Programs						
Discretionary						
Wildland Fire Management						
<i>Appropriations</i>	749,473,000	0.050	37,473,650	37	750	38
Working Capital Fund						
<i>Appropriations</i>	62,298,719	0.050	3,114,936	3	62	3
<i>Reimbursable</i>	12,000,000	0.050	600,000	1	12	1
Central hazardous materials fund						
<i>Appropriations</i>	10,194,775	0.050	509,739	1	10	1
Subtotal, Discretionary	833,966,494	0	41,698,325	42	834	43
Mandatory						
Payments in Lieu of Taxes	398,351,000	0.051	20,315,901	20	398	20
NRDA Fund						
<i>Admin Expenses in Otherwise Exempt Resources</i>	4,000,000	0.051	204,000	0	4	*
Subtotal, Mandatory	402,351,000	0	20,519,901	20	402	20
Total, Departmentwide Programs	1,236,317,494		62,218,226	62	1,236	63

DOI Sequestration Tracking Table
March 1, 2013 Sequestration Order

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Dollars in Millions
BUREAUS/OFFICES

ACCOUNTS	Amount Available for Sequestration	Percent Sequester (5% or 5.1%)	Amount Sequestered	Amount Sequestered in Millions	Amount Sequesterable in Report to Congress	Amount Sequestered in Report to Congress
DEPARTMENT OF THE INTERIOR						
- Discretionary Budget Authority -						
Bureau of Land Management	1,219,118,772	0	60,955,938	61	1,220	61
Bureau of Ocean Energy Management	161,143,675	0	8,057,184	8	161	8
Bureau of Safety and Environmental Enforcement	200,821,562	0	10,041,078	10	201	10
Office of Surface Mining	154,431,123	0	7,721,557	7	155	7
Bureau of Reclamation	1,279,131,040	0	63,956,553	65	1,278	65
Central Utah Project Completion Act	28,879,668	0	1,443,983	1	29	1
Geological Survey	1,074,568,768	0	53,728,438	54	1,075	54
Fish and Wildlife Service	1,607,800,794	0	80,390,041	80	1,609	82
National Park Service	3,023,590,379	0	151,179,520	152	3,024	151
Bureau of Indian Affairs	2,513,760,679	0	125,688,034	125	2,513	125
Departmental Management	623,500,104	0	31,175,006	32	624	31
Insular Affairs	9,522,757	0	476,138	0	10	1
Office of the Solicitor	66,595,008	0	3,329,750	3	67	3
Office of Inspector General	49,694,124	0	2,484,706	2	50	3
Office of Special Trustee for American Indians	153,005,991	0	7,650,300	8	153	8
National Indian Gaming Commission	3,000,000	0	150,000	0	3	0
Department wide Programs	833,966,494	0	41,698,325	42	834	43
Subtotal, Discretionary - Department of the Interior	13,002,530,938	1	650,126,551	650	13,006	653
DEPARTMENT OF THE INTERIOR						
- Mandatory Budget Authority -						
Bureau of Land Management	256,062,607	0	13,059,193	14	256	14
Bureau of Ocean Energy Management	0	0	0	0	0	0
Bureau of Safety and Environmental Enforcement	0	0	0	0	0	0
Office of Surface Mining	349,400,000	0	17,819,400	18	349	18
Bureau of Reclamation	347,913,000	0	17,743,563	18	348	18
Central Utah Project Completion Act	0	0	0	0	0	0
Geological Survey	0	0	0	0	0	0
Fish and Wildlife Service	915,478,000	0	46,689,378	46	916	46
National Park Service	43,000,000	0	2,193,000	2	43	2
Bureau of Indian Affairs	22,000,000	0	1,122,000	1	22	1
Departmental Management	2,178,990,000	0	111,128,490	110	2,179	110
Insular Affairs	0	0	0	0	0	0
Office of the Solicitor	0	0	0	0	0	0
Office of Inspector General	0	0	0	0	0	0
Office of Special Trustee for American Indians	0	0	0	0	0	0
National Indian Gaming Commission	18,000,000	0	918,000	1	18	1
Department wide Programs	402,351,000	0	20,519,901	20	402	20
Subtotal, Mandatory - Department of the Interior	4,533,194,607	0	231,192,925	230	4,533	230
DEPARTMENT OF THE INTERIOR						
- Total Budget Authority -						
Bureau of Land Management	1,475,181,379	0	74,015,131	75	1,476	75
Bureau of Ocean Energy Management	161,143,675	0	8,057,184	8	161	8
Bureau of Safety and Environmental Enforcement	200,821,562	0	10,041,078	10	201	10
Office of Surface Mining	503,831,123	0	25,540,957	25	504	25
Bureau of Reclamation	1,627,044,040	0	81,700,116	83	1,626	83
Central Utah Project Completion Act	28,879,668	0	1,443,983	1	29	1
Geological Survey	1,074,568,768	0	53,728,438	54	1,075	54
Fish and Wildlife Service	2,523,278,794	0	127,079,419	126	2,525	128
National Park Service	3,066,590,379	0	153,372,520	154	3,067	153
Bureau of Indian Affairs	2,535,760,679	0	126,810,034	126	2,535	126
Departmental Management	2,802,490,104	0	142,303,496	142	2,803	141
Insular Affairs	9,522,757	0	476,138	0	10	1
Office of the Solicitor	66,595,008	0	3,329,750	3	67	3
Office of Inspector General	49,694,124	0	2,484,706	2	50	3
Office of Special Trustee for American Indians	153,005,991	0	7,650,300	8	153	8
National Indian Gaming Commission	21,000,000	0	1,068,000	1	21	1
Department wide Programs	1,236,317,494	0	62,218,226	62	1,236	63
Total, Department of the Interior	17,535,725,545	0	881,319,476	880	17,539	883

**Changes to OPM Guidance for Administrative Furloughs
March 25, 2013**

**Guidance on Shutdown Furloughs; Foreign Area Allowances,
Differentials, and Danger Pay; and VERA/VSIPs**

The changes below are included in the March 25, 2013, update to OPM's Guidance for Administrative Furloughs.

Shutdown Furloughs

In section A. (General), we are revising Question A.3. to provide a general description of shutdown furloughs as follows:

3. What human resources guidance applies for furloughs that are caused by a lapse of appropriations (i.e., shutdown furloughs)?

A. In the event that funds are not available through an appropriations law or continuing resolution, a "shutdown" furlough occurs. A shutdown furlough is necessary when an agency no longer has the necessary funds to operate and must shut down those activities which are not excepted pursuant to the Antideficiency Act. For additional information on shutdown furloughs, see OPM's Guidance for Shutdown Furloughs at <http://www.opm.gov/policy-data-oversight/pay-leave/furlough-guidance/#url=Shutdown-Furlough>.

Foreign Area Allowances, Differentials, and Danger Pay

We are adding a new Section Q. (Foreign Area Allowances, Differentials, and Danger Pay) as follows:

Q. Foreign Area Allowances, Differentials, and Danger Pay

1. Do administrative furloughs interrupt or reduce civilian Living Quarters Allowances (LQA) or a Post Cost of Living Allowances (COLA)?

A. An administrative furlough doesn't interrupt Post COLA if the nonpay status period, including periods outside the employee's regular tour of duty (e.g., weekends), does not exceed 14 consecutive calendar days. If an employee is in furlough status that results in a continuous nonpay status period that exceeds 14 consecutive calendar days, then the Post COLA is interrupted for the duration of the furlough status. (Source: http://aoprals.state.gov/content.asp?content_id=231&menu_id=92, DSSR 051.2) LQA continues without interruption while the employee is in nonpay status not in excess of 30 consecutive calendar days at any one time. For periods in nonpay status longer than 30 consecutive calendar days, LQA payment shall be suspended as of the day the employee enters such status, and payment is not to be made for any part of such period. (Source: http://aoprals.state.gov/content.asp?content_id=231&menu_id=92, DSSR 051.2 and DSSR 132.2b(2))

2. Do administrative furloughs interrupt Danger Pay or Post Hardship Differentials for civilians stationed at a those posts? Do they impact differential eligibility for TDY employees at such posts?

A. Yes. Employees do not receive Danger Pay or Post Hardship Differential for any furlough days. (Source: http://aoprals.state.gov/content.asp?content_id=231&menu_id=92, DSSR 052.2)

Furlough days do not count toward differential eligibility for TDY employees. (Source: http://aoprals.state.gov/content.asp?content_id=231&menu_id=92, DSSR 052.2 and DSSR 541)

3. Do administrative furloughs interrupt Difficult-To-Staff Incentive Differentials (SND) for civilians stationed at a those posts?

A. No. Length of furlough does not affect SND eligibility. This benefit is based on continuing presence at post. (Source: http://aoprals.state.gov/content.asp?content_id=231&menu_id=92, DSSR 1020)

4. Do administrative furloughs interrupt evacuation payments/Subsistence Expense Allowances (SEAs) for civilians evacuated and working from safehavens?

A. An administrative furlough doesn't interrupt an SEA if the nonpay status period, including periods outside the employee's regular tour of duty (e.g., weekends), does not exceed 14 consecutive calendar days. If an employee is in furlough status that results in a continuous nonpay status period that exceeds 14 consecutive calendar days, then the SEA is interrupted for the duration of the furlough status. (Source: http://aoprals.state.gov/content.asp?content_id=231&menu_id=92, DSSR 051.2)

5. I have transferred back to Washington, DC, from a foreign post and am using the subsistence expense portion of the Home Service Transfer Allowance. Do administrative furloughs interrupt my eligibility for reimbursement?

A. An administrative furlough doesn't interrupt an HSTA if the nonpay status period, including periods outside the employee's regular tour of duty (e.g., weekends), does not exceed 14 consecutive calendar days. If an employee is in furlough status that results in a continuous nonpay status period that exceeds 14 consecutive calendar days, then the HSTA is interrupted for the duration of the furlough status. (Source: http://aoprals.state.gov/content.asp?content_id=231&menu_id=92, DSSR 051.2)

6. I am transferring from Washington, DC, to Pakistan. I've been authorized the pre-departure subsistence expense portion of the Foreign Transfer Allowance. Do administrative furloughs interrupt my eligibility for reimbursement?

A. An administrative furlough doesn't interrupt an FTA if the nonpay status period, including periods outside the employee's regular tour of duty (e.g., weekends), does not

exceed 14 consecutive calendar days. If an employee is in furlough status that results in a continuous nonpay status period that exceeds 14 consecutive calendar days, then the FTA are interrupted for the duration of the furlough status. (Source: http://aoprals.state.gov/content.asp?content_id=231&menu_id=92, DSSR 051.2)

7. I am stationed at a foreign post and my family is on Separate Maintenance Allowance (SMA) in the United States. Do administrative furloughs interrupt the SMA?

A. An administrative furlough doesn't interrupt an SMA if the nonpay status period, including periods outside the employee's regular tour of duty (e.g., weekends), does not exceed 14 consecutive calendar days. If an employee is in furlough status that results in a continuous nonpay status period that exceeds 14 consecutive calendar days, then the SMA is interrupted for the duration of the furlough status. (Source: http://aoprals.state.gov/content.asp?content_id=231&menu_id=92, DSSR 051.2)

VERA/VSIP

We are adding a new section R. (VERA/VSIP) and a new Question R.1. as follows. This guidance was formerly posted as Question H.1. of OPM's "Supplemental Guidance for Sequestration and Administrative Furloughs," which we are removing from the OPM website in conjunction with this update.

R. VERA/VSIP

1. Can agencies offer early retirements (VERAs) or separation incentives (VSIPs) to furloughed employees? Can VERA/VSIP be offered during sequestration? Can VERA/VSIP be offered in lieu of a furlough?

A. Both Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP) are programs to incentivize voluntary separations to avoid involuntary personnel actions associated with an agency's decision to restructure its workforce. Agencies with OPM-approved VERA and or VSIP may continue offering these options to covered employees during a furlough.

VERA and VSIP result in permanent separations from the agency workforce. (Please note that VSIP recipients may not be reemployed by the Federal Government within 5 years unless they repay the VSIP to the agency that paid it.) Furloughs are associated with temporary issues, such as lack of work or funds, with the intention that employees would return to their jobs after the furlough. The agency would decide which option to take based on its situation, e.g., the need to permanently reduce or restructure its workforce or to save funds by furloughing employees.

Department of the Interior
Assessment of Key Impacts from Sequestration

Oil and gas and coal - Development of oil, gas, and coal on Federal lands and waters would slow down due to cuts in programs that: issue permits for new development, plan for new projects, conduct environmental reviews and inspect operations. Leasing of new Federal lands for future development would also be delayed, with fewer resources available for agencies to prepare for and conduct lease sales. As a result:

- Efforts to expedite processing of offshore oil and gas permitting in the Gulf of Mexico would be thwarted by delays, putting at risk some of the 550 exploration plans or development coordination documents BOEM anticipates for review this year.
- Reductions would impact BOEM's oil and gas activities in the Alaska Region, including the processing of G&G seismic permits, review and analysis needed for Environmental Assessments, work on Worst Case Discharge analysis for drilling permit reviews, and Air Quality data gathering and modeling work with other Federal agencies.
- Approximately 300 fewer onshore oil and gas leases would be issued in Western states such as Wyoming, Utah, Colorado, and New Mexico, delaying prospective production from those lease tracts and deferring payments to the Treasury.
- Delays in coal leasing would defer as much as \$50 to \$60 million from the Treasury for each sale delayed.
- The FWS would conduct approximately 2,000 fewer consultations, delaying economic development projects and energy facilities that need environmental approvals.

Visitor Impacts – The public should be prepared for reduced hours and services provided by Interior's 398 national parks, 561 refuges, and over 258 public land units. Reductions would:

- Reduce hours of operation for visitor centers, shorten seasons, and possibly close camping, hiking and other recreational areas when there is insufficient staff to ensure the protection of visitors, employees, and resources.
- Require complete closure or program elimination at about 128 refuges. Visitor programs at nearly all refuges would be discontinued.
- Limit Interior's ability to sustain a full complement of seasonal employees needed for firefighting, law enforcement, and visitor services at the time when parks, refuges and land areas are preparing for the busy summer season.

Local communities and businesses that rely on recreation to support their livelihoods would face a loss of income from reduced visitation to national parks, refuges and public lands. The 435

million recreational visits to Interior-managed lands in 2011 supported about 403,000 jobs nationwide and contributed nearly \$48.7 billion to local economies.

Cuts in Federal payments to State and local governments. States and local governments would lose over \$200 million in direct funding from the Department of the Interior for Payments in Lieu of Taxes (PILT), revenue sharing from mineral leasing on federal lands, and various grants. Local governments, particularly in Western states, rely on these funds to cover their base budgets and they would have to cut back on core operations ranging from police and fire protection to school and road maintenance.

- Impacted would be the States' share of revenue from energy and mineral production within their borders and offshore on the Outer Continental Shelf. Last year more than \$2.1 billion was disbursed to 36 States and counties in nine States. Wyoming, New Mexico, Utah, California, Colorado and North Dakota are among the largest revenue recipients facing cuts.

States would also have to scale back on wildlife conservation work and access, which could affect local hunting, shooting, fishing and boating. State and local economies depend on the associated revenue from hunters, anglers and wildlife watchers who in 2011 spent \$145 billion on related gear, trips and other purchases, such as licenses, tags, and land leases and ownership.

Native American programs. Tribes would lose almost \$130 million in funding from the Department of the Interior. Reductions would be necessary in many areas including human services, law enforcement, schools, economic development and natural resources.

- Reductions will cut short the availability of assistance programs to the neediest of Indian Country by three or four months. Payments would stop to approximately 2,400 needy Indians for each month the General Assistance program is shut down.
- Cuts to Indian education programs will directly impact school services and scholarships offered to attend schools in the 2013-2014 academic year. BIA schools would have the choice of reducing staff, services or the number of days in the school year.
- Additionally, many Tribes would be affected by reductions to funds that offset administrative costs for tribal management of Federal programs. Reductions to BIA's natural resource programs would impact the development of conventional and renewable energy and minerals on tribal lands.

Water Challenges. Some Bureau of Reclamation facilities could be closed to the public due to unsafe conditions while necessary maintenance and repairs are delayed. High priority Dam Safety corrective modifications would be completed at a slower pace at several dams that pose potential risk to the downstream public. The Bureau of Reclamation would be at risk for missing water deliveries related to environmental commitments in water districts across the West.

The USGS could have to discontinue operation of 350 to 375 streamgages used throughout the country to predict and address drought and flood conditions by monitoring water availability. Work would also stop on water availability studies in Delaware, Colorado and the Apalachicola-Chattahoochee-Flint river basins.

Department of the Interior Hiring Freeze Exception Procedures Guide

April 8, 2013

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If you have questions about this document, please contact Ralph Charlip at 202-208-2574 or ralph_charlip@ios.doi.gov

1. GENERAL INFORMATION AND POLICY

1.1. On February 21, 2013, Secretary Salazar issued a memorandum regarding preparation for sequestration and imposed an immediate hiring freeze.

1.1.2. Hiring actions that had not proceeded to offer made and accepted as of February 21, 2013 are impacted by the freeze and require an exception if the bureau/office wanted to finalize the hiring action. All hiring actions after February 21, 2013 are required to have an exception to the hiring freeze to proceed.

1.1.3 Job announcements that were posted on USAJOBS on February 21, 2013, are not required to be canceled. However, no job offer may be made without an exception. Announcements posted on USAJobs as of February 21, 2013, may not be extended without an exception. Bureaus and Offices are encouraged to seek exceptions before investing time and energy in evaluating qualified candidates and developing certificates.

1.1.4. As of February 21, 2013, only vacancies that have an exception to the freeze may be posted on USAJobs or any other media.

1.2. The freeze is all-inclusive and covers all positions, no matter the source of funding – permanent, temporary, term, part time, full time, student, career, seasonal, etc. in every Bureau and every Office in the Department. Exceptions include:

1.2.1. White House-approved political appointments (see paragraph 2.7).

1.2.2. 30 Day Emergency Hiring Authority

1.2.3. Details

1.2.4. Career ladder promotions

1.2.5. Competitive temporary promotions

1.3. Bureaus and Offices are urged to complete their workforce planning and begin to prepare plans for Fiscal Year 2014 that will advance opportunities for flexibility in hiring, including seeking approval for early retirement and retirement incentives. Prudent planning calls careful consideration for an environment that continues to experience significant budget uncertainties.

1.4. Bureaus and Offices should not take actions that cannot be reversed. Budget and Human Resource offices should work closely with organizational leaders in determining appropriate actions.

1.5. Exceptions to the freeze may be considered for exception if they are for the protection of life, health and safety or support mission-*critical* requirements.

1.5.1. Exceptions must be submitted (signed and dated) by the head of the bureau or office head.

1.5.2. The Assistant Secretary Policy Management and Budget is the exception approval authority.

1.5.3. Approved exceptions are granted with the understanding that the area of consideration for the position would normally be limited to current DOI employees to minimize the impact of sequestration. Bureaus that need to expand the area of consideration either outside of the Department or open to the general public must indicate such in their exception request.

1.6. Seasonal hiring is underway in multiple bureaus for essential activities. There could be instances, such as fire, where immediate action is needed in order to continue the flow of hiring actions. Please be sure submit your seasonal hire exception request separate from other requests so they can be expedited.

2. HIRING EXCEPTIONS FOR INDIVIDUAL OR CLASSES OF HIRES

2.1. Please use the template at Attachment 1 to submit your exception. Please do not include the text of your request in an email -- prepare a memorandum and use the template.

2.2. Address the request to the Department of the Interior Director, Office of Human Resources. The Director, Office of Human Resources will perform the necessary review and coordination with the Office of Budget for ultimate approval by the Assistant Secretary – Policy, Management and Budget and notification of the bureau/office.

2.3. Please ensure that the cover memo signed by your Director (or Deputy Director) is dated.

2.4. Do not add any attachments to the template.

2.5. Email your signed package to ralph_charlip@ios.doi.gov. Paper copies are not required.

2.6. If you have a true emergency situation, calling ahead to Pam Malam or Pam Haze is helpful, but a written request is still required.

2.7. White House approved appointments do not require an exception to the freeze, but notification as outlined in this section is required (prepare a template and indicate that the selection is a White House approved selection and email the signed package to ralph_charlip@ios.doi.gov).

3. REQUESTS FOR DELEGATION OF APPROVAL AUTHORITY

3.1. Bureaus and Offices with strong workforce planning efforts and strong position management controls in place, may request an exemption from the hiring freeze approval process. This exemption allows the Bureau or Office Director to approve hiring actions with limited PMB oversight.

3.2. Requests should be in the form of a memorandum signed and dated by the Bureau or Office Director to the Director, Office of Human Resources.

3.2.1. Please email scanned requests to ralph_charlip@ios.doi.gov. Paper copies are not required.

3.2.2. Please be sure to provide the name, email and phone number of a point of contact for your request in your memorandum.

3.2.3. Requests should include a description of:

3.2.3.1. the internal controls process used to manage hiring. A flow chart or other diagram is helpful.

3.2.3.2. how the internal controls are linked to budgeting and fiscal management through at least FY14.

3.2.3.3. the reporting and management tools used to manage the hiring process. Sample reports/spreadsheets/etc. as attachments to the request are helpful.

3.2.3.4. how your Assistant Secretary provides recurring oversight of the hiring-budget process. For Office of the Secretary organizations, the Deputy Assistant Secretary serves as the oversight authority. For the Immediate office of the Secretary, the Deputy Chief of Staff serves as the oversight authority.

3.2.3.5. how your organization establishes and monitors hiring in terms of three FTE ceilings (see para 3.4.6)

3.3. The basic request should not exceed five pages plus attachments. Attachments should not include your full workforce plan, but may include a brief, one page description of the process.

3.4. Delegation requests that are approved are conditional. Conditions include:

3.4.1. documented and ongoing, face-to-face oversight discussions with the appropriate oversight authority (see para 3.2.4).

3.4.2. monthly reporting using the template in Attachment 6.

3.4.3. central, single Bureau/Office level individual authorized to approve hiring.

3.4.4. the delegation may not be further delegated.

3.4.5. the delegation covers all hiring of all positions no matter how they are funded, what type of appointment is being used or type of work schedule.

3.4.6. the bureau/office will be required to establish Full Time Equivalent (FTE) Ceilings and submit those to the Hiring Review Panel for approval. Once approved, the bureau/office must manage their hiring within that ceiling or request a change through the Hiring Panel. Separate FTE Ceilings are required for:

3.4.6.1. Total FTE

3.4.6.2. Permanent Employee FTE

3.4.6.3. Non Permanent Employee FTE

3.5. When your request is received, your point of contact will be notified by email and asked to schedule a meeting with the Exception Review Panel. Instructions for scheduling the meeting will be included in the receipt confirmation email.

3.6. Bureaus and offices with approved delegations, may modify the exceptions listed in paragraph 1.2.

4. REQUESTS FROM THE IMMEDIATE OFFICE OF THE SECRETARY (IOS)

4.1. Requests for exceptions from the IOS are prepared as outlined in paragraph 2 and are processed as in displayed in the flow chart at Attachment 2.

4.2. IOS requests must include the Coordination Sheet at Attachment 3.

4.3. After approval by the Deputy Chief of Staff, the originating office scans the entire package (including the coordination sheet) and emails the request to ralph_charlip@ios.doi.gov. Paper copies are not required.

5. REQUESTS FROM THE OFFICE OF THE SECRETARY (OS) EXCLUDING THE IOS

4.1. Requests for exceptions from the OS are prepared as outlined in paragraph 2 and are processed as in displayed in the flow chart at Attachment 4.

4.2. OS requests must include the Coordination Sheet at Attachment 5.

4.3. After approval by the PMB Chief of Staff, the originating office scans the entire package (including the coordination sheet) and emails the request to ralph_charlip@ios.doi.gov. Paper copies are not required.

6. MONTHLY FTE REPORT

6.1. The spreadsheet (Attachment 6) has embedded formulas. Once you enter the FTE Ceilings in the top left box, the numbers will automatically populate the appropriate rows and fiscal year. When you enter your actual numbers as of the last calendar day of the month, the spreadsheet will automatically calculate the difference. If your “actual” exceeds your “target”, the color of the “difference” cell will change to red. You must provide a narrative explanation in a separate Word document for any cell that turns red.

6.2. Your Total FTE Ceiling must match the FTE included in your budget operating plan for the appropriate year.

6.3. Emailed reports are due by the 5th of the month for the prior calendar month. Reports are sent to ralph_charlip@ios.doi.gov.

ATTACHMENTS

1. Exception Template



EXCEPTION REQUEST
FORMAT 20 Mar 13.d

2. IOS Flow Chart



IOS Hiring Freeze
Waiver Process.pptx

3. IOS Coordination Sheet



IOS HIRING FREEZE
EXEPTION REQUEST C

4. OS Flow Chart



OS Hiring Freeze
Waiver Process.pptx

5. OS Coordination Sheet



OS HIRING FREEZE
EXEPTION REQUEST C

6. FTE Report



FTE Report.xlsx



United States Department of the Interior

OFFICE OF NATURAL RESOURCES REVENUE

Washington, DC 20240

MAR 22 2013

State of Wyoming
State Treasurer's Office
200 West 24th Street
Cheyenne, WY 82002
Attn: Darla Conn

Dear Madam/Sir:

As you are probably aware, the President issued a sequestration order on March 1, 2013, in accordance with the Balanced Budget and Emergency Deficit Control Act, as amended. This order reduced budgetary authority for Fiscal Year 2013 by approximately \$85 billion for all Federal accounts. As a recipient of monthly mineral revenue payments from the Office of the Natural Resources Revenue (ONRR), we wanted to provide you with information about the impact of the sequestration order on your State's payments. The enclosed table shows your State's share of the sequestration reductions by account based upon your State's FY 2012 disbursement in relation to the total FY 2012 State disbursements.

We plan to withhold the reduction in five equal installments beginning in March 2013 and concluding at the end of July 2013. Based upon revenue collections for the remainder of FY 2013, adjustments to the July 2013 installment may be required. There is also a possibility that recoveries would continue into August and September if mineral revenue receipts do not occur as projected. We will provide ongoing communication about planned disbursements and any adjustments that will be necessary for July, August and September of 2013.

The ONRR accounting staff is prepared to answer any questions that you may have about the enclosed table or the process for issuing payments for the remainder of the year. Please contact Robert Prael at (303) 231-3217 or Paul Knueven at (303) 231-3316 for assistance.

Sincerely,

Gregory J. Gould
Director

Enclosure

U.S. Department of the Interior
 Office of Natural Resources Revenue
 Financial Program Management
 Sequestration Transparency Act of 2012 Reductions
 For the State Of WYOMING
 (in Dollars)

Description	Mineral Leasing and Associated Payments - ONRR
Fiscal Year 2012 Disbursements	995,169,510.01
Percent of Total Fiscal Year 2012 State Payments	48.6628782177%
Account Sequester Amount	109,081,527.00
Fiscal Year 2013 Sequester Allocation	53,082,210.64
Planned Monthly Sequester Amount for March through July 2013	10,616,442.00



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

March 15, 2013

Memorandum

To: Director, Office of Natural Resources Revenue
Bureau of Land Management - Assistant Director, Business and Fiscal Resources
Bureau of Ocean Energy Management – Chief, Budget and Program Coordination
Division
Bureau of Safety and Environmental Enforcement – Assistant Director for
Administration

From: Director, Office of Budget *Adrienne Shroder for DF*

Subject: Execution of Departmental Management Mandatory Accounts Under Sequester

This memorandum clarifies the treatment of disbursement accounts subject to sequestration as identified in the March 1, 2013, OMB Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013. The guidance provided is consistent with direction on the execution of the sequester reductions in OMB Bulletin 13-06. The amounts as identified in the March 1, 2013 sequester report pertaining to the Office of Natural Resources Revenue and the Bureau of Land Management are identified in the table below. ONRR and BLM shall take steps to sequester funds in the accounts and amounts as identified in the table.

Departmental Management Mandatory Mineral Receipt Accounts (Listed by Program, Project and Activity Level, Whole Dollars)				
Name of Account as Listed in the OMB Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013	Budget Account/ Treasury Account	Amount Available for Sequestration	Sequester Percentage	Sequester Amount
Mineral Leasing and Associated Payments -- ONRR	010-84-5003/ 14X5003	2,138,853,474	5.1	109,081,527
Mineral Leasing and Associated Payments -- BLM	010-84-5003/ 14X5003	5,331,000	5.1	271,881
Mineral Leasing and Associated Payments -- ONRR	010-84-5003/ 14X5134	19,526	5.1	996
National Petroleum Reserve, Alaska	010-84-5045/ 14X5045	2,710,000	5.1	138,210
National Forests Fund, Payment to States	010-84-5243/ 14X5243	8,681,000	5.1	442,731
Leases of Lands Acquired for Flood Control, Navigation, and Allied Purposes	010-84-5248/ 14X5248	19,395,000	5.1	989,145
Geothermal Lease Revenues, Payment to Counties	010-84-5574/ 14X5574	4,000,000	5.1	204,000
Total		2,178,990,000		111,128,490

To take effect with the March 2013 payments, ONRR and BLM should withhold the sequestered amount from each account identified above to be derived from an equitable withholding of funds from recipients for each program, project, and activity level (PPA). Both ONRR and BLM should develop rates of monthly withholding to achieve an equitable annual percentage based on FY 2012 disbursements from each recipient to the extent practicable. The full amounts for withholding should be achieved by July 31, 2013, to leave time for any necessary account reconciliation needed before the end of the fiscal year. Where applicable, the sequester amount is withheld after the Net Receipts Sharing deduction is applied.

The inspection fees and offsetting rental receipts collections that ONRR collects and transfers to the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) are subject to sequestration. The sequester reductions, however, shall take place once the funds have been transferred to BOEM and BSEE and is their responsibility to execute. The funds should be transferred as follows:

- Inspection Fee Collections: ONRR should transfer inspection fee revenue in amounts not to exceed \$62,000,000 to BOEM. BOEM will then utilize the authority provided by Division E section 112 of P.L. 112-74 to transfer the funds to BSEE.
- Offsetting Rental Receipt Collections: ONRR should transfer offsetting rental receipts in amounts not to exceed \$52,587,000 to BSEE and \$98,993,000 to BOEM.

The following transfers do not represent ONRR budget authority and are exempt from sequestration by ONRR:

- Transfers of offsetting rental receipts and inspection fee revenue to BOEM and BSEE,
- Transfers of Indian Trust revenues,
- Transfers of the States' share of revenues under Section 8(g) of the Outer Continental Shelf Lands Act,
- Transfers to the Department of Energy, and
- Transfers to other funds within Treasury, such as the Reclamation Fund, National Forest Fund, National Wildlife Refuge Fund, Taylor Grazing Act Fund, National Grasslands Fund, BLM Permit Processing Improvement Fund, the Land and Water Conservation Fund and the Historic Preservation Funds.

ONRR should continue to execute these transfers at their full amounts as prescribed by applicable laws and regulations.

The annual Gulf of Mexico Energy Security Act (GOMESA) disbursement from account 010-06-5535, previously held per Department guidance issued on October 18, 2012, is not subject to sequestration since the amount shown in the President's budget rounds to zero. The annual GOMESA disbursement may be made in March 2013.

ONRR and BLM are responsible for withholding the amounts identified in this memorandum. In addition, they are responsible for tracking amounts withheld by recipient so disbursements can be made in full or in part, should subsequent Congressional action amend or reverse the sequester implemented in accordance with the Balanced Budget and Emergency Deficit Control Act as amended. Responsibility for the control and potential sequestration of funds transferred to other Federal agencies lies with those

agencies. In addition, disbursements from any of these accounts processed by other entities within the Department of the Interior are the responsibility of those entities; including the responsibility to comply with sequestration.

The sequester amounts withheld from each of the accounts identified should be held in a custodial clearing account until further guidance is issued on the final disposition of those amounts.

cc: Budget Officer, Bureau of Indian Affairs

Acquisition, Financial Assistance and Property Management Guidance Related to Federal Budget Reductions

1. What are some general guidelines for handling purchases, property and cooperative agreements in a reduced budget situation?

- Defer new contract awards, including exercising options, until adequate funds are available.
- Validate the requirements to be sure you are buying the minimum needs of the government.
- If possible and appropriate, reduce the quantity of goods or services being purchased.
- Explore alternate methods for acquiring items at little or no cost, such as searching the Interior Asset Disposal System (IADS) or GSAXcess® for surplus equipment or property. If feasible, purchase a used item rather than new.
- Use acquisition vehicles such as GSA and DOI Strategic Sourcing contracts, which have been pre-negotiated to achieve lower prices.
- Use contract types that allow more flexibility in the level of support, such as time and materials or labor hour contracts. Use pricing tools such as reverse auctions to ensure adequate price competition.
- For construction or maintenance and repair contracts, ensure that the contract and work schedules are established with logical milestones in case work needs to be stopped.
 - For example, set a milestone at the point when the building foundation is completed or other similar logical work segment.
 - Use value analysis on projects over \$500,000 to identify less costly ways to complete the work.
 - Continue the focus on addressing health and safety deficiencies, and prioritize those maintenance or rehab projects that will cost more to fix in the future (i.e., don't neglect the leaking roof).
- If you must reduce or stop work on existing contracts, look at large service contracts first. Talk with the contractors about ways they could lower the cost - they want their employees to be able to keep working too. Discuss logical stopping points where the costs of demobilizing and remobilizing will be diminished.
- Before you award cooperative agreements, ensure that the Federal portion of the arrangement can be fulfilled. If the agreement is for work that will be conducted jointly with government employees, those employees must be available to participate on the project at the level stipulated in the agreement.
- Use the most recent inventory of your motor vehicle fleet, and evaluate whether you need that number and type of vehicle. For example, many vehicles are used by seasonal employees for field work. If you are reducing seasonal hiring, you may not need as many vehicles.
 - Identify underutilized vehicles;
 - Identify areas with large vehicle concentrations;
 - Identify GSA and commercially leased vehicles which may be eligible for turn-in; and
 - Excess/dispose of vehicles that are not needed.

- Little things add up –
 - Print less or not at all. If you must, print on both sides of the paper in black ink only and use “draft” or similar settings to minimize use of toner.
 - Use overnight shipping only when it is really needed. Ship by ground, or use USPS.
 - Work with facility managers to adjust the temperature in your buildings to save money on utilities. A few degrees can result in meaningful savings.
 - Turn off lights in areas not in use.
 - Carefully manage charge card use. Consider lowering monthly spending limits, and deactivate purchase authority for cardholders who may be furloughed or who will not be conducting their usual level of field work. Your bureau charge card coordinator can provide regular reports of card use and spending levels.

2. How does a reduction or elimination of Federal funding impact discretionary financial assistance programs?

For financial assistance programs that are funded through annual appropriations, budget reductions could cause reductions or curtailment of bureau/office activities and services. Your bureau sequester plan will identify which programs will need to be reduced and whether awards must be delayed or deferred. It will be important to coordinate with recipients that rely on access to Federal facilities and the availability of Federal staff to perform their activities.

New assistance agreements should include the following clauses to convey limitation upon availability of appropriations and incremental funding considerations:

(a) This award is incrementally funded. Only \$(INSERT AMOUNT) of the amount indicated on the face of this award is available for payment at this time. Additional funding increments may be added as they become available without any action required by the Recipient. The Recipient will be given written notification of additional funding increments by the Awarding Official.

(b) The Recipient agrees not to exceed the total amount of available incremental funding. The Government is not obligated to reimburse the Recipient for the Recipient's expenditure of amounts in excess of the total available incremental funding nor is the Recipient obligated to continue performance beyond the incrementally funded amount. The obligation of funds for future incremental payments shall be subject to the availability of funds.

3. What actions should a financial assistance manager take if funding is reduced or eliminated?

Consult with your program manager and Bureau Budget Officer to define the adjusted scope of the program and identify which elements of the program, if any, can continue. Financial assistance managers should notify recipients of the potential need to deobligate funds that have been obligated but not yet expended. It may be necessary to negotiate de-scoping, restructuring, or partial or complete termination of an agreement.

4. How does a budget reduction impact mandatory assistance programs?

In general, formula grants must allocate the available (though reduced) funding using the required distribution formula. Please consult with your Bureau Budget Officer for guidance on mandatory programs.

5. What actions should a contracting officer take if funding is reduced or eliminated?

Contracting Officers (COs) should review all of their contracts to ensure that they include the following Federal Acquisition Regulation (FAR) clauses:

- **Availability of Funds** clause at FAR 52.232-18,
- The appropriate **Termination for the Convenience of the Government** clause at FAR 52.249-1 through 5, **and**, as appropriate,
- **Suspension of Work** clause at FAR 52.242-14 (mandatory in fixed price construction and architect-engineering contracts) **or**
- **Stop-Work Order** clause at FAR 52.242-15 (optional in contracts for supplies, services, or research and development)
- The appropriate **Changes** clause at FAR 52.243-1 (fixed price) or FAR 52.243-2 (cost-reimbursement)
- **Limitation of Funds/Limitation of Government Obligations Clause**

Terminations for convenience, stop-work orders, and suspension orders may be issued only if the contracts contain the appropriate clause. When appropriate, stop-work and suspension orders are preferable to terminations because they keep the contract active and avoid termination costs as well as the need for a re-procurement action.

If the above clauses are not already included in contracts that will need to be reduced or curtailed, then the contracts should be modified on a bilateral basis to incorporate the appropriate clause(s).

COs may draft stop-work and suspension of work templates in advance for possible use in contracts that will need to be reduced. For example, a stop-work order may need to be issued for contractor support services that will be suspended if funding is not sufficient to continue work. Sample letters related to work stoppage and suspension will be provided to Bureau Procurement Chiefs.

COMMUNICATION WITH RECIPIENTS AND CONTRACTORS
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6. What communications with assistance recipients and contractors are allowed?

Contractors and recipients should be told that they will be notified in writing whether their awards are affected by funding reductions. Sample letters will be provided to the Bureau Procurement Chiefs.

Where feasible, contractors and recipients should be asked to suggest ways to reduce the scope and costs of their contracts, grants or cooperative agreements. Any stop-work or suspension orders or notices to a contractor must be made in writing by a contracting officer.

If work must cease on a contract or financial assistance award, you may not suggest that the contractor or recipient continue to work, allow them to volunteer their services, or suggest that if they continue working they will be paid retroactively.

7. If a contractor continues performance on a contract, will there be a delay in receiving payments for work performed?

Possibly. Because personnel required to process payments may be affected by funding reductions, delays in processing invoices and payments may result. Please consult your Bureau Finance Officer.

8. If a contract is subject to the availability of funds and a contractor continues to work at its own risk, will it be paid?

Contractors are strongly cautioned against continuing to work at their own risk, because there is no way to predict whether the work performed will be funded if the program is affected by mandatory budget reductions. As noted, you may not suggest that the contractor or recipient continue to work, allow them to volunteer their services, or suggest that if they continue working they will be paid retroactively. Accepting work without funds being available may create AntiDeficiency Act issues and reporting.

<p>PROCEDURES FOR CONTRACT AND ASSISTANCE AWARDS AFTER BUDGET REDUCTIONS ARE ENACTED</p>

9. Do federal and agency policies and guidance (such as FAR, DIAR, DIAPRs, 2CFR, DIGs) apply to contracting and financial assistance if budget reductions are enacted?

Yes.

10. Who has contracting or assistance authority if budget reductions are enacted?

Only warranted contracting officers have authority to sign contract actions. A designated award official must sign grants or cooperative agreements.

11. May I award new contracts?

Yes, if the contract is for goods and services that are required and you have secured approval for the action, in accordance with your bureau sequester plan.

Multi-year or other contracts that require newly obligated funds should not be awarded without express permission of your Bureau Budget Officer. Contract extensions, exercise of renewal options, or any other new contract may not be executed until it is approved in accordance with the bureau sequester plan.

12. What about inspection/acceptance and receipt of deliverables?

If budget reductions are enacted, Federal facilities may be closed and employees furloughed. Therefore, regular deliveries of supplies and services may need to be rescheduled or suspended until normal activities resume or until further notice. Contractors should be informed of the budgetary situation and instructed to deliver goods or services based on the availability of Federal employees and access to Federal facilities. As with all correspondence, the contract files should document the telephone calls and emails between the contracting officer and the contractor. If budget reductions are enacted, larger or more sensitive contracts may need to be deferred or modified to revise the delivery schedule.

13. Will contractors and recipients be paid during a sequester?

Contractors will be paid for work performed or items delivered, but payments may be processed more slowly than usual. Unless notified that funds are being limited, Recipients will have access to funds for drawdown as specified in their grant or cooperative agreement.

14. How will contractors and recipients communicate with Interior if budget reductions are enacted?

To the extent possible, work schedules should be arranged to ensure that staff are on hand to communicate with contractors and assistance recipients. We recommend that bureaus appoint alternate contracting officers, contracting officer representatives, and awarding officials where needed to provide a communications point of contact.

SYSTEMS AND REPORTING

15. Must I report contract and assistance awards if budget reductions are enforced?

Yes. If you award a contract action you must report it to the Federal Procurement Data System in accordance with FAR 4.6, and DIAPR 2008-08. Financial assistance awards must be reported through FBMS for submission to USASpending.

16. Will system support be available?

Yes. If you have issues reporting contract actions to FPDS you may contact the FPDS Support desk at 703-390-5360, or via email at fpdssupport@gcefederal.com.

Other Systems

17. Will SAM, ESRS, FSRS, FBO, PPIRS, CPARS, Grants.gov and CFDA be available during the sequester?

Yes. We expect government-wide systems to be available. However, wait times for assistance from the Federal Service Desk may increase. Please visit <https://www.fsd.gov/> for assistance.

18. Must I use these systems during the shutdown?

Yes. FAR, 2CFR and other Federal and Departmental policies will still apply as they relate to the procurement and assistance notice and award processes, and the use of these systems.

CHARGE CARD

19. Will the GSA SmartPay Card function if funding is reduced or eliminated?

Yes. Government-issued charge cards will continue to operate normally and J.P.Morgan will continue to provide service in accordance with the GSA SmartPay 2 Master Contract. Bureau managers and A/OPCs should remind cardholders that GSA SmartPay cards may only be used to support approved, funded activities or functions.

20. Will the travel and fleet charge cards still function, too?

Yes. The travel card will still function and vehicles can still be fueled using the fleet card, so no one will be “stranded” due to a non-functioning card. However, bureaus have been asked to limit travel to the minimum needed to support their mission. Travelers are required to pay their charge card bills whether or not their travel voucher has been paid.

21. What about automatic payments for subscriptions or recurring services?

Cardholders should pay particular attention to “automatic” payments they have established with vendors using their purchase cards. In order to prevent improper or unauthorized purchases associated with functions that are no longer funded or reduced, A/OPCs and cardholders should review these scheduled payments and take action to halt or modify them, if appropriate.

SUSPENSION AND DEBARMENT

22. For any Federal procurement or nonprocurement award activities which may be carried out after budget reductions are enacted, must the provisions of FAR 9.4 and 2 CFR Part 180 still be followed?

Yes. Any new awards must only be made to responsible vendors or recipients.

FLEET

23. What happens to fleet management operations in the event budgets are reduced (i.e., non-law enforcement, security and emergency response)?

In the event funding is reduced, fleet management operations and uses of Departmental (both owned and GSA-leased) vehicles must be reduced. Immediately upon notification of a reduction of funding, employees using government vehicles should consult with their administrative officer as to continued use of the vehicle.

24. What happens if I am using a government provided vehicle for travel in support of a program that loses some of its funding?

DOI employees on TDY travel must follow the guidance provided by the Office of Financial Management regarding official travel. As it relates to the government provided vehicle, if funding for the travel is not

continued, the employee must return the vehicle, keys, and fleet card to the appropriate government facility. If funding is reduced, travel plans should be amended.

25. What if I have authorization for home-to-work use for a program where funding has been reduced?

In the event of a loss of funding, all non-expected home-to-work authorizations are suspended. Please check with your office manager as a reduction in funding may not result in suspension.

26. Can I use the Government Fleet card in the event of a funding reduction?

Government provided fleet cards are only to be used for approved fleet management operations as determined in advance by your bureau/office. Uses for operations not expressly authorized are not approved, with the exception of using the fleet card to return vehicles to a government facility immediately upon notification. Funding reductions may not necessitate return of the vehicle; please check with your manager.

Office of Natural Resources Revenue
FY 2013 Sequestration
Mandatory Mineral Receipt Accounts
(Whole Dollars)

State*	Total Sequester Amount
Alabama	217,731
Alaska	603,381
Arizona	759
Arkansas	98,739
California	5,500,974
Colorado	8,417,896
Florida	28,853
Idaho	245,792
Illinois	10,717
Indiana	187
Kansas	70,871
Kentucky	20,547
Louisiana	347,677
Michigan	16,763
Minnesota	487
Mississippi	110,102
Missouri	129,602
Montana	2,520,706
Nebraska	1,470
Nevada	630,685
New Mexico	26,038,169
North Carolina	7
North Dakota	3,222,598
Ohio	11,798
Oklahoma	283,862
Oregon	22,335
Pennsylvania	2,741
South Carolina	59
South Dakota	101,724
Texas	324,742
Utah	8,780,195
Virginia	1,877
Washington	728
West Virginia	9,626
Wyoming	53,082,211
Grand Total	110,856,609

*State totals include the sum of county withholdings for geothermal payments.

OFFICE: Office of Natural Resources Revenue
MEMBER: General Interest
ISSUE: Impact of Sequestration on Disbursements

Key Points:

- The following ONRR receipt accounts are subject to sequester:
 - Minerals Leasing Act (MLA) Payments,
 - National Petroleum Reserve-Alaska (NPRA),
 - Forest Service Lands State Share,
 - Flood Control Act Lands
 - GoMESA (State/CPS), and
 - Geothermal-County Share.
- ONRR is in discussions with the Department regarding whether Outer Continental Shelf § 8(g) disbursements are subject to sequester.
- Until a final sequester percentage is determined by OMB, DOI agencies have been directed to use a 5% sequester plug amount for both mandatory and discretionary programs in their planning processes.
- If the 5% plug is applied to the estimated \$2.2 billion to be disbursed in FY 2013, states, counties, and coastal political subdivisions would lose \$109 million.
- While unit-level estimates are not available for FY 2013, if the 5% sequester plug is applied to FY 2012 disbursements, the largest cuts would have been felt in Wyoming (\$49.8 million); New Mexico (\$24.4 million); Utah (\$8.2 million) and Colorado (\$7.9 million). This analysis applies the sequestration percentage to cumulative actual FY 2012 disbursements to each state and assumes that 8(g) disbursements are subject to sequester. The actual mechanics of implementation could affect the distribution of cuts and proportion of actual disbursements.

Background:

- The American Taxpayer Relief Act of 2012 (P.L. 112-240) requires the President to issue a sequestration order on March 1, 2013, unless Congress takes action to avoid it.

Current Status:

- ONRR is working with the Department to develop contingency plans related to operations for the duration of FY 2013 and potential sequestration.
- ONRR is currently operating under direction from POB regarding disbursements under the current continuing resolution (P.L. 112-175).

Prepared by: Gregory J. Gould, Director, Office of Natural Resources Revenue
202-513-0600

Date: February 1, 2013

Grants and Payments Schedule

Department of the Interior

Name of Program/Activity	Account	PPA	Total Number of Grants estimated to award FY 2013	Total Dollar Value of Grants Payments FY 2013	Recipient: Federal, State, Local, Tribal, Non-Profit, Other (Attach list of Recipients)	Rate of Payment (lump sum, monthly, quarterly, semiannual, or other)	If periods are equal	If Lump Sum, Date of Customary Deadline	Is Payment Amount or Date Required by Statute	If Statutory Allocation Deadline is Later Than the Customary Deadline, What is the Date	If you had to recoup overpayments and redistribute this fiscal year, what is the latest date that you could recoup payments?	Note (also, provide a brief description of the use of the grant / payment (i.e., to support State / local general government operations?))
BUREAU NAME												
Discretionary												
Mandatory												
Geothermal Lease Revenues, Payment to C	010-94-5574	disbursements		4	States/Countries	monthly	No - Payments are based on a percentage of receipts		yes		Sept 1, 2013 in an amount not to exceed the Sept payment.	To be used as the legislature directs giving priority to those subdivisions of the State that are socially or economically impacted by the development of minerals leased, for (1) planning, (2) construction and maintenance of public facilities, (3) provision of public service.
Leases of Lands Acquired for Flood Control	010-94-5248	disbursements		29	States/Countries	monthly	No - Payments are based on a percentage of receipts		yes		Sept 1, 2013 in an amount not to exceed the Sept payment.	To be used as the State legislature may prescribe for the benefit of public schools and public roads of the county or counties in which such property is situated, or for defraying any of the expenses of county government in such county or counties, including public buildings, bridges, and other public works.
National Petroleum Reserve, Alaska	010-94-5045	disbursements/royalties		3	States	semi-annual - rents & bonuses; Monthly royalties	No - Payments are based on a percentage of receipts		yes		Sept 1, 2013 in an amount not to exceed the Sept payment.	To be used for (1) planning, (2) construction, maintenance, and operation of essential public facilities; and (3) other necessary provisions of public service, giving priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas resources.
Mineral Leasing and Associated Payments	010-94-5003	disbursements		2,017	States	monthly	No - Payments are based on a percentage of receipts		yes		Sept 1, 2013 in an amount not to exceed the Sept payment.	To be used by the State for the purposes of planning, for the benefit of public schools and public roads of the county or counties in which such National Forest is situated. (CFDA 15.437)
National Forests Fund, Payment to States	010-94-5243	disbursements		8	States	monthly	No - Payments are based on a percentage of receipts		yes		Sept 1, 2013 in an amount not to exceed the Sept payment.	To be used as the state legislature prescribed for the benefit of the public schools and public roads of the county or counties in which such National Forest is situated. (CFDA 15.438)
States Share from Certain Gulf of Mexico Lx	010-06-5535	disbursements		0	States	Annually, during the Fiscal year following the Fiscal year of collection.	No - Payments are based on a percentage of receipts collected.		yes		Sept 1, 2013 in an amount not to exceed the Sept payment.	only for 1 or more of the following purposes: A) Projects and activities for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses; B) mitigation of damage to fish, wildlife or natural resources; C) implementation of a federally-approved marine, coastal or comprehensive conservation management plan; D) mitigation of the impact of Outer Continental Shelf activities through the funding of onshore infrastructure projects; E) Planning assistance for the administrative costs of complying with this section. (2) Limitation: Not more than 3 percent of amount received may be spent on planning assistance and compliance administrative costs. (CFDA 15.439)

U.S. DOI/ONRR
 FPM/FM/AS
 FY2013 Sequestration Amounts

5003 Amt Due

Account 5003 Disbursements by State State	Sequestration Allocations Based on FY 2012 Disbursements	State/County	109,082,523.00
Alabama	0.001860846646	AL	202,985.85
Alaska	0.004264434136	AK	465,175.23
Arizona	0.000005906237	AZ	644.27
Arkansas	0.000522701764	AR	57,017.63
California	0.049411653570	CA	5,389,947.84
Colorado	0.077165494394	CO	8,417,406.82
Florida	0.000264509364	FL	28,853.35
Idaho	0.002219375958	ID	242,095.13
Illinois	0.000000025726	IL	2.81
Kansas	0.000646346205	KS	70,505.07
Kentucky	0.000000007790	KY	0.85
Louisiana	0.002471852475	LA	269,635.90
Michigan	0.000122438365	MI	13,355.89
Minnesota	0.000000006391	MN	0.70
Mississippi	0.000012876611	MS	1,404.61
Missouri	0.000000000000	MO	0.00
Montana	0.023108463537	MT	2,520,729.51
Nebraska	0.000013471708	NE	1,469.53
Nevada	0.005102989895	NV	556,647.01
New Mexico	0.238700672670	NM	26,038,071.62
North Dakota	0.023155402331	ND	2,525,849.71
Ohio	0.000004961790	OH	541.24
Oklahoma	0.002512608840	OK	274,081.71
Oregon	0.000167822109	OR	18,306.46
Pennsylvania	0.000000000274	PA	0.03
South Dakota	0.000932477341	SD	101,716.98
Texas	0.000302997423	TX	33,051.72
Utah	0.080395101624	UT	8,769,700.52
Virginia	0.000000068997	VA	7.53
Washington	0.000005610529	WA	612.01
West Virginia	0.000000093123	WV	10.16
Wyoming	0.486628782177	WY	53,082,695.31
5003 Total	1.000000000000		109,082,523.00

U.S. DOI/ONRR
 FPM/FM/AS
 FY2013 Sequestration Amounts
 Account 5045 Disbursements by State

<u>State</u>		5045 Amt Due
		138,210.00
Alaska	1.000000000000 AK	138,210.00
5045 Total		

Account 5243 Disbursements by State

<u>State</u>		5243 Amt Due
		442,731.00
Alabama	0.031743902979 AL	14,054.01
Arkansas	0.064872430128 AR	28,721.04
Idaho	0.000019382518 ID	8.58
Indiana	0.000422336175 IN	186.98
Kentucky	0.045016616249 KY	19,930.25
Louisiana	0.139877248936 LA	61,927.99
Michigan	0.007696980548 MI	3,407.69
Minnesota	0.001098597680 MN	486.38
Mississippi	0.235868504920 MS	104,426.30
Missouri	0.292191029041 MO	129,362.04
North Carolina	0.000015108228 NC	6.69
Ohio	0.006933305513 OH	3,069.59
Oklahoma	0.004400211211 OK	1,948.11
Pennsylvania	0.000847541001 PA	375.23
South Carolina	0.000132979182 SC	58.87
South Dakota	0.000017211906 SD	7.62
Texas	0.163172149748 TX	72,241.37
Virginia	0.002124112652 VA	940.41
West Virginia	0.003550351384 WV	1,571.85
5243 Total		442,731.00

U.S. DOI/ONRR
 FPM/FM/AS
 FY2013 Sequestration Amounts
 Account 5248 Disbursements by State

5248 Amt Due
989,145.00

State		
Alabama	0.000700584015 AL	692.98
Arkansas	0.013143807191 AR	13,001.13
Colorado	0.000549818846 CO	543.85
Illinois	0.010831864414 IL	10,714.28
Indiana	0.000000000000 IN	0.00
Kansas	0.000370168447 KS	366.15
Kentucky	0.000622153313 KY	615.40
Louisiana	0.016292721648 LA	16,115.86
Mississippi	0.004317546010 MS	4,270.68
Missouri	0.000242695089 MO	240.06
North Dakota	0.704417434640 ND	696,770.98
Ohio	0.008277184236 OH	8,187.34
Oklahoma	0.006913422200 OK	6,838.38
Pennsylvania	0.002391518783 PA	2,365.56
Texas	0.221857246028 TX	219,448.99
Virginia	0.000939095953 VA	928.90
West Virginia	0.008132739188 WV	8,044.46
5248 Total	1.000000000000	989,145.00

U.S. DOI/ONRR
 FPM/FM/AS
 FY2013 Sequestration Amounts
 Account 5574 Disbursements by County

5574 Amt Due
204,000.00

<u>County</u>		
Beaver County, UT	0.0207669312 G01	4,236.45
Blaine County, ID	0.0001087832 G35	22.19
Camas County, ID	0.0000821589 G36	16.76
Cassia County, ID	0.0033484106 G18	683.08
Churchill County, NV	0.2499848611 G12	50,996.91
Deschutes County, OR	0.0106834086 G28	2,179.42
Dona Ana County, NM	0.0003878813 G10	79.13
Elko County, NV	0.0080692804 G20	1,646.13
Esmeralda County, NV	0.0157965943 G13	3,222.51
Eureka County, NV	0.0038326477 G14	781.86
Gunnison County, CO	0.0000000000 G43	0.00
Hidalgo County, NM	0.0012558661 G11	256.20
Humboldt County, NV	0.0194765637 G22	3,973.22
Imperial County, CA	0.0044797046 G02	913.86
Inyo County, CA	0.0452524182 G03	9,231.49
Iron County, UT	0.0003408719 G23	69.54
Juab County, UT	0.0201458236 G34	4,109.75
Lake County, CA	0.2046194887 G04	41,742.37
Lake County, OR	0.0085180937 G32	1,737.69
Lander County, NV	0.0190198330 G15	3,880.05
Lassen County, CA	0.0038267877 G05	780.66
Lyon County, NV	0.0022184237 G19	452.56
Mendocino County, CA	0.0002016993 G33	41.15
Millard County, UT	0.0105820480 G27	2,158.74
Mineral County, NV	0.0089417403 G31	1,824.12
Mono County, CA	0.0063231531 G06	1,289.92
Nye County, NV	0.0018033803 G16	367.89
Pershing County, NV	0.0250124144 G21	5,102.53
Siskiyou County, CA	0.0082189117 G09	1,676.66
Sonoma County, CA	0.2715642991 G07	55,399.11
Washington County, ID	0.0027076119 G30	552.35
Washoe County, NV	0.0063919864 G17	1,303.97
Whatcom County, WA	0.0005672458 G38	115.72
White Pine County, NV	0.0024103070 G29	491.70
Chaffee County, CO	0.0001075730 G37	21.94
Greenlee County, AZ	0.0005628810 G39	114.83
Hood River County, OR	0.0005453950 G40	111.26
Payette County, ID	0.0113675916 G41	2,318.99
Canyon County, ID	0.0003426657 G42	69.90
Modoc County, CA	0.0000000000 G08	0.00
Bonneville County, ID	0.0000107815 G24	2.20

U.S. DOI/ONRR
FPM/FM/AS
FY2013 Sequestration Amounts

BinghamCounty, ID	0.0000089850 G25	1.83
Caribou County, ID	0.0001144980 G26	23.36
	1.0000000000	204,000.00



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

APR 12 2013

Memorandum

To: DOI Human Resources Officers
DOI Human Capital Officers

From: Thomas Mulhern 
Director, Office of Human Resources

Subject: Restriction on Monetary Awards during Sequestration

OMB Memo 13-05 states that discretionary monetary awards shall not be issued while the sequestration is in place unless issuance of the award is legally required. Monetary awards regarded as discretionary include, annual performance awards, group monetary awards and Special Thanks for Achieving Results (STAR) Awards. In addition Department of the Interior (DOI) bureaus and offices shall not use sequestered accounts to issue monetary awards unless it has been determined that the awards are legally required. Legal requirements include compliance with provisions in collective bargaining agreements governing awards.

In light of current budgetary constraints, certain types of incentives are not considered discretionary monetary awards but should only be used on a highly limited basis and in circumstances when they are necessary to maintaining the mission of DOI. These incentives include Quality Step Increases (QSiS); travel incentives recognizing employee savings on official travel; Recruitment, Retention, and Relocation incentives (3Rs); student loan repayments; and time-off awards. In addition, consistent with the policy set forth in the *Guidance on Awards for Fiscal Years 2011 and 2012*, jointly issued by the Office of Personnel Management (OPM) and OMB on June 10, 2011, spending for QSiS and 3Rs should not exceed the level of spending on such incentives for fiscal year 2010.

With respect to Federal political appointees, agencies should continue to follow the policy set forth in the August 3, 2010 Presidential Memorandum, *Freeze on Discretionary Awards, Bonuses, and Similar Payments for Federal Political Appointees*. OPM previously issued guidance on implementation of this memorandum.

Any questions should be directed to Darrell Hoffman at (202)208-6754 or Joy Buhler at (202)219-0811 with the Department of the Interior Office of Human Resources



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 20 2013

Memorandum

To: Assistant Secretaries
Heads of Bureaus and Offices

From:

Secretary

Ken Salazar

Subject: Preparations for Sequestration

I write this memorandum with a heavy heart as we prepare to implement the sequestration because of Congress' failure to act. The President's North Star has been to create good middle class jobs as Americans dealt with the most severe economic crisis since the Great Depression. Because Congress has not acted in a responsible way to prevent the sequester, the cuts to be implemented will have serious impacts on economic growth and jobs in the United States, and will impact our ability to deliver on our part of this agenda including job creation that comes from energy, tourism, conservation, and science. As part of this tragic yet avoidable crisis, our employees will be affected as we contemplate the need for thousands furloughs.

The President has stated that the sequester is bad policy and I agree. It will have a wide range of deleterious consequences for our mission and programs – negatively impacting all of our employees, constituents, and partners. The sequester is an across-the-board reduction that impacts activities without discretion and will reduce the level of direct services we provide to the American public. The sequester will compromise our ability to implement the President's all-of-the-above energy strategy due to reductions in oil, gas, and coal development programs. Middle-class Americans who expected to spend their summer vacations at our 398 national parks, 561 refuges, and over 258 public land units will encounter reduced hours, services, or even closures. Local communities and businesses that rely on these great outdoor places to support their livelihoods will face a loss of income from reduced visitation to national parks, refuges, and public lands. Basic community services supported by the grants and payments we make to states and counties throughout the country will be cut. We also anticipate reductions in the level of support services to Tribes, which again translates into reductions in basic services to millions of tribal members. Given our large footprint on the American landscape and the diverse constituency of our programs, we expect that impacts to the public will be felt in hundreds of communities around the Nation.

Over the last 4 years we have made great progress by working together to deliver on a bold agenda that is generating significant results and includes reforms of the oil and gas programs, creation of a renewable energy frontier, renewed commitments to conservation through America's Great Outdoors, a focus on job creation through greater support of the conservation economy, stronger relationships with Native Americans, and high employment levels of youth. The sequester will roll back many of these advances and reduce the capacity we so diligently constructed.

I want to ask for your assistance in preparing for the sequester that is planned for March 1, 2013. Nine days from today the President will release a report that identifies cuts to our budgets that will reduce our ability to continue ongoing programs. We are facing very difficult choices about how to administer these cuts. In addition, the reductions come half way through the fiscal year, limiting our ability to take the full range of actions we might have otherwise considered.

As we reluctantly move forward in the implementation of the sequestration, we must ensure that it is administered in a fair and transparent manner. Over the course of the next week, I ask that you dedicate resources to complete your implementation plans, begin taking actions to prepare your organization for the challenges to come, and help me to communicate the impacts of the sequester. We need to ensure that our actions are consistent and made with some certainty in the outcome in order to maintain our ability to fulfill our missions. There are immediate near term actions that we must take this fiscal year, but I also ask that you prepare for longer-term, far-reaching changes in future years.

I have asked the Assistant Secretary for Policy, Management, and Budget to lead us through the planning process and guide implementation in a manner that preserves our most important responsibilities, provides protection for life, health, and safety; and includes certainty for our employees. We are likely to have furloughs and we need to ensure that we are adequately prepared to notify our employees and negotiate with our unions.

As we move forward in this process, there are a number of actions that we need to make as a Department. We will impose a hiring freeze, reduce all but essential travel, and revisit the conference approval process and reduce and/or cancel our participation in these events. In addition, I expect that you will be able to identify non-essential contracts and other commitments that can be reduced.

We are entering a very difficult period due to the uncertainty of our budget. I will be working hard on your behalf to communicate the impacts of the sequester. I will rely on you to help me in that regard by having clear and definitive plans in place, moving forward in a consistent manner, and improving our understanding about the impacts of the sequester on your ability to perform important mission activities. Please work with me to identify these impacts in a way that communicates their relevance and importance to the American people.

Thank you for your help and leadership in these difficult times.

Sequestration – Application to the Program/Program/Activity (PPA)

Background:

Section 256(k)(2) of the Balanced Budget and Emergency Deficit Control Act provides:

“Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects, and activities within a budget account (with programs, projects, and activities as delineated in the appropriation Act or accompanying report for the relevant fiscal year covering that account, or for accounts not included in appropriation Acts, as delineated in the most recently submitted President’s Budget).”

Based on this statutory language, Bureaus and Offices must apply the sequester reductions in a proportional manner to each program, project, and activity. The sequester tables provided earlier in the week display the sequestrable amounts at the account level; this white paper provides Bureaus/Offices with the additional information necessary to distribute the sequester reduction *below* the account level.

Information on Application of PPAs:

For discretionary accounts, the PPAs are determined by the detail tables provided by the Appropriations Committees in the reports accompanying the annual appropriations bills. Bureaus and offices may delineate PPAs below this level. At a minimum, bureau and office PPAs must be in alignment with the detail tables from the Committees. In addition, sequestration must be appropriately applied to the different period of availabilities delineated in the appropriations language for each Treasury account.

EXAMPLE: The sample table below displays a methodology for applying the sequester amount proportionately between activities and periods of availability within an account.

Account Name:	DISCRETIONARY
Total FY13 BA Before Sequester (\$000)	5,031
Amount of Sequester Reduction (\$000)	252
% Reduction	5.0%

Activity/Subactivity/Budget Element	Period of Availability	6mo Operating Plan	Full Year Operating Plan	Reduction/ Increase to Reach Full Year CR	Net-Zero Transfers/ Realignments	Subtotal	% of Total BA	Sequester Reduction Per Activity/ Subactivity	Full Year Funding Available	Obligations 1st 6 months	Net Amount Available for Last 6 months
Activity 1	2013X	1,138.00	2,275.00	(25.00)		2,250.00	45%	(113.40)	2,136.60	750.00	1,386.60
Activity 2	2013-2014	878.00	1,755.00	(5.00)		1,750.00	35%	(88.20)	1,661.80	500.00	1,161.80
Activity 3	2013-2023	501.00	1,001.00	(1.00)		1,000.00	20%	(50.40)	949.60	250.00	699.60
Total		2,517.00	5,031.00	(31.00)	-	5,000.00		(252.00)	4,748.00	1,500.00	3,248.00

For mandatory accounts, the sequestration report is at the budget account level. Where budget accounts include multiple Treasury accounts, bureaus must apply the sequestration in a proportional amount to each applicable Treasury account. Within a Treasury account, if bureaus have multiple programs, the programs are each considered a PPA and must receive a proportionate amount of the sequestration based on the value of each program.

EXAMPLE: The sample table below displays a methodology for applying the sequester amount proportionately between Treasury accounts within a mandatory account and programs within a Treasury account.

Account Name:	MANDATORY
Total FY13 BA Before Sequester (\$000)	10,061
Amount of Sequester Reduction (\$000)	513
% Reduction	5.1%

Activity/Subactivity/Budget Element	Period of Availability	6mo Operating Plan	Full Year Operating Plan	Reduction/ Increase to Reach Full Year CR	Net-Zero Transfers/ Realignments	Subtotal	% of Total BA	Sequester Reduction Per Activity/ Subactivity	Full Year Funding Available	Obligations 1st 6 months	Net Amount Available for Last 6 months
Treasury Account 1	2013X	1,138.00	2,275.00	(25.00)		2,250.00	23%	(115.43)	2,134.58	750.00	1,384.58
Treasury Account 2	2013-2014	2,878.00	5,755.00	(35.00)		5,720.00	57%	(293.44)	5,426.56	1,950.00	3,476.56
Program w/in Treasury Account 2	2013-2014	850.00	1,700.00	(10.00)		1,690.00	30%	(86.71)	1,603.29	250.00	1,353.29
Program w/in Treasury Account 2	2013-2014	775.00	1,550.00	(9.00)		1,541.00	27%	(79.05)	1,461.95	500.00	961.95
Program w/in Treasury Account 2	2013-2014	1,253.00	2,505.00	(16.00)		2,489.00	44%	(127.67)	2,361.33	1,200.00	1,161.33
Treasury Account 3	2013-2023	891.00	2,031.00	(1.00)		2,030.00	20%	(104.14)	1,925.86	250.00	1,675.86
Total		4,907.00	10,061.00	(61.00)	-	10,000.00		(513.00)	9,487.00	2,950.00	6,537.00

For mandatory accounts with sequestrable administrative expenses in otherwise exempt accounts where several Treasury accounts are in a single budget account, the Bureau should identify what administrative expenses in each account are subject to sequestration and then apply the sequester amount proportionally to each Treasury account with administrative expenses.

Specific Instructions for Grants and Payments:

In cases where a statute or regulatory requirement establishes the distribution of the grant or payments (e.g. formula grants or payments), the sequester amount must be applied in a proportional amount to each grant or payment recipient (e.g. States, Tribes, counties, etc.).

In cases where grants are awarded through a competitive process, the amount sequestered in the program does not have to be proportionally applied to all grantee awards. The total grant awards should total the amount available to the program minus the sequestered funds.

Some Specific Examples:

- **Budget Account with Multiple Treasury Accounts:** The Mineral Leasing and Associated Payments (MLAP) account includes two Treasury accounts, an account for Mineral Leasing and Associated Payments and an account for Payments to Oklahoma. Under the above instruction, both Treasury accounts included in the budget account should be sequestered proportionally.
- **Treasury Account with Multiple Programs:** The Sport Fish Restoration account includes five program activities identified in the President’s Budget: Multi-State Conservation Grant program, Administration, Wildlife Restoration Grants, NAWCF, and Section 10 Hunter Education. Several of these programs award grants – some of which are by formula and some are competitive. Each of the programs in the account would have to take a proportional share of the sequester amount. For the grant programs, the formula grants would have to proportionally apply the sequester to each of the formula recipients, and the competitive grants would be awarded to the competitive grant applicant using funds available after sequester reductions are taken.



United States Department of the Interior
Office of the Secretary



March 7, 2013

To: All Principal Investigators of States and Tribes with Cooperative Agreements
under the Federal Oil and Gas Royalty Management Act, CFDA 15.427

Alaska	Monica French	monica.french@alaska.gov
Blackfeet	Charlene Mancha	cmancha@blackfeetnation.com
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Utah	Jennifer Casady	jcasady@utah.gov
Ute Tribe	Troy Thomas	TroyT@utetribe.com
Ute Mountain Ute	Barbera Rosenbaugh	brosenbaugh@utemountain.org
Wyoming	Steve Dilsaver	sdilsaver@wyo.gov

Dear States and Tribes,

As you are likely aware, due to the failure of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President was required by law to issue a sequestration order canceling approximately \$85 billion in budgetary resources across the Federal government for the remainder of the Federal fiscal year. As partners with the Department of the Interior (DOI), we are writing to provide you with timely and clear information about how these unfortunate budget cuts impact us, and in turn what it means for funds provided to your State or Tribe.

At this time, the DOI is taking every step to mitigate the effects of these cuts, but based on our initial analysis, it is possible that your State or Tribe's workforce, revenue, and planning processes may be affected. The Department will consider every available option to cut the required expenditures, while maintaining mission capabilities. Whenever possible or appropriate, we will seek to negotiate such changes and reductions through bilateral modifications.

As I learn more about the extent that your Cooperative Agreement is affected due to these budget cuts, I will contact you with additional details.

Thank you for your continued partnership with the Department of the Interior, and for your cooperation as we work together to manage these unfortunate circumstances.

Sincerely,

Sherri Glover
Contracting Officer



United States Department of the Interior
Office of the Secretary



Updated Talking Points (3/27/2013)

Sequestration of ONRR Managed Mineral Leasing Receipt Accounts: Impacts on Monthly Payments to States and Counties

DOI Official Statement from OCO: "The Department of the Interior's Office of Natural Resources Revenue (ONRR) this month notified impacted states and counties that monthly disbursements from energy production on public lands will be reduced the remainder of this fiscal year. The Budget Control Act of 2011, passed by Congress, mandates across the board, automatic 5.1 percent sequester. By law, royalty payments to states are not specifically exempt from the sequester. Cumulatively, approximately \$110 million will be withheld from states and counties where energy production occurs on federal lands during the remainder of the current fiscal year. ONRR recognizes the hardships this may impose on states, but it is obliged to fulfill its mission in compliance with the law."

- In September 2012, the Office of Management and Budget (OMB) issued the *OMB Report Pursuant to the Sequestration Transparency Act of 2012 (required by Public Law 112-155)*. This report listed accounts subject to sequestration, including the mineral receipt disbursement accounts managed by the Office of Natural Resources Revenue (ONRR), as well as estimated sequestration amounts.
- On February 1, 2013, the Secretary of the Interior sent a letter to Senator Mikulski outlining the impacts of the potential sequestration. This letter identified cuts in revenue sharing payments to states and local governments.
- In anticipation of sequestration, the Secretary of the Interior sent a letter to State Governors notifying them of the impacts of the impending sequestration. This letter included estimates regarding the sequestration of mineral leasing payments to states based on the September 2012 OMB report.
- In accordance with the Balanced Budget and Emergency Deficit Control Act, as amended, the President issued a sequestration order on March 1, 2013. This order reduced budgetary authority for Fiscal Year 2013 by approximately \$85 billion for all Federal accounts.
- In follow up, on March 1, 2013, the *OMB Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013* provided the total amounts to be sequestered for the following mineral receipt disbursement accounts as subject to sequestration:
 - Mineral Leasing Act and Associated Payments to States, including state payments made by ONRR as part of the Red River settlement and state payments made by the Bureau of Land Management (BLM) within this account (Budget Account 010-84-5003)
 - National Petroleum Reserve Payments to Alaska (Budget Account 010-84-5045)
 - National Forest Fund Payments to States (Budget Account 010-84-5243)
 - Leases of Lands Acquired for Flood Control, Navigation and Allied Purposes Payments to States (Budget Account 010-84-5248)
 - Geothermal Lease Revenue Payments to Counties (Budget Account 010-84-5574)

- The Department of the Interior's Office of Budget issued guidance to ONRR, BLM, the Bureau of Ocean Energy Management, and the Bureau of Safety and Environmental Enforcement regarding the "Execution of Department Management Mandatory Account Under Sequester" (see attached). The March 15, 2013, memo identified the amounts available for sequestration and the total sequester amounts for each account and instructed ONRR to:
 - Develop rates of monthly withholding to achieve an equitable annual percentage based on FY 2012 disbursements from each recipient;
 - Start the withholdings with the March 2013 payment;
 - Achieve the full amounts for withholding by July 31, 2013;
 - Withhold the amount after the Net Receipts Sharing deduction where applicable;
 - Track the amounts withheld by recipient; and
 - Hold the sequestered amounts in a custodial clearing account until final guidance is issued on disposition.
- The sequestration reduction by account is based upon each recipient's share of estimated receipts.
- Pursuant to Department guidance, ONRR calculated each recipient's (States and Counties) share of FY 2012 disbursements for each sequesterable account. For each account, the percentage share was then applied to the total sequestration amount to determine the amount to be withheld from each recipient.
- ONRR will withhold the sequestration reduction in five equal installments beginning in March 2013 and concluding at the end of July 2013. The March 2013 payment was scheduled by ONRR today and will be issued by Treasury tomorrow, Thursday, March 28th.

The total sequestration withholding calculated by ONRR (and included in the letters issued on March 22, 2013) for each recipient by account is attached.

ONRR Points of Contact

Media Affairs, Pat Etchart, 303-231-3162

Congressional Affairs, Anita Gonzales-Evans, 202-513-0607

Subject Matter Experts:

Budget, Jason Matthews, 303-231-3397

Financial Management, Bob Prael, 303-231-3217

Accounting Services, Paul Knueven, 303-231-3316

Reimbursable Sequester Plan: 2013 (Known/Estimated Reduction to Federal Reimbursable Agreements)

Bureau/Office: **Fish and Wildlife Service**
 Point of Contact: **Chris Nolin, 703-358-2343; Cathleen Deamer, 703-358-2574**

Step One: Determination of Surplus/Shortfall for each PPA

(\$000)		REIMBURSABLE BUDGET AUTHORITY						Reimbursable Obligations			Reimbursable Authority Available (Surplus / (Shortfall)) ⁶		
Account	PPA	FY 2013 Federal Reimbursable Agreements ¹	Known/Estimated Reduction to Federal Reimbursable Agreements ²	Net Estimated Reimbursable Agreements (after sequester)	Reimb. FY 2013 Carryover ³	FY 2013 Non-Federal Reimbursable Agreements ⁴	Reimb. Budget Authority	Full Projected Reimb. Payroll (Salary & Benefits)	Contracts Burden ⁵	Utilities /Other ⁵			
RM	Resource Management	176,000	-	176,000	+	136,512	+	312,512	-	-	=	59,093	
Construction	Construction	2,000	-	2,000	+	3,875	+	5,875	-	-	=	100	
Land Acquisition	Land Acquisition	100	-	100		3,225		3,325	-	3,320	=	0	
Total		178,100	-	178,100		143,612		321,712	-	70,317	103,055	89,142	59,198

Step Two: Application of Personnel Management Tools to Address PPAs with a Shortfall

NA		Dollars (\$000)					Seasonal/Other Furlough Break Out			Permanent Appointment Furlough Breakout			Average Savings from One Day of Sequester
NA	NA	Shortfall (From Above)	Savings From Deferred Hiring of Vacancies	Savings From Seasonal / Term Furloughs	Savings From Permanent Appointment Furloughs	Net (Shortfall) or Surplus	Total Positions Impacted by Sequester	Hours to Furlough Each Position	Hours to Furlough Each Position in Days	Total Positions Impacted by Sequester	Hours to Furlough Each Position	Hours to Furlough Each Position in Days	
			+	+	+	0							

Footnotes

- 1) Reimbursable agreements from Federal sources.
- 2) Phase 2 provides Bureaus the opportunity to apply known or estimated reduction percentages to Federal reimbursable agreements, as appropriate, at the PPA level. Bureaus with signed agreements or customer assurances do not need to include a reduction calculation.
- 3) Bureaus should use Actual Carryover from the final SF133 as submitted/approved in Carryover Apportionments.
- 4) Includes State & local, Non-Federal (domestic), and Non-Federal (foreign) reimbursable agreements.
- 5) Reimbursable agreements may or may not cover non-pay obligations.
- 6) If a shortfall exists after reflecting all projected obligations, review Contract and Other obligations and reduce them where possible to lessen the overall shortfall and ultimately the impact to staffing. Step Two provides the ability to apply personnel management tools to address the reimbursable shortfall.

Interior, Environment and Related Agencies Appropriations
UNITED STATES FISH AND WILDLIFE SERVICE

Account Activity Subactivity Budget Element	2012 Enacted	2013 Fixed Costs	Internal Transfers ^{1/}	Program Changes (Including 2013 ATB) ^{2/}	2013 Enacted (P.L. 113-6) Before Sequestration	Sequestration Reduction	Adjustments for Sequestration	2013 Program Funding Level	Change from 2012 Enacted
UNITED STATES FISH AND WILDLIFE SERVICE									
Resource Management									
Ecological Services									
Endangered Species									
Candidate Conservation	11,337	112	(33)	(192)	11,224	(570)	-	10,654	(683)
Listing and Critical Habitat	20,869	84	(55)	(272)	20,626	(1,050)	-	19,576	(1,293)
Consultation and HCPs	60,943	383	(190)	(586)	60,550	(3,083)	-	57,467	(3,476)
Recovery	82,806	471	(230)	(3,026)	80,021	(4,074)	-	75,947	(6,859)
Subtotal, Endangered Species	175,955	1,050	(508)	(4,076)	172,421	(8,777)	-	163,644	(12,311)
Habitat Conservation									
Partners for Fish and Wildlife	54,768	226	(112)	(328)	54,554	(2,778)	-	51,776	(2,992)
Conservation Planning Assistance	35,780	244	(346)	(1,908)	33,770	(1,719)	-	32,051	(3,729)
Coastal Programs	14,870	79	(30)	(1,027)	13,892	(708)	-	13,184	(1,686)
National Wetlands Inventory	5,219	4	(8)	(580)	4,635	(236)	-	4,399	(820)
Subtotal, Habitat Conservation	110,637	553	(496)	(3,843)	106,851	(5,441)	-	101,410	(9,227)
Environmental Contaminants	13,128	74	(289)	(2,804)	10,109	(515)	92	9,686	(3,442)
Subtotal, Ecological Services	299,720	1,677	(1,293)	(10,723)	289,381	(14,733)	92	274,740	(24,980)
National Wildlife Refuge System									
Refuge Operations									
Wildlife and Habitat Management	223,439	1,347	(86)	(2,484)	222,216	(11,314)	-	210,902	(12,537)
Visitor Services	74,225	521	(288)	(1,741)	72,717	(3,702)	-	69,015	(5,210)
Refuge Law Enforcement	37,373	222	(110)	78	37,563	(1,913)	-	35,650	(1,723)
Conservation Planning	11,704	67	(87)	(1,835)	9,849	(501)	-	9,348	(2,356)
Subtotal, Refuge Operations	346,741	2,157	(571)	(5,982)	342,345	(17,430)	-	324,915	(21,826)
Refuge Maintenance	138,950	429	(790)	(2,847)	135,742	(6,912)	(1,162)	127,668	(11,282)
Subtotal, NWR system	485,691	2,586	(1,361)	(8,829)	478,087	(24,342)	(1,162)	452,583	(33,108)
Migratory Birds, Law Enforcement & Intl Conservation									
Migratory Bird Management	51,453	316	(111)	(2,698)	48,960	(2,492)	-	46,468	(4,985)
Law Enforcement Operations and Maintenance	62,143	411	(121)	(1,489)	60,944	(3,102)	-	57,842	(4,301)
International Affairs	12,971	74	(28)	(219)	12,798	(652)	-	12,146	(825)
Subtotal, Migratory Birds, LE & Intl Conservation	126,567	801	(260)	(4,406)	122,702	(6,246)	-	116,456	(10,111)

Account Activity Subactivity Budget Element	2012 Enacted	2013 Fixed Costs	Internal Transfers ^{1/}	Program Changes (Including 2013 ATB) ^{2/}	2013 Enacted (P.L. 113-6) Before Sequestration	Sequestration Reduction	Adjustments for Sequestration	2013 Program Funding Level	Change from 2012 Enacted
Fisheries									
National Fish Hatchery System Operations	46,075	362	(165)	(1,058)	45,214	(2,303)	2,100	45,011	(1,064)
Maintenance & Equipment	18,031		(34)	(301)	17,696	(901)	(938)	15,857	(2,174)
Aquatic Habitat & Species Conservation	71,211	562	(143)	960	72,590	(3,697)	-	68,893	(2,318)
Subtotal, Fisheries	135,317	924	(342)	(399)	135,500	(6,901)	1,162	129,761	(5,556)
Cooperative Landscape Conservation and Adaptive Science									
Cooperative Landscape Conservation	15,475	54	(9)	722	16,242	(826)	-	15,416	(59)
Adaptive Science	16,723	15	99	4,484	21,321	(1,086)	(92)	20,143	3,420
Subtotal, Coop. Landscape Conservation & Adap. Science	32,198	69	90	5,206	37,563	(1,912)	(92)	35,559	3,361
General Operations									
Central Office Administration	38,605	259	3,547	(398)	42,013	(2,138)	-	39,875	1,270
Regional Office Administration	40,951	711	(178)	(1,538)	39,946	(2,034)	-	37,912	(3,039)
Servicewide Bill Paying	36,039	235	(150)	(372)	35,752	(1,822)	-	33,930	(2,109)
National Fish and Wildlife Foundation	7,525		(53)	(73)	7,399	(377)	-	7,022	(503)
National Conservation Training Center	23,564	127	-	(547)	23,144	(1,179)	-	21,965	(1,599)
Subtotal, General Operations	146,684	1,332	3,166	(2,928)	148,254	(7,550)	-	140,704	(5,980)
Total, Resource Management	1,226,177	7,389	-	(22,079)	1,211,487	(61,684)	-	1,149,803	(76,374)
Construction and Rehabilitation									
Line Item Construction	12,129		-	(3,950)	8,179	(428)	-	7,751	(4,378)
Bridge and Dam Safety	1,852		-	(4)	1,848	(97)	-	1,751	(101)
Nationwide Engineering Services	9,070	47	-	(46)	9,071	(475)	-	8,596	(474)
Subtotal, Construction	23,051	47	-	(4,000)	19,098	(1,000)	-	18,098	(4,953)
Total, Construction	23,051	47	-	(4,000)	19,098	(1,000)	-	18,098	(4,953)
Land Acquisition									
Acquisitions - Federal Refuge Lands	30,117		-	(167)	34,812	(1,755)	(892)	32,165	2,048
Highlands Conservation Act	4,992		-	-	130	(7)	-	123	(4,869)
Land Protection Planning			-	-	-	-	-	-	-
Inholdings, Emergencies, and Hardships	4,492		-	(9)	4,483	(226)	-	4,257	(235)
Exchanges	2,496		-	(5)	2,491	(126)	-	2,365	(131)
Acquisition Management	10,538	97	-	(21)	10,614	(534)	696	10,776	238
User Pay Cost Share	1,997	-	-	(4)	1,993	(100)	196	2,089	92
Total, Land Acquisition	54,632	97	-	(206)	54,523	(2,748)	-	51,775	(2,857)

Account Activity Subactivity Budget Element	2012 Enacted	2013 Fixed Costs	Internal Transfers ^{1/}	Program Changes (Including 2013 ATB) ^{2/}	2013 Enacted (P.L. 113-6) Before Sequestration	Sequestration Reduction	Adjustments for Sequestration	2013 Program Funding Level	Change from 2012 Enacted
Cooperative Endangered Species Conservation Fund									
Traditional Grants to States	10,529		-	(21)	10,508	(530)	530	10,508	(21)
HCP Planning Grants	9,485		-	(19)	9,466	(477)	(666)	8,323	(1,162)
Species Recovery Land Acquisition	9,984		-	(20)	9,964	(502)	-	9,462	(522)
HCP Land Acq.	14,976		-	(30)	14,946	(754)	-	14,192	(784)
Administration	2,707		-	(5)	2,702	(136)	136	2,702	(5)
Total, Cooperative Endangered Species Fund	47,681	-	-	(95)	47,586	(2,399)	-	45,187	(2,494)
National Wildlife Refuge Fund									
National Wildlife Refuge Fund	13,958	-	-	(28)	13,930	(702)	-	13,228	(730)
Total, National Wildlife Refuge Fund	13,958	-	-	(28)	13,930	(702)	-	13,228	(730)
North American Wetlands Conservation Fund									
North American Wetlands Conservation Fund	35,497	-	-	(71)	35,426	(1,786)	-	33,640	(1,857)
Total, North American Wetlands Conservation Fund	35,497	-	-	(71)	35,426	(1,786)	-	33,640	(1,857)
Neotropical Migratory Bird Conservation Fund									
Neotropical Migratory Bird Conservation Fund	3,786	-	-	(8)	3,778	(190)	-	3,588	(198)
Total, Neotropical Migratory Bird Conservation Fund	3,786	-	-	(8)	3,778	(190)	-	3,588	(198)
Multinational Species Conservation Fund									
African Elephant Conservation	1,645	-	-	4	1,649	(83)	-	1,566	(79)
Asian Elephant Conservation	1,645	-	-	(21)	1,624	(82)	-	1,542	(103)
Rhinoceros and Tiger Conservation	2,471	-	-	72	2,543	(127)	-	2,416	(55)
Great Ape Conservation	2,059	-	-	-	2,059	(104)	-	1,955	(104)
Marine Turtles	1,646	-	-	(74)	1,572	(80)	-	1,492	(154)
Total, Multinational Species Conservation Fund	9,466	-	-	(19)	9,447	(476)	-	8,971	(495)
State and Tribal Wildlife Grants									
State and Tribal Wildlife Apportioned Grants	51,323	-	-	(103)	51,220	(2,582)	-	48,638	(2,685)
Tribal Competitive Grants	4,268	-	-	(9)	4,259	(215)	-	4,044	(224)
State Competitive Grants	5,732	-	-	(11)	5,721	(288)	-	5,433	(299)
Total, State and Tribal Wildlife Grants	61,323	-	-	(123)	61,200	(3,085)	-	58,115	(3,208)
TOTAL, U.S. FISH AND WILDLIFE SERVICE	1,475,571	7,533	-	(26,629)	1,456,475	(74,070)	-	1,382,405	(93,166)

^{1/} Internal Transfers include technical adjustments and approved reprogrammings that net to zero.

^{2/} Program Changes are funding increases and decreases required to meet mission objectives.

Sequestration Impacts

Updated April 16, 2013

Endangered Species

- Reduction in travel funding and staffing for 2013 will result in approximately 500 fewer consultations and private land Habitat Conservation Plans completed annually. This will delay environmental approvals needed for economic development projects and energy facilities.
 - For example, the Midwest Region (Region 3) has advised energy companies that the Midwest Region no longer has the capacity to review HCPs on an individual basis. Regional HCPs will be given priority.
 - In Mountain-Prairie Region, staffing shortages will delay our review of 45 existing wind projects, 12 oil and gas development projects and 8 Forest Management plans for bull trout, grizzly bear and lynx.
- Resource limitations will also limit the Service's technical support to larger scale or programmatic Candidate Conservation Agreements (CCAs) and Candidate Conservation Agreements with Assurances (CCAAs). The Service will not be able to support technical assistance to individual landowners or small scale voluntary partnerships that address conservation needs for candidate species. CCAs and CCAAs have the potential to address the threats to a species prior to listing the species under the ESA and thus reducing or eliminating the need to list the species as threatened or endangered under the ESA.
- The Service will not fund the Wolf/Livestock grant program and will use that nearly \$950K in savings to maintain capability in higher priority Recovery program activities.

National Wildlife Refuge System

- Refuges will delay or eliminate hiring of seasonal staff and summer youth.
- NWRS law enforcement officers are at a 30-year low; each of the 336 officers is responsible for approximately 700 square miles of land, used by 30,000 hunters and anglers.
- Economic output from refuge visitation will be reduced by \$55 million and 530 jobs would be lost in refuge communities.
- New hunting programs may be delayed or shortened, affecting up to 29 new refuge hunting opportunities in 16 States; visitor facilities will reduce hours.
- Reductions in hiring of permanent seasonal and seasonal fire personnel could mean that some of the FWS engines might go unstaffed this summer in several western regions.
- Hazardous fuels reduction targets (100,000 acres) will not be met, making Midwest and Northeast Regions at a higher risk of escaped fires and larger fires due to fewer firefighters to staff initial attack equipment.
- If sequestration continues into 2014, the commercial airport operation contract for Henderson Field at Midway Atoll NWR will be cancelled. The FAA estimates that this airport saves commercial airlines \$28 million annually in fuel costs by allowing more direct routes to Pacific Rim destinations.

Migratory Birds

- Grounding of two out of four survey aircraft in Alaska impacting aerial surveys of migratory waterfowl thereby risking adverse effects on subsistence and sport hunting seasons in 2013-14.
- Reducing the number of surveys conducted, which will impact harvest –management regulations. If these cuts continue into future years, regulations would need to become more conservative to ensure protection for species which may impact hunting seasons. Approximately 2.6 million people 16 years old and older enjoy hunting a variety of migratory birds annually and contribute \$1.8 billion to the economy
- Surveys affected include:
 - Cancelling the Gulf Coast Redhead Survey.
 - Eliminating the annual survey on the productivity of geese, swans and brant.
 - Eliminating support for cormorant surveys in the Great Lakes region. Minnesota, Michigan and Wisconsin and the Canadian Wildlife Service depend on this data to help manage cormorant populations and assess their impact on recreationally important sport fisheries.
 - Unable to provide assistance in the Mid-Winter Waterfowl Survey in Mexico affecting Mexico’s ability to assess the effectiveness of management efforts and monies applied to habitat conservation projects for waterfowl and related marsh dependent migratory bird species. Affects information needed by Federal and state partners’ on continental populations of migratory birds.
 - Limits our ability to provide timely completion of Bald and golden Eagle take permit requests, provide technical assistance to entities seeking permits, and reduces technical assistance to wind energy companies seeking permits. When we cannot issue eagle nest take permits, serious concerns are raised about air traffic safety at airports and military installations. Examples include NAS New Orleans, Sanford International Airport FL, and Eglin AFB FL.

Office of Law Enforcement

- OLE will need to suspend plans to hire 24 new special agents. Currently the special agent workforce equals 218 officers, roughly the same staffing level that existed in 1978, despite an immeasurable increase in workload.
- OLE will not hire additional wildlife inspectors, and will review the current port structure.

International Affairs

- Delays permit decisions on wildlife products which can have substantial economic effects on applicants.

Fish and Aquatic Conservation

- The National Fish Hatchery program is already operating with a shortfall, requiring the Service to reprogram funds from Hatchery Deferred Maintenance (DM) to Hatchery Operations, impacting specific mission-essential DM projects. The FWS will reduce fish production, release fish early, and reduce operating hours for visitor centers.
- Curtails production of fish at several hatcheries, reducing fishing activity and impacting local economies.

- The Budget Control Act of 2011 requires that as much as 7.6% of the nation's Wildlife and Sport Fish Restoration Programs and Boating Safety Trust Fund—collectively called the Trust Funds—be “sequestered” or withheld from distribution to the states. The Trusts Funds are currently considered mandatory, non-discretionary funds. Sequestration could equate to a loss of \$74 million to states in FY 2013. Current estimates are that states would lose about 5%, or around \$40 million.
- The Trust Funds are the collection of excise taxes paid by industry to the federal government from the purchase of bows and arrows; guns and ammunition; fishing tackle and equipment; and motorboat fuel.
- The Trust Funds are the lifeblood of state fish and wildlife agencies' day-to-day operating budgets. State agencies use their Trust Fund apportionments exclusively to restore and manage fisheries and wildlife and their habitats; open and maintain recreational access for all (including shooting ranges); and deliver hunter and boating safety education.
- State agencies and boating administrators spend Trust Fund dollars, not the federal government. The U.S. Fish and Wildlife Service (USFWS) serves as the pass-through mechanism for distributing Wildlife and Sport Fish Restoration funds to state fish and wildlife agencies, and similarly, the U.S. Department of Homeland Security for the Boating Safety Trust Fund.
- By withholding these Wildlife and Sport Fish Restoration and Boating Safety Trust Funds, the Budget Control Act of 2011 will adversely affect states' ability to manage their fish and wildlife resources; however, because of increases in receipts, the amount available to states with sequestration will be about the same as was available in FY 2012.
- State Boating Law Administrators also will experience a cut to their federal allocation, which will reduce funding available for boating safety activities, boating education, access and boat registration and titling.
- If withheld in 2013, funds from Wildlife Restoration, Sport Fish Restoration and Boating Safety, respectively, will collect in the Trust Funds accounts until sequestration terminates, at which time the accumulated funds will be allocated to the states.
- The money will not be diverted from the Trust Funds to the U.S. Treasury for other uses; but the funds will be unavailable to the states for their intended purposes every year that sequestration is in effect.
- Although not part of the Trust Funds sequestration, other discretionary federal grant programs important to state agencies (i.e., State and Tribal Wildlife Grants and Section 6 funding under the Endangered Species Act) will be reduced by sequestration as well.

Director's Correspondence Tracking System
 Routing Slip
 5/22/2013

ID: 1149

Subject: Distribution of AML Funds

Author:

From: Todd Parfitt. (Gov. Matt Mead)

To: Joseph G. Pizarchik

Signature Date: 18-Apr-2013

Due Date: 27-Mar-2013

Completion Date: 18-Apr-2013

Correspondence Type: Governor's Office

Action Office: AD Program Support

Comments: Please prepare response for OSM Director's signature. PDF copy sent to Program Support.
 cc:JPizarchik,GOWens,TWoronka,Rideout,SSheffield,AWhitehouse,Whitehouse,PMaili,RuthStokes and Regional Directors TShope,AI Klein, and EBarchenger. Original with Joyce A. Jeter

Date	Action	Responsible Party
18-Apr-2013	Forwarded to Close Out	Program Support
18-Apr-2013	Signed By	Joe Pizarchik
18-Apr-2013	Submitted for Signature	Joe Pizarchik, Director
9-Apr-2013	Submitted for Final Surname	Glendas Owens
9-Apr-2013	Received By	Patrick Braxton
26-Mar-2013	Submitted for Review & Surname	Glenda Owens, Dir Ofc
26-Mar-2013	Received By	Patrick Braxton, Dir Ofc
20-Mar-2013	Forwarded to	SRideout/SSheffield/AWhitehouse/MCoI



United States Department of the Interior



OFFICE OF SURFACE MINING
RECLAMATION AND ENFORCEMENT

Washington, D.C. 20246

APR 18 2013

Mr. Todd Parfitt,
Director
Wyoming Department of Environmental Quality
Herschler Building
122 West 25th Street
Cheyenne, WY 82002

Dear Mr. Parfitt:

Thank you for your letter dated March 14, 2013, concerning Wyoming's Federal Abandoned Mine Land (AML) grant for Fiscal Year 2013. I always appreciate hearing concerns from our State reclamation partners concerning all aspects of our program that administers Title IV of the Surface Mining Control and Reclamation Act of 1977 (SMCRA), including our responsibility to accurately distribute grant funds as required by SMCRA and other relevant Federal laws.

As you describe, Title IV of SMCRA requires the Office of Surface Mining Reclamation and Enforcement (OSM) to collect reclamation fees from operators and distribute grant funds to states and tribes based on those fees collected. 30 U.S.C. §§ 1231-1240a. Pursuant to SMCRA, as amended last summer by the transportation bill, Moving Ahead for Progress in the 21st Century Act, Pub. L. No. 112-141, Wyoming's annual AML distribution was limited to \$15 million. Thus, absent sequestration, OSM would have been authorized to distribute \$15 million to Wyoming in Fiscal Year 2013 pursuant to the formula set forth in Title IV of SMCRA, as amended.

Unfortunately, due to the failure of Congress to reach a deal on balanced deficit reduction to avoid a series of automatic, sweeping cuts to the Federal budget (or "sequestration") from taking effect, the President was required by law to issue a sequestration order on March 1, 2013, canceling approximately \$85 billion in budgetary resources across the Federal government for the Federal fiscal year. The grants to states and tribes authorized under Title IV of SMCRA are not exempt from the sequestration of budgetary resources required by the Budget Control Act of 2011 (BCA) and the American Taxpayer Relief Act of 2012, which amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA). 2 U.S.C. § 900 *et seq.* This law requires that all non-exempt Federal accounts must be reduced, *i.e.*, sequestered, so that spending limits are achieved. AML grant payments to states and tribes under Title IV SMCRA are not listed as exempt, and, therefore, are subject to the reduction. See 2 U.S.C. § 905(g)(1)(A) (list of exempt accounts).



I understand that you suggest we apply the reduction mandated by sequestration to the *allocations* to Wyoming under Title IV of SMCRA as opposed to the *payment*. However, such an interpretation would be contrary to the BBEDCA, as amended, because OSM's budgetary resources for AML grants to states and tribes that are subject to the sequester are based on the bureau's payments (*i.e.*, spending), not the reclamation fee allocations. 2 U.S.C. §§ 900-901a.

While I cannot entertain your request to provide Wyoming with the full \$15 million AML grant, it is likely that OSM will be able to release some additional AML grant funding to your state and the other eligible states and tribes now that we have received the final sequestration percentages from the Office of Management and Budget.

I appreciate your continued partnership with OSM and the Department of the Interior as we work together to manage the unfortunate circumstances caused by the BCA. Please let me or my AML Chief, Al Whitehouse, know if we can be of further assistance as you continue your good work mitigating the dangers of historic mining practices within Wyoming.

Sincerely,



Joseph G. Pizarchik
Director



Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Matthew H. Mead, Governor

Todd Parfitt, Director

March 14, 2013

Mr. Joseph G. Pizarchik
Director, Office of Surface Mining Reclamation and Enforcement
U.S. Department of Interior
1951 Constitution Avenue, NW
South Interior Building
Washington, DC 20240

2013 MAR 20 AM 8:41
OFFICE OF THE DIRECTOR
DOE OSH

RE: Distribution of AML Funds

Dear Director Pizarchik:

The Wyoming Department of Environmental Quality is in receipt of the Abandoned Mine Lands fund distribution on February 21, 2013. These funds allow for the reclamation of the impacts from past mining activities. This reclamation provides significant environmental benefit while providing jobs and economic benefits for local communities. Wyoming still has a large inventory of abandoned mine sites that have not been reclaimed so these funds are necessary for achieving the environmental benefits envisioned under the Surface Mining Control and Reclamation Act. The AML grant funds that Wyoming will receive in FY2013 will be committed to further addressing Wyoming's remaining coal reclamation inventory. The OSM funds being distributed for FY2013 are based upon AML reclamation fee collections in federal fiscal year 2012. It is unfortunate that there was such an extended delay in the distribution of these funds.

A general item of note relative to Wyoming is the relationship between the AML reclamation fee collection based on Wyoming coal production and the AML distribution for Wyoming. Based upon the information contained in the OSM distribution tables, AML reclamation fee collections in Wyoming contributed 53.11% of the total national fee collection (\$65,105,520.81/\$122,578,603.81). Wyoming in turn will receive 4.42% of the total national AML distribution (\$15,000,000/\$339,455,979). This is a significant disparity considering a basic principle of SMCRA is that States and Indian tribes would receive 50% of the fee collections plus the previously unappropriated share balance (i.e. prior balance).

The Office of Surface Mining withheld ten (10) percent from the normal distribution pending the final resolution of the sequestration issue. This withholding included retaining 10% from Wyoming's mandatory cap as well. A careful review of SMCRA, however, indicates that OSM erred by withholding sequestration funding from the \$15 million cap imposed on Wyoming's funding.

Herschler Building • 122 West 25th Street • Cheyenne, WY 82002 • <http://deq.state.wy.us>

ADMIN/OUTREACH (307) 777-7758 FAX 777-7682	ABANDONED MINES (307) 777-6145 FAX 777-6462	AIR QUALITY (307) 777-7391 FAX 777-5616	INDUSTRIAL SITING (307) 777-7369 FAX 777-5973	LAND QUALITY (307) 777-7756 FAX 777-5864	SOLID & HAZ. WASTE (307) 777-7752 FAX 777-5973	WATER QUALITY (307) 777-7781 FAX 777-5973
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The Transportation Bill amendment adopted by Congress in 2012 capped the funding to Wyoming at \$15 million. Specifically, section 100125 of the Transportation Act stated:

SEC. 100125. LIMITATION ON PAYMENTS FROM THE ABANDONED MINE RECLAMATION FUND.

Section 411(h) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1240a(h)) is amended by adding at the end the following:

“(5) LIMITATION ON ANNUAL PAYMENTS.-

Notwithstanding any other provisions of this subsection, the total annual payment to a certified state or Indian tribe under this subsection shall be not more than \$15,000,000.”

The Transportation Bill amendment only served to cap the payments to Wyoming. The amendment did not change or affect other provisions of the Act. Section 411(h)(1) of the Act addresses the prior balance payments and states:

“Notwithstanding section 401(f)(3)(B), from funds referred to in section 402(i)(2), the Secretary shall make payments to States or Indian tribes for the amount due for the aggregate unappropriated amount allocated to the State or Indian Tribe under subparagraph (A) or (B) of section 402(g)(1).”

Further, section 411(h)(2)(A) addresses the in lieu funding for certified States and Indian Tribes:

“Notwithstanding section 401(f)(3)(B), from funds referred to in section 402(i)(2), the Secretary shall pay to each certified State or Indian tribe an amount equal to the sum of the aggregate unappropriated amount allocated on or after October 1, 2007, to the certified State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1).”

Neither the Transportation Bill amendment nor the revision to SMCRA adopted under the Continuing Resolution changed the funding allocations that exist under SMCRA. Those two revisions to SMCRA only serve to cap the payment to Wyoming at \$15 million. Under the funding formula that continues to exist under SMCRA, Wyoming was allocated \$147.8 million in FY2013 as noted in OSM's distribution tables published February 21, 2013. If the cap were not in place as a result of the changes by Congress in 2012, the 10% withholding would be applied to the \$147.8 million. This would mean about \$14.8 million would be withheld from the allocation to Wyoming resulting in a distribution of \$133 million. Under SMCRA as amended by the Transportation Bill, it is the payment to Wyoming, not the allocation that is capped at \$15 million.

In summary, the determination to withhold 10% from the capped payment to Wyoming is in error as a result of the following:

1. Every State and Indian tribe is allocated funds as prescribed by SMCRA.
2. The 10% withholding was applied to the allocated funds to determine the allocated funds available for distribution to the States and Indian tribes pending the final determination on the sequester. As clearly stated in the OSM News Release dated February 21, 2013: "*States and tribes receive their allocations according to a congressionally mandated formula established by SMCRA.*" The "congressionally mandated formula" is unchanged.
3. The OSM FY2013 AML distribution tables clearly identify the allocations to all States and Indian tribes which were then reduced by the 10% withholding to establish the AML funds available for grants.
4. Wyoming's allocation under the "congressionally mandated formula" is \$147.8 million which after 10% withholding pending sequestration is \$133 million.
5. The \$15 million cap placed on funding to Wyoming reduces simply caps the AML funds to Wyoming to \$15 million. The \$15 million cap clearly remains lower than the \$133 million remaining after withholding 10% from the Wyoming allocation.
6. The withholding of 10% from the cap on Wyoming payments is therefore correct considering the allocation formula existing within SMCRA and is inconsistent with how the withholding was computed for all other AML programs (i.e. 10% of the program allocations).
7. The determination to withhold funding from the cap on Wyoming payments was therefore in error and Wyoming should receive the full \$15 million as established by SMCRA.

The Wyoming Department of Environmental Quality believes that, based upon SMCRA, the distribution to Wyoming is more appropriately the full \$15 million as established by the cap. Therefore, I am requesting distribution of the full \$15 million be made to the State of Wyoming. The restoration of those funds will allow Wyoming continue our efforts to address the reclamation needs and program activities established under SMCRA.

Sincerely,



Todd Parfitt, Director
Wyoming Department of Environmental Quality

cc: Governor Matt Mead
Senator Mike Enzi
Senator John Barrasso
Representative Cynthia Lummis
Alan Edwards, AML Administrator

2443 Overland Road
Laramie WY 82070-4854

March 5, 2013

Mr. Todd Parfitt, Director
Wyoming Department of Environmental Quality
Fourth Floor West, Herschler Building
122 West 25th Street
Cheyenne WY 82002

Re: Response from LQD to my comments of
January 18, 2013 on application for amendment
to Arch of Wyoming Saddleback Hills
underground coal-mining Permit 730-T2

Dear Director Parfitt:

First, let me express appreciation for having received a response (dated February 26, 2013) to my concerns about the above-referenced application from Mr. Monte J. Buchanan, representing DEQ's Land Quality Division (LQD). I think I understand the sorts of legal and administrative constraints under which he and other members of his division must function. He spelled out some of the most important guiding documents in the second, third, and fourth paragraphs of his letter (I have appended a copy of Mr. Buchanan's response for your convenience). The essence of my January 18 letter (also with copy appended) was an expansion of the following quotation from its first page:

"The requested amendment, in reality, is more than it first appears. It is not simply an alteration to a mine plan. Rather, it is a mining project upon which an intimately related, complex industrial facility is being added. There exist two components to this project, not just mining. In light of regulatory responsibilities assigned by Wyoming law to DEQ, the mining and chemical-conversion components of the total project cannot be considered independently."

The 'complex industrial facility' to which I referred is the MBFP/DKRW coal-to-liquid (CTL) conversion facility, with construction site-work ostensibly having started more than 28 months ago in eastern Carbon County's southern Carbon Basin.

The single most important pair of sentences in Mr. Buchanan's letter follow: (1, parag. 2) "Essentially, the LQD is responsible for regulating and reviewing impacts associated with mineral mining and extraction activities of the surface and underground coal mines and not the operation/construction aspects associated with the CTL plant"; and (2, parag. 4) "Since the coal mine is a separate operation from the CTL plant, there is no coal regulation related to the CTL plant operation." Both sentences clearly but narrowly proclaim that the CTL facility is not of concern to the regulatory responsibilities of Wyoming's LQD. It is true that the 'Public Notice' for the mine-amendment's application, first published in the December 7, 2012 edition of the

DIRECTOR TODD PARFITT, DEQ

March 5, 2013

Page 2

Rawlins Daily Times, made no mention of a CTL connection with the mining operations. But I will once again articulate the case here, applying multiple lines of evidence, that under existing circumstances the coal mine and CTL facility represent one and the same industrial project that is being administered between two (or possibly more) different divisions of Wyoming DEQ and must be considered in a functionally coordinated fashion as a unified package.

I already pointed out on page 3 of my letter of January 18 that: (1) Arch Coal, Inc. (of St. Louis), with Arch of Wyoming, LLC (of Hanna) as a subsidiary, is a 24% owner of Medicine Bow Fuel & Power (the CTL facility's construction-permit holder); (2) Wyoming's Division of Air Quality (an entity of DEQ) early in 2009 reviewed and approved MBFP's application to construct an underground coal mine and industrial gasification and liquefaction (IGL) plant; and (3) Wyoming's State Engineer (also under umbrella of DEQ) issued its 'Final Opinion' on water adequacy (for a combined mining and CTL project) late in 2007 thus allowing "Medicine Bow Fuel and Power . . . to construct a coal mine that will produce approximately 3.2 million tons of coal per year and a coal-to-liquids (CTL) plant that will use the coal to produce approximately 13,000 barrels of diesel fuel per day" [emphasis added]. Even the fundamentally inaccurate information presented to the public by subunits of DEQ in items '2' and '3' would confirm any reasonable person's assumption that there has existed — *at least since October 2007* — functional interdependence between coal mining by AOW and use of that coal in a CTL facility by MBFP in the Carbon Basin. Those facts, however, were not mentioned in the response I received from LQD.

As pointed out within Mr. Buchanan's fourth paragraph: "*The proposed CTL plant is not shown on any maps within the current approved [mine] permit.*" That, indeed, is the case. Nevertheless, LQD recognizes existence of the CTL facility, which has been considered to have been under actual site-construction, within mine boundaries, by Wyoming's Industrial Siting Council (ISC, of DEQ) since November 10, 2010. Emphasizing LQD's awareness of a CTL facility within the Arch of Wyoming (AOW) mine plan, Mr. Buchanan quoted in its entirety the following 'condition' from permit 730-T2 (which, it should be noted here, was issued to AOW by DEQ essentially simultaneously with advent of the CTL-facility's construction in *November 2010*):

"Condition No. 3: Upon execution of the Option Agreement between AOW and Medicine Bow Fuel and Power to purchase the mine property and the completion of the Front End Engineering and Design (FEED), AOW shall submit a permit revision to the LQD for removal of the acres associated with the coal-to-liquids plant from the Carbon Basin Mine LQD permit within 60 days of execution of the Option Agreement and completion of the FEED."

Emphasizing the importance of these elements, Mr. Buchanan stated: "*Assuredly, the LQD will remain aware of any new developments regarding the status of agreements, purchasing actions, engineering designs, etc., between AOW and MBFP/DKRW.*"

An implication of underlined phrases used in 'Condition No. 3' (cited above) is that the 'FEED' has not yet been completed. But notice in the section entitled "**2.2 Construction**

Schedule" (page 2-5) of MBFP's 'Industrial Siting Permit Socioeconomic Impact Analysis Report Update' (submitted to DEQ's Industrial Siting Division in November 2012) is stated:

"Initial construction work started in November 2010. The FEED was completed in October 2011 and Project financing is expected to be completed in the first quarter of 2013. Site construction has resumed with limited onsite construction in the fourth quarter of 2012, and MBFP anticipates that a full notice to proceed will be issued in the first quarter of 2013."

Also see Figure 2-1 ("Project Schedule") in the socioeconomic update that unambiguously shows completion of the FEED in the third quarter of 2011, roughly 16 months ago. Please also read, in that same update (in the section entitled "**2.1.5 Coal Supply**"), the statement that:

"MBFP is finalizing a long-term Coal Supply Agreement for the Project and any future expansion phases of the Project from Arch Coal Sales to provide coal from the adjacent Elk Mountain and Saddleback Hills reserves. The coal will be supplied from the properties discussed in this application for the CTL facility."

Oddly, that centrally important information is not mentioned in the application for Arch's mine-application addendum, nor is it brought to light in the letter received from the representative of DEQ's Land Quality Division. As an outsider, there is no way for me to know if Mr. Buchanan was simply unaware of the above developments in the status of agreements, purchasing actions, and engineering designs (i.e., completion of the project's FEED in October 2011) or if that information represented corporate fabrication for a convincing presentation to DEQ's Industrial Siting Division. In either case, the statements presented in MBFP's socioeconomic update unequivocally demonstrate the integral unity of the AOW coal-mining operations and the CTL project's intended use of that coal. Therefore, Mr. Buchanan's statement "*Since the coal mine is a separate operation from the CTL plant, there is no coal regulation related to the CTL plant operation*" is forced to stand in the absence of legs. And because the long-term, coal-supply agreement with Arch Coal Sales has been projected by MBFP to be consummated prior to the end of this very month, isn't it time to update the mine map for Permit No. 730-T2 (which is now eight years out of date) and consider this combined (i.e., coal mining + CTL facilities) project using *comprehensive* evaluative procedures?

The only other item of substance addressed in LQD's response to my letter of January 18 is the subject of post-mining land subsidence. It qualified the amount of expected subsidence following underground development of the Saddleback Hills Mine as 'minor.' Use of qualitative wordings usually leads to controversy, but I hardly would use the word 'minor' when discussing a highly irregular but expected average value of 10 feet subsidence (associated with pervasive shattering of underlying, collapsed strata), expressed above roughly 7,500 acres of huge mine-voids below previously little-disturbed, naturally topographically complex, traditional grazing lands. Legalistic issues of financial bonding certainly may be considered as 'minor,' especially when constrained by the concept of 'highest previous use' (ranching in this case). But I would provide vigorous rebuttal to any further attempts by administrative regulators to suggest that effects of subsidence would: (1) be short-lived (i.e., mostly one or two years); (2) have little influence on local hydrologic factors (i.e., pre-mining natural drainages, springs, and wetlands),

DIRECTOR TODD PARFITT, DEQ

March 5, 2013

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native floras/faunas, or grazing; or (3) engender no material damage to hydrologic systems outside of the permit area (contra WDEQ-CHIA-30 of Permit 730-T2).

A repeated emphasis within my letter to LQD of January 18 was the legal and scientific necessity for preparation of a NEPA-compliant Environmental Impact Statement (EIS) prior to proceeding further with development of this combined mining and CTL project. Quite appropriately, the eighth paragraph of LQD's response was:

"In regards to other regulatory or oversight matters related to the CTL plant, for instance, an Environmental Impact Statement (EIS), it would be best to seek the appropriate venue and communicate those concerns to the appropriate governmental agency (Bureau of Land Management [BLM], U. S. Army Corps of Engineers [USACE], U. S. Fish & Wildlife Service (USFW), etc.). The LQD has no authority or jurisdiction over these federal procedures or to implement actions under the National Environmental Policy Act (NEPA)."

Indeed, on page 8 of my January 18 letter I suggested that BLM should pick up the dropped ball and develop a comprehensive EIS suitable for public review. According to a February 2013 announcement relevant to 'Major NEPA Project Status Updates' for the Rawlins Field Office, BLM is to be the lead agency this year in preparation of a Draft EIS to be published for public evaluation sometime in 2014. Appearance of this planned EIS, however, must be considered seriously tardy. After all, Wyoming's DEQ allowed the project's on-site construction to begin more than 28 months ago — in the absence of an EIS compliant with current requirements of the National Environmental Policy Act. From the very beginning, much of the project area has been on federal (BLM-administered) lands. So as a concerned citizen, it seems particularly ironic to have been encouraged just last week (by a representative of Wyoming's chief environmental-regulatory authority) to seek out acceptance of responsibility for EIS development from within an array of federal agencies. Following the long history of lax oversight characterizing this project, no further construction should be permitted for the combined project (i.e., coal mining + CTL facilities) prior to federal acceptance of the Final EIS.

Mr. Buchanan's response of February 26 concludes with the following statements: *"Permitting and regulatory complexities involved with this coal mine are present. These complexities are compounded by the different federal, state, and local governmental agencies regulations, and the proximity of the proposed CTL plant."* One can only agree with those observations. But in that context, I will point out that Wyoming's Department of Environmental Quality itself has unnecessarily added to the confusion. For example, the multipage 'Public Notice' jointly released by the U.S. Army Corps of Engineers (USACE) and Wyoming's DEQ for permit application NOW-2004-40384 (submitted in 2012 by AOW under provisions of the 1972 Clean Water Act) makes no mention of the CTL facility that is destined to benefit from the coal-mining. An unwary reader would never have known that the State of Wyoming had long-earlier authorized construction and operation of an additional, complex facility (within boundaries of the existing mine plan) that, by its very nature, would require close functional coordination with mine development. Bureaucratic limitation of jurisdiction could be an acceptable reality for a sub-agency such as LQD in a situation such as this. But that is *not* the case for the umbrella authorized for realistic environmental-regulatory duties across the state.

DIRECTOR TODD PARFITT, DEQ

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The above-cited examples of complex regulatory confusions demonstrate precisely why a comprehensive evaluation of the total project (i.e., coal mining + CTL facility) is so necessary. There is really only *one* project here, and that is best viewed as 'some of it' (i.e., coal mining) plus 'the rest of it' (i.e., the CTL facility). Those two forms of industrial activities are inseparable because of total and complete functional interdependence. Bureaucratic separations of jurisdiction and responsibility in this project ultimately need to be eliminated at the level of the Department of Environmental Quality.

I will close this exchange by pointing out that LQD's response of February 26 did not address most of the questions that I raised within my letter of January 18. Although I was following instructions for commenting as specified in newspaper's 'Public Notice,' I certainly agree that most of my questions ranged outside the jurisdictional limits of that division of DEQ. Thus I pose here some of the unanswered questions in a slightly different format, knowing with certainty that I now address the proper administrative level. I framed necessary backgrounds for these questions within bodies of my two letters to subagencies of DEQ, dated January 9 and 18.

What would be the actual mining plan, including rational scheduling, once the addition of a CTL facility is seriously coordinated within it?

When will reliable data be made accessible on adequacy/yield of the water supply from test wells that actually *reach* the 'Mesaverde aquifer' (as uniquely authorized by the State Engineer) for combined mining, CTL activities, and on-site worker housing?

What effects or functional constraints will be introduced to the mine and to the CTL facility through use of brine waters characteristic of the local 'Mesaverde aquifer'?

Where are the required evaporation ponds to be placed, and how/where are the inevitably accumulated toxic evaporitic sediments to be disposed of?

Taking adequate environmental analyses, technical evaluations, and actual completion of state-owned, Chinese CTL-process engineering into account, what would be a *realistic* schedule for completion of project-construction?

When will adequate considerations of underground mineworker safety be taken into account in light of newly available geological information on the magnitudes, sources, and nature of jointing, faulting, and folding in strata of the Hanna Formation destined for mining?

When will adequate emergency services (i.e., rapid-response teams for mine collapse, fire, explosion, medical emergencies, and law enforcement) come into existence?

As to the proposed 'on-site housing' serving more than 1,000 construction workers plus support staff, where will this largest town within 50 miles of the CTL site be placed, when will its mention be accompanied by genuine facilities planning, what would be the environmental and social impacts of the diverse needs associated with functioning of that new town, what is the schedule for its demolition, and what would be the nature of its reclamation?

DIRECTOR TODD PARFITT, DEQ

March 5, 2013

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Exactly where will infrastructural basics such as pipelines and additional power lines be sited, and what will be the impacts of their construction and prolonged existence?

What would be the justification for, and environmental impacts and road-building necessities of, the truck-based transportation of initially mined coal to loading facilities in the vicinity of Hanna as specified in the recently activated mining permit from DEQ?

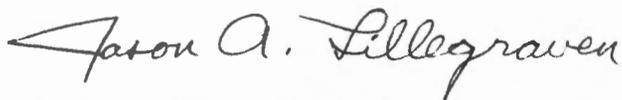
When will plans for the proposed railroad spur from Medicine Bow to the plant site be evaluated for environmental and economic impacts and be permitted for construction?

Assuming that strip mines do after all become part of the mine plan for the CTL facility in this project, where is the wisdom in placing the CTL facility itself (characterized by operations involving miles of high-pressure, high-temperature pipelines and associated chambers, superheated volatile gases, and stored gasoline) directly adjacent to a *subsequently excavated* (probably requiring blasting), roughly 200 foot-deep, strip-mine highwall? Removal of the acreage occupied by the CTL facility from AOW's mine map (as designated by DEQ in 'Condition No. 3' for Arch's mining permit, cited above on p. 2) would in no way reduce risks involved in the planned development.

Does there really exist an adequate enhanced-oil-recovery market for the prodigious total output of CO₂ expected from this project, or will large quantities of this greenhouse gas require risks of disposal through unproven geological sequestration at depth or by direct venting into the atmosphere?

I look forward to hearing from you and/or your assistants on any of the above.

Sincerely yours,



Jason A. Lillegraven, Ph.D.

Citizen

State of Wyoming Professional Geologist,

License Certificate No. PG-24

attachments:

- copy of letter to Lillegraven (Feb. 26, 2013) from representative of LQD
- copy of letter from Lillegraven (Jan. 18, 2013) to Administrator of LQD responding to 'Public Notice' No. 4663 (issue of Arch application for mine amendment)
- copy of letter from Lillegraven (Jan. 9, 2013) to Program Principal of ISC responding to 'Public Notice' No. 4671 (issue of MBFP/DKRW socioeconomic report update)

copies to:

- ✓ Office of Surface Mining, U.S. Department of Interior Washington Headquarters
- Acting Director's Office, BLM Washington Headquarters

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BLM Field Office, Rawlins
Wyoming Governor's Office
Wyoming Attorney General's Office
Wyoming Land Quality Division's Office (DEQ)
Wyoming Industrial Siting Council's Office (DEQ)
Wyoming Business Council's Office
Mr. and Mrs. Willing John Johnson, Elk Mountain
others having interest

STATE OF WYOMING
DEPARTMENT OF ENVIRONMENTAL QUALITY
ADMINISTRATION
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Office of Surface Mining Reclamation and Enforcement
Sequestration Weekly Report – April 4, 2013

Sequester POC: Glenda Owens

Budget: Ruth Stokes

Communications: Peter Mali

OVERVIEW: Week of April 1, 2013

This week, OSM's activities included:

- Cancelled plans to provide partial support for 30 summer interns to do reclamation-related work in coal country communities in the Eastern and Western U.S. These interns are funded primarily by local sponsoring organizations, but without OSM's partial funding, the internships will be cancelled. These 30 eliminated internships are in addition to 32 full-time, one-year volunteer positions through OSM/Volunteers in Service to America (VISTA) that will not be funded due to cuts to VISTA's budget.
- OSM's Program Support Directorate notified 10 prospective university interns of the cancellation of a transportation subsidy provided to support their participation in OSM's watershed assistance programs. These interns receive college credit for performing internships at no cost to OSM; the transportation subsidy serves as an incentive for these highly qualified students to choose OSM for their internships. At this point, OSM cannot project the impact of the lost transportation stipend since it is likely that some of these 10 prospective interns will find work elsewhere.
- OSM's Mid-Continent Region notified 10 students who had internships in the Region during 2012 that they would not be brought back this summer due to funding reductions from the sequester.
- Awarded Abandoned Mine Land (AML) grant amounts reduced by 10 percent to: Crow Tribe - \$1,634,453; Maryland - \$2,594,403; Navajo Nation - \$6,537,143.53; Pennsylvania - \$61,914,258.44; and Virginia - \$9,836,190. These awards are based on providing 90 percent of AML funding calculated by formula.
- In an effort to save travel expenses, employees in OSM's Appalachian Region attending training extended their work day to travel back to their duty station on the same day.

March 29

Impacts and Significant Actions

- The Mid-Continent Region provided notification to 10 students who are currently in a Leave Without Pay status that OSM will not be able to offer them an internship this summer due to funding reductions from the sequester. These students are located in Alabama (3), Illinois (2), Indiana (3), Louisiana (1), and Missouri (1).

April 1

Impacts and Significant Actions

- OSM's Knoxville Field Office conducted diversity training in the office. Four employees from other locations traveled outside of their core duty hours in lieu of overnight travel. Savings to the Federal government totaled \$568 in lodging and travel costs.

Stakeholder/Hill/Intergovernmental Outreach - N/A

Impacts and Significant Actions

- The Director of OSM's Division of Human Resources communicated to the bureau's Executive Council that OSM's Deputy Director has authorized that students of a manager's choice may remain on the rolls in Leave Without Pay status only. This would allow managers to avoid having to advertise and go through the entire competitive process to get students on board, if the budget picture were to change.

Stakeholder/Hill/Intergovernmental Outreach - N/A

April 4

- OSM received an email from Oklahoma's AML Program Director explaining that the cut of \$300,000 to Oklahoma's FY2013 grant distribution has, and will continue to have, a negative effect on the State's reclamation efforts.

Stakeholder/Hill/Intergovernmental Outreach

OSM is preparing a response.

Week of April 8-12

- OSM is finalizing a response to a March 20, 2013 letter from the Director of the Wyoming Department of Environmental Quality regarding Wyoming's reduced FY 2013 AML grant distribution. The Wyoming DEQ Director asserts that OSM should not have subjected Wyoming's allocation to the 10 percent reduction imposed by the sequester.
- OSM is also finalizing a letter to governors and tribal representatives of coal-producing states and tribes describing the sequestration's impacts on the services that OSM provides to those jurisdictions.
- OSM is drafting a response to the April 4, 2013, email from Oklahoma's AML Program Director that describes the negative effects of the State receiving a reduced FY2013 grant.

Upcoming Milestones

- On April 16, OSM's Charleston (WV) Field Office Director is speaking at a symposium sponsored by the Society for Mining, Metallurgy and Exploration in Charleston. However, he is neither attending nor registering for the remainder of the event, which will result in a savings to the Federal government of \$895. In addition, OSM turned

down requests from seven staff who expressed an interest in attending this symposium, a savings of more than \$8,624.

Office of Surface Mining Reclamation and Enforcement
Sequestration Weekly Report – April 11, 2013

Sequester POC: Glenda Owens

Budget: Ruth Stokes

Communications: Peter Mali

OVERVIEW: Week of April 8, 2013

This week, OSM's activities included:

- Both of the OSM/VISTA teams — the Appalachian Coal Country Team and Western Hardrock Watershed Team — are attempting to adjust to the sequester-imposed loss of \$90,000 anticipated from OSM for the latter half of FY 2013. Fall training, an event critical to each team and its success, has been cancelled, as have all plans for summer internships at OSM/VISTA sites. Because OSM support funds provide critical operating support for the teams, other adjustments may occur pending budget review by Team Directors and Coordinators.
- Awarded Abandoned Mine Land (AML) grant amounts reduced by 10 percent to West Virginia and Ohio. These awards are based on providing 90 percent of AML funding calculated by formula.

April 5

Impacts and Significant Actions

- OSM awarded West Virginia \$46,212,941 to implement its FY 2013 AML Program grant. This grant amount represents 90 percent of the AML grant funding that West Virginia would have normally received absent the sequester. OSM gives AML grants to eligible states and tribes to reclaim lands and waters affected by past mining.

Stakeholder/Hill/Intergovernmental Outreach - N/A

April 10

Impacts and Significant Actions

- OSM awarded Ohio \$6,817,865 to implement its FY 2013 AML Program grant. This grant amount represents 90 percent of the AML grant funding that Ohio would have normally received absent the sequester. OSM gives AML grants to eligible states and tribes to reclaim lands and waters affected by past mining.

Stakeholder/Hill/Intergovernmental Outreach - N/A

Week of April 15-19

- OSM is finalizing a response to a March 20, 2013, letter from the Director of the Wyoming Department of Environmental Quality regarding Wyoming's reduced FY 2013 AML grant distribution. The Wyoming DEQ Director asserts that OSM should not have subjected Wyoming's allocation to the 10 percent reduction imposed by the sequester.
- OSM is preparing to send to DOI for review a letter to governors and tribal representatives of coal-producing states and tribes describing the sequestration's impacts on the services that OSM provides to those jurisdictions.

Upcoming Milestones

- *Update:* On April 16, OSM's Charleston (WV) Field Office Director is speaking at a symposium sponsored by the Society for Mining, Metallurgy and Exploration in Charleston. However, he is neither attending nor registering for the remainder of the event, which will result in a savings to the Federal government of \$895. In addition, OSM turned down requests from eight staff (an increase from the number of staff included in last week's report) who expressed an interest in attending this symposium.

Office of Surface Mining Reclamation and Enforcement
Sequestration Weekly Report – April 18, 2013

Sequester POC: Glenda Owens

Budget: Ruth Stokes

Communications: Peter Mali

OVERVIEW: Week of April 15, 2013

This week, OSM's activities included:

- Reduced the level of bureau attendance at an Interstate Mining Compact Commission meeting of state regulators and OSM in Cincinnati, Ohio.
- Reduced the level of bureau attendance at the Society for Mining, Metallurgy and Exploration's Symposium in Charleston, West Virginia.
- Responded to a letter from Wyoming asserting that OSM should not have subjected the State's FY 2013 Abandoned Mine Land (AML) grant distribution to the 10 percent reduction imposed by the sequester.
- Awarded AML grant amount reduced by 10 percent to Ohio. This award is based on providing 90 percent of AML funding calculated by formula.

April 15-17

Impacts and Significant Actions

- OSM reduced the level of bureau attendance at the 2013 Annual Meeting of the Interstate Mining Compact Commission, state mining regulators, meeting in Cincinnati, Ohio. Absent the sequester, OSM would have sent six members of OSM's leadership, including the OSM Director. Only four executives attended this year's meeting.

April 16

Impacts and Significant Actions

- *Previously reported* – OSM's Charleston Field Office Director spoke at the Society for Mining, Metallurgy and Exploration's Symposium in Charleston, West Virginia. However, he did not attend or register for the remainder of the event. OSM also turned down requests for eight staff to attend this symposium.

April 18

Impacts and Significant Actions

- OSM sent a response to a March 14, 2013, letter from the Director of the Wyoming Department of Environmental Quality regarding Wyoming's reduced FY 2013 AML grant distribution. The response explained that grants to states and tribes authorized under Title IV of SMCRA are not exempt from the sequester.

April 18

Impacts and Significant Actions

- *Previously reported (but date has changed)*: OSM awarded the Ohio Department of Natural Resources \$6,817,865 to implement its FY 2013 AML Program grant. This grant amount represents 90 percent of the AML grant funding that Ohio would have normally received absent the sequester. OSM gives AML grants to eligible states and tribes to reclaim lands and waters affected by past mining.

Week of April 22-26

- OSM is preparing to send to DOI for review a letter to governors and tribal representatives of coal-producing states and tribes describing the sequestration's impacts on the services that OSM provides to those jurisdictions.

Upcoming Milestones

- OSM is drafting a response to an incoming letter from the CEO of the Southwest Conservation Corps, which asks the bureau to continue to fund the OSM/AmeriCorps Regulatory Program in FY 2013.

Office of Surface Mining Reclamation and Enforcement

Sequestration Weekly Report – March 14, 2013

Sequester POC: Glenda Owens

Budget: Ruth Stokes

Communications: Peter Mali

OVERVIEW: Week of March 11, 2013

This week OSM's activities included:

- Announcement of cancellation of reclamation awards for active and abandoned mine reclamation;
- Cancellation of one Technical Training Course in Ohio;
- Detailed Review of Offices/Directorate Financial Plans for Accounts for Offsets of sequestered amounts; and
- Comments to DOI on overall OSM impacts.

March 12

Impacts and Significant Actions

- OSM's Director announced at a meeting of the National Association of Abandoned Mine Land Programs, the Interstate Mining Compact Commission, and other stakeholders that OSM will not present its annual awards this year to honor exemplary performance in active or abandoned mine land reclamation.
- OSM resources that would have been spent on review of applications, travel, awards, video presentations, etc. will be used to offset the lack of staff due to unfilled vacancies and other bureau mission-related priorities.

Stakeholder/Hill/Intergovernmental Outreach

- The Stakeholders attending the meeting requested that OSM provide a letter to their Governors about the impacts of the sequestration on reclamation grants and other services that OSM provides, such as technical training. OSM plans to do so in the near future and will update its sequestration plan with a timeframe for doing so.

March 12

Impacts and Significant Actions

- Last week, OSM cancelled a technical training course scheduled for March 19 on Historical and Archaeological Resources in New Philadelphia, Ohio. SMCRA and 30 CFR require State SMCRA Programs to have an agreement with the State's Historic Preservation Officers (SHPO) which ensures the preservation and protection of historical or culturally significant sights.

Stakeholder/Hill/Intergovernmental Outreach

- OSM received feedback from the State of Ohio on this cancellation. Additional delays in providing Ohio personnel with this training places the public in danger. Last year, Ohio had a dangerous AML incident near a public access. Because the subsidence was at a site on the National Register and because Ohio staff folks were not trained, the project was delayed while they awaited the arrival and approval by the subject experts. Ohio will have to contract with another provider at a higher cost if the training is needed immediately.

March 18-22

Review OSM's initial sequestration plan of March 5 to update the actions needed and timeframes for each category:

1. Staffing, Furloughs and other Personnel Actions, including hiring of Youth;
2. Contracts;
3. Grant Payments to States and Tribes;
4. Partnership Contracts;
5. Travel, Training and Conferences
 - Technical and TIPS Training; and
 - Employee Training, Travel and Conference Attendance.

Upcoming Milestones (will be provided in the next report)

Office of Surface Mining Reclamation and Enforcement
Sequestration Weekly Report – March 21, 2013

Sequester POC: Glenda Owens

Budget: Ruth Stokes

Communications: Peter Mali

OVERVIEW: Week of March 18, 2013

This week OSM's activities included:

- Cancelled plans to provide OSM's support for 30 summer interns to do mine reclamation-related work in coal country communities in the Eastern and Western US.
- Notified 10 prospective university interns of the cancellation of a transportation subsidy provided to support their participation in OSM's watershed assistance programs. These interns receive college credit for performing internships at no cost to OSM; the transportation subsidy served as an incentive for these highly qualified students to choose OSM for their internships. At this point, OSM cannot project the impact of the lost transportation stipend since it is likely that some of these 10 prospective interns will go elsewhere.
- Awarded reduced AML grant amounts to: Arkansas – \$2,700,001; Indiana – \$14,335,720; Louisiana – \$380,516; Mississippi – \$246,368; North Dakota – \$3,521,731; Oklahoma – \$2,700,001; Tennessee – \$2,700,000; and Texas – \$4,744,120. The annual AML grants that eligible states and tribes receive are calculated according to a congressionally mandated formula established by SMCRA. Under the sequester, OSM reduced these awards by 10 percent.

March 18

Impacts and Significant Actions

Director Pizarchik notified OSM employees that the bureau does not have the funds to hire interns this fiscal year.

These interns are funded primarily by local sponsoring organizations, but without OSM's partial funding, the internships will be cancelled. These 30 eliminated internships are in addition to 32 full-time, one-year OSM/ VISTA Volunteer positions that will not be funded due to cuts to VISTA's budget.

Stakeholder/Hill/Intergovernmental Outreach

The Director instructed employees to notify all potential returning interns by March 22, 2013, that, due to the sequester, OSM will not be able to hire them this fiscal year.

March 19

Impacts and Significant Actions

OSM awarded reduced AML grants to Indiana (\$14,335,720), North Dakota (\$3,521,731), and Texas (\$4,744,120).

Nationwide, the reduction in AML funding means that an estimated 50 AML projects will not be reclaimed. This will impact an estimated 22,500 citizens who will continue to be exposed to mine-related hazards such as open mine shafts and portals, mine fires, dangerous highwalls, landslides, and mine subsidence. More than 1,800 acres of polluted or degraded mine lands will not be cleaned up, and over \$4.3 million will not be set aside for cleanup of mine-related water pollution.

Stakeholder/Hill/Intergovernmental Outreach

On March 20, the OSM Director received a letter from the Director of the Wyoming Department of Environmental Quality regarding Wyoming's reduced FY 2013 AML grant distribution. The Governor asserts that OSM erred in reducing Wyoming's allocation by 10 percent. Since an amendment to the Transportation bill adopted by Congress in 2012 capped the funding to Wyoming at \$15 million annually, the Director of Wyoming DEQ argues, Wyoming's allocation should not have been subjected to the 10 percent reduction imposed by the sequester.

Week of March 25-29

March 26

OSM's Appalachian Regional Director will be a surrogate for the OSM Director at a meeting of the West Virginia Mine Drainage Task Force Symposium. At this annual gathering of representatives from State Regulatory Authorities, the coal industry, and the environmental community, the Appalachian Regional Director plans to announce that OSM will not be providing funding for the Acid Mine Drainage Technology Initiative as a result of sequestration.

Director Pizarchik will not be traveling to attend this event. Twenty-one technically based OSM experts will not attend this significant, low-cost, nationally recognized event focused on the prevention and treatment of pollutional discharges from coal mining operations.

Upcoming Milestones

OSM will draft a letter to the University of West Virginia indicating that, as a result of the sequestration, the bureau cannot continue to fund research tasks that the University is working on related to the Acid Mine Drainage Technology Initiative. This is a \$200,000 cost reduction.

Office of Surface Mining Reclamation and Enforcement
Sequestration Weekly Report – March 28, 2013

Sequester POC: Glenda Owens

Budget: Ruth Stokes

Communications: Peter Mali

OVERVIEW: Week of March 25, 2013

This week OSM's activities included:

- OSM's Appalachian Regional Director was a surrogate for Director Pizarchik at a meeting of the WV Mine Drainage Task Force Symposium, consisting of representatives from State Regulatory Authorities, the coal industry, and the environmental community. The Regional Director announced that OSM will not be providing funding for the Acid Mine Drainage Technology Initiative as a result of sequestration.
- OSM's Western Region determined it is unable to fill nine key positions, e.g. Surface Mining Reclamation Specialist (Inspector), Archeologist, AML and Regulatory Specialist, Grants Financial Specialist, etc., because of the hiring freeze and budgetary uncertainty. The Inspector is needed to backfill a vacant position that is responsible for inspection and enforcement activities on Indian lands in the Southwest.
- OSM announced the cancellation of eight TIPS training classes due to a \$122K budget reduction
- OSM advised the TIPS Steering Committee members (State and OSM members) that there is no funding for travel to collaborate in a meeting in Denver scheduled for May 2013. TIPS provides technical hardware and software tools to State, Tribal and OSM offices across the country and associated training on those tools. The annual Steering Committee meeting provides stakeholder feedback.

March 25

TIPs training cancellation - Impacts and Significant Actions

Because of the cancellation of the eight TIPS training classes, 152 SMCRA specialists will not receive planned software training; that includes 141-State and 11-OSM employees.

TIPs Steering Committee reduced participation - Because of the reduced funding for travel, OSM is forced to limit its participation in the TIPs Steering Committee and its ability to collaborate with the State regulatory partners who are also on the Steering Committee. We are exploring with committee members other options such as holding an abbreviated web conference.

March 26

WV Mine Drainage Task Force Symposium – Impacts and Significant Actions

- The WV Mine Drainage Task Force Symposium is a significant, low-cost, nationally recognized event focused on the prevention and treatment of pollutional discharges from coal mining operations. Because of the sequestration, Director Pizarchik did not travel to attend this event. In addition, OSM reduced its attendance at this event by 21 professional, technical and scientific experts.

Stakeholder/Hill/Intergovernmental Outreach

- OSM is drafting a letter to the University of West Virginia indicating that, as a result of the sequestration, the bureau cannot continue to fund applied science tasks that the University is working on related to the Acid Mine Drainage Technology Initiative. This is a \$200,000 cost reduction.

March 27

Impacts and Significant Actions

The existing staff of OSM's Western Regional office has been covering the vacant Inspector position's workload but this is putting considerable strain on the available resources and as we move into field season will adversely impact our ability to process bond release applications or provide training to tribal staff in a timely manner. The Western Region has the only Archeologist in OSM. He is currently fully engaged in providing support to national OSM and the states, as well as permitting work in the West. Because of increased permitting and NEPA compliance work we are unable to timely complete or fulfill all requests for assistance. Given the importance of ensuring compliance with the National Historic Preservation Act and associated laws additional support is needed in this area to meet OSM's mission. There is a corresponding impact to specific programs which are: less effective Federal Reclamation Program, slower permitting actions, reduced oversight of state programs, slower program amendment processing, and fewer (or less intensive) oversight inspections.

Stakeholder/Hill/Intergovernmental Outreach - N/A

Week of April 1-5

April 1

OSM plans to award a reduced FY 2013 AML program grant to the Navajo Nation. The \$6,537,193 award was delayed by preparations for the sequester. As a certified state, the Navajo Nation will use the money for the purposes established by its Tribal Council, including addressing the impacts of past coal and uranium mining practices and on public facilities projects in communities impacted by mining. Under the sequester, OSM reduced this award by 10 percent.

Impacts and Significant Actions

Nationwide, the reduction in AML funding means that an estimated 50 AML projects will not be reclaimed. This will impact an estimated 22,500 citizens who will continue to be exposed to mine-related hazards such as open mine shafts and portals, mine fires, dangerous highwalls, landslides, and mine subsidence. More than 1,800 acres of polluted or degraded mine lands will not be cleaned up, and over \$4.3 million will not be set aside for cleanup of mine-related water pollution.

Upcoming Milestones

- OSM is drafting a response to a March 20, 2013, letter from the Director of the Wyoming Department of Environmental Quality regarding Wyoming's reduced FY 2013 AML grant distribution. Since an amendment to the Transportation bill adopted by Congress in 2012 capped the funding to Wyoming at \$15 million annually, the Director of Wyoming DEQ argues, OSM should not have subjected Wyoming's allocation to the 10 percent reduction imposed by the sequester.
- OSM is also drafting a letter to the governors and tribal representatives of states and tribes eligible to receive AML grants about the impacts of the sequestration on those grants and other services that OSM provides, such as technical training.

Office of Surface Mining Reclamation and Enforcement
Sequestration Weekly Report – May 2, 2013

Sequester POC: Glenda Owens

Budget: Ruth Stokes

Communications: Peter Mali

OVERVIEW: Week of April 29, 2013

This week, OSM's activities included:

- Cancelled bureau participation at a popular outreach event in West Virginia.
- Declined a request for technical training.
- Declined a request to provide onsite ethics training to regional employees.
- Sent letter to PMB for circulation. Letter is to governors and tribal representatives of coal-producing states and tribes describing the sequestration's impacts on the services that OSM provides to those jurisdictions. PMB will handle OMB clearance of this letter.

Week of April 29-May 4, 2013

April 30

OSM's National Technical Training Program will not be able to meet a request from the state of Kentucky to offer a customized training course in underground mining.

May 1

OSM's ethics counselor will not be able to provide onsite ethics training to the Mid-Continent regional employees.

May 4

OSM's Charleston Field Office cancelled its participation at a popular annual event in West Virginia that constitutes the Field Office's primary means of public outreach. The annual Cheat River Festival is a celebration of the Cheat River watershed — considered a successful example of addressing the problem acid mine drainage from past coal mining — and its communities. The festival will take place this Saturday, and OSM normally sets up a booth/display at the event to inform the public about the efforts of OSM and other Federal, State, and local entities to improve water quality in the watershed. This year, OSM decided to not attend, as such outreach is not considered mission critical. This event is the one large public outreach the Charleston Field Office undertakes.

Upcoming Milestones

Nothing to report at this time.

Office of Surface Mining Reclamation and Enforcement
Sequestration Weekly Report – May 9, 2013

Sequester POC: Glenda Owens

Budget: Ruth Stokes

Communications: Peter Mali

OVERVIEW: Week of May 6, 2013

This week OSM's activities included:

- Noted the adverse effects of the sequester-imposed hiring freeze on the Grants Program in one of OSM's Regions.
- Cancelled a Regional employee's attendance at training offered in Washington, DC.
- Announced that on June 1, 2013, the bureau plans to begin operating under a model that includes reduced Information Technology (IT) help desk services, among other things.

Week of May 6-May 11, 2013

Impacts and Significant Actions

While the hiring freeze saves payroll funds, it places mission-critical programs in jeopardy as a result of employee fatigue and the need for timely completion of required grants actions. During the week of May 6, specific examples could be found when one of two grants specialists in OSM's Appalachian Region was on annual leave and the other specialist was tasked with supporting a national-level Internal Control Review, leaving the Appalachian Region without grants support. This follows a week where one of the specialists was on sick leave at a time where state regulatory program funds had to be distributed to prevent states' surface coal mining regulatory programs from missing payroll. Currently, the Appalachian Region is down three grants positions, the filling of which have been frozen by sequestration. Two of them were advertised prior to the freeze.

One Appalachian Region employee's travel to Washington, DC, for FOIA training was cancelled.

Update: OSM has evaluated its IT help desk services contract to determine current needs considering DOI's IT Transformation initiative, leveraging management technologies for efficiency in end-user support, and the use of available Federal resources. Through this evaluation, OSM has developed a *proposed* end-user support model that includes reducing contractor support services and relying more heavily on technologies to support OSM employees' IT needs. The model aims to reduce the costs of these contractor services from a projected \$870,547 for FY 2013 to an estimated \$491,000. *The current plan is for OSM to begin operating under this model on June 1, 2013.*

Week of May 13-17, 2013

Nothing to report at this time.

Upcoming Milestones

June 1, 2013

OSM plans to begin operating under a model that includes reduced IT help desk services and a greater reliance on technologies to support OSM employees' IT needs.

Office of Surface Mining Reclamation and Enforcement
Sequestration Weekly Report – May 16, 2013

Sequester POC: Glenda Owens

Budget: Ruth Stokes

Communications: Peter Mali

OVERVIEW: Week of May 13, 2013

This week, OSM's activities included:

- Received the bureau's OMB-approved apportionment for one portion of OSM's budget.
- Awarded a reduced AML grant amount on May 9 to the State of Utah in the amount of \$4,334,660. This grant amount represents 90 percent of the AML grant funding that Utah would have normally received absent the sequester.
- Received from PMB an OMB-reviewed version of a letter to governors and tribal representatives of coal-producing states and tribes describing the sequestration's impacts on the services that OSM provides to those jurisdictions.

Week of May 13-May 18, 2013

Impacts and Significant Actions

May 13

OSM received its OMB-approved apportionment for one portion of its budget. OSM uploaded the bureau's Regulation and Technology Funds (R&T) in the Financial and Business Management System (FBMS), then "backed out" the continuing resolution amounts, so that OSM has full-year funding at the R&T appropriation level in FBMS. Director Pizarchik approved the FY 2013 Distribution of Regulatory Grants to states and tribes, and OSM in the process of making those funds available in FBMS so that full-year grants may be issued as the grant applications are received from the states and tribes. Eleven states — almost half of the states that receive regulatory grants — have been provided regulatory grants thus far on a limited basis as OSM awaits full-year funding.

DOI has advised OSM that the apportionment for the remaining portion of OSM's budget — the AML discretionary and mandatory funding — should be finalized and sent to OMB on

Wednesday, May 15. Due to the sequestration and the freeze on vacancies, OSM will not have the resources to upload this budget in a timely manner. OSM will therefore continue to encounter delays in budget and execution through May and into June 2013. Among other examples, OSM will not be able to provide the additional funding to eligible states and tribes for the mandatory AML grants until the full-year AML funding has been entered and reviewed.

May 15

OSM received from PMB an edited version of a letter to coal-producing states and tribes describing the sequestration's impacts on the services that OSM provides to those jurisdictions. The latest draft incorporates edits from PMB and OMB. Even with these edits, the letter is pending until OMB determines the final percentage of cuts imposed by the sequestration.

Week of May 20-25, 2013

May 20

OSM plans to award Colorado \$7,719,170 to implement the State's FY 2013 AML Program grant. OSM gives AML grants to eligible states and tribes to reclaim lands and waters affected by past mining. As an uncertified state, Colorado will use the money to administer its AML program and reclaim and restore abandoned mine lands within its borders. This grant amount represents 90 percent of the AML grant funding that the State would have normally received absent the sequester.

May 19-23

In OSM's Appalachian Region, one employee is not attending the Society for Freshwater Science's Annual Meeting to be held May 19-23, 2013, in Jacksonville, FL. Not attending this meeting places Regional staff at a disadvantage in understanding the evolving scientific findings specific to stream and waterway impacts due to mining. The Appalachian Region's inability to learn from these scientific meetings limits OSM's ability for technical staff to incorporate the findings into high-priority efforts (e.g., application of the findings into the Stream Protection Rulemaking efforts).

Upcoming Milestones

Nothing to report at this time.

3-21-13

**INFORMATION MEMORANDUM FOR THE ACTING ASSISTANT SECRETARY –
LAND AND MINERALS MANAGEMENT**

From: Joseph G. Pizarchik, Director
Office of Surface Mining Reclamation and Enforcement (OSM)

Subject: Impact of FY 2013 Budget Sequester

I. INTRODUCTION

OSM receives both discretionary and mandatory appropriations. The FY 2012 enacted level for discretionary funding is \$150 million. OSM spends the majority of its discretionary funding on personnel salaries/benefits (\$57 million), rent and DOI working capital fund expenses (\$13 million), and the Federal 50 percent share of regulatory grants to 24 coal-producing states and three tribes (\$68.5 million).

The mandatory funding is estimated to be \$535 million. By law, funding from mandatory accounts is distributed to the United Mine Workers of America (UMWA) Benefit Funds for health benefits (\$196 million) and to eligible states and tribes to reclaim remaining abandoned coal mines and for other purposes (\$339 million).

- OSM provided 85% of the mandatory funds to the UMWA Benefit Funds earlier in the year due to the sequestration and the Anti-Deficiency Act. On January 30, OMB reassessed the sequestration status of the accounts for payments and determined those made to the UMWA Benefit Funds were exempt. In February, OSM made full payments to the UMWA Benefit Funds.
- The funds provided to the States and Tribes in Abandoned Mine Land (AML) grants were initially made at 90% of the calculated amounts. DOI recently provided final figures to OSM that amounted to an overall 5.2% reduction, and OSM is revising the individual grant amounts at this time.

II. BACKGROUND

Discretionary Accounts

OSM has two discretionary accounts, as shown below, funded at four (4) Program, Project, and Activity (PPA) levels each. The amount in parenthesis after each PPA is the amount of the 5% reduction under the sequestration, based on a FY 2013 Full-Year CR. The total sequester amount for OSM's discretionary accounts is **\$7.556 million**.

Regulation and Technology Account: (-\$6.178 million)

- Environmental Protection (-\$4.62 million)
- Technology Development and Transfer (-\$0.727 million)
- Financial Management (-\$0.025 million)

- Executive Direction and Administration; includes a portion of payments for rent, DOI working capital fund (-\$0.801 million)

The Regulation and Technology account is 2-year funding; any unused FY 2013 funding will remain available in FY 2014, at the PPA level.

Abandoned Mine Reclamation Fund: (-\$1.378 million)

- Environmental Restoration (-\$0.477 million)
- Technology Development and Transfer (-\$0.178 million)
- Financial Management (-\$0.322 million)
- Executive Direction and Administration, includes a portion of payments for rent, DOI working capital fund (-\$0.401 million)

The Abandoned Mine Reclamation Fund account is no-year funding; any unused FY 2013 funding will remain available in subsequent years until expended, at the PPA level.

Mandatory Accounts

The total sequester amount for OSM's mandatory accounts for AML grants to States and Tribes was finalized at \$17,819,400.

OSM provides AML grants to States and Tribes under two accounts:

- Abandoned Mine Reclamation Fund (payment is based on fees collected on FY 2012 coal production)
- Treasury Funds

AML mandatory grants were announced and provided at 90% of the total calculated amount determined by law. Ten percent was previously withheld. OSM staff are revising the final individual grant amounts. Impacts of sequestration on accounts associated with the mandatory grants will result in a reduction in projects, leaving hazardous and environmental pollution problems remaining unaddressed, the public at risk for greater periods of time, and job losses.

In addition, OSM provides mandatory payments to the UMWA Benefit Funds under two accounts:

- Abandoned Mine Reclamation Fund (payment is based on interest earned on the fund investments)
- Treasury Funds

OMB reassessed the sequestration status of the accounts for payments OSM makes to the UMWA Benefits Funds Health Plans, and notified DOI on January 30, 2013, that the payments are exempt from sequestration. Funding has been provided in the requested amounts for the three Health Plans, and there will be no impact to the UMWA Funds' Health Plans.

Impacts

OSM will be impacted since operations and compliance with the laws essential to our work will suffer with the reductions.

- For the past two years, OSM has requested an increase of \$3.9 million and 25 FTE in its budget in order to be able to fulfill statutory obligations. This request is critical to OSM's ability to provide the much-needed technical assistance and training to its State and Tribal partners to ensure appropriate regulation of surface coal mining activities. OSM's ability to regulate the surface coal mining industry in accordance with the Surface Mining Control and Reclamation Act (SMCRA), and to provide assistance to the States and to oversee the States' implementation of SMCRA, is adversely affected.
- The 24 primacy States (those approved to implement SMCRA) and the three Tribes that are developing regulatory programs depend on the Federal funding provided to run their programs. The majority of regulatory funding is spent on staff. Therefore, even small reductions translate to staff decreases and adversely impact these programs' ability to implement the law. Furthermore, the delay in notifying the primacy States of the funding levels may impact their ability to obtain the equivalent in matching State funds.
- Commitments made in the June 2009 DOI-EPA-US Army Corps of Engineers Interagency Memorandum of Understanding to improve coordination on permit reviews to reduce the adverse effects of coal mining in Appalachia is an Administration priority that will be delayed. OSM has partnered with other Federal agencies and four States (TN, WV, VA and KY) to develop an interactive Internet-based mapping application that displays and shares coal mining-related data among the partner agencies, the States and, eventually, the public. The "Interagency Appalachian GeoMine Pilot Project" is well underway and at a critical stage of development. Reductions will impact OSM's ability to fund the project and have staff continue to work on this project. Reductions will delay this project, will delay its expansion and result in the loss of future savings, efficiencies, improved program delivery and more effective protection of people and the environment.
- Sequestration of the mandatory AML and Treasury grants to the States and Tribes will reduce contract work, leaving dangerous and environmental pollution problems unaddressed and the public at risk for a greater period of time. There will also be a reduction in jobs associated with contract restoration work. This situation is already occurring in some States with grant cycles that began early in the Federal fiscal year, due to the unknown funding levels. OSM made available 90% of the calculated distribution amount to the States and Tribes earlier. OSM is finalizing the grant amounts based on the final reduction amount provided by DOI.
- Reduced budgets will further reduce staff levels and adversely affect the gains OSM has made in supporting Presidential Initiatives of hiring veterans and creating a more diverse workforce. OSM's FY 2012 hiring accomplishments indicated that 25% of new hires were veterans, 7.1% were veterans with disabilities, 12.4% were people with disabilities,

and 1.5% were people with targeted disabilities. OSM was asked to meet the same goals for FY 2013. With limited or no opportunities for new hires, however, OSM will not be able to meet these goals.

- Efficiencies that were already considered in our reduced budgets for services (e.g., IT) will continue to be a burden since those services have not yet been realized at the levels originally anticipated. Other unfunded mandates, such as the increase in transit subsidies to a level almost double that of FY 2012, will further drain our limited budgets once implemented.
- AML Reclamation Account: The reclamation program supports assistance to the States and Tribes on AML technical and programmatic issues, technical training, and project dollars provided to watershed groups to abate or reduce acid mine drainage problems attributed to abandoned coal mines, and in contract dollars to support the Acid Drainage Technology Initiative and Watershed Cooperative Agreements to address water pollution. The reductions will delay the projects and limit opportunities for youth to support the projects through participation in watershed internships.
- Under both the Regulation and Technology (R&T) and AML Accounts, OSM will need to reduce its technical training under both its national training program and TIPS to States and Tribes. This will reduce the transfer of knowledge, technical tools, and skills critical to the States' ability to more efficiently and adequately implement SMCRA. It will also impact the progress that the Tribes have made in developing regulatory programs and likely will delay Navajo and Crow Tribes from attaining primary responsibility for regulating coal mining activities on their lands consistent with the Presidential Initiative of Tribes achieving self-determination.
- Under both R&T and AML Accounts, OSM will need to reduce its support for hiring youth. OSM hires youth through contracts, cooperative agreements, and direct hires during the year and through the summer. They are not permanent employees. We have worked hard to increase youth hiring and engagement, and had 296 youth engaged in our programs for at least 80 hours in FY 2012 as a result. In FY 2013, 166 youth have been engaged thus far, but no new hires are anticipated due to the reduced budget. This is a 40% reduction from our FY 2012 accomplishment. We will notify youth planning to return for the summer months that we cannot commit to employing them in FY 2013. Our students are a vital part of our workforce. Among other things, they assist with digitizing mine maps, work with watershed groups and build capacity with communities to address water problems associated with past mining (such as acid mine drainage), and provide administrative, programmatic, and technical support to OSM, States, and Tribes in the implementation of SMCRA. OSM will be unable to maintain its youth accomplishments. Consequently, the bureau will fall short of efforts to build a new cadre of young OSM professionals that will be critical for our future workforce.

III. POSITION of INTERESTED PARTIES

(b) (5)

3-21-13

**INFORMATION MEMORANDUM FOR THE ACTING ASSISTANT SECRETARY –
LAND AND MINERALS MANAGEMENT**

From: Joseph G. Pizarchik, Director
Office of Surface Mining Reclamation and Enforcement (OSM)

Subject: FY 2014 Budget

I. INTRODUCTION AND HIGHLIGHTS

Budget Highlights

The FY 2014 Budget Request for OSM is \$143 million in discretionary appropriations¹, a decrease of \$7.1 million from the FY 2012 enacted level. Changes are due to proposed program changes, and fixed costs.

Program Changes include (net change of -\$8.069 million):

- + \$3,734,000 to Improve Implementation and Support the States and Tribes;
- + \$1,599,000 for Applied Science Projects;
- + \$209,000 to Support Project Monitoring of Federal Reclamation Projects.
- - \$10,916,000 in State and Tribal Regulatory Funding.
- - \$2,360,000 in Federal Programs and Indian Lands to Implement Federal Cost Recovery of Fees for Services; and
- - \$335,000 for Watershed Cooperative Agreements.

Fixed Costs include (net change of +\$925,000):

- + \$674,000 for Pay Raises
- + \$247,000 for a Change in Pay Days;
- + \$329,000 for Federal Health Benefit Plans;
- + \$2,000 for Unemployment Compensation;
- + \$4,000 for Workers Compensation;
- - \$473,000 for Rental Payments; and
- + \$142,000 for a Working Capital Fund Adjustments, including IT Transformation.

The requested programmatic increase of \$3.734 million and 19 FTE would be used to improve implementation of existing laws and for technical support to the States and Tribes. The requested programmatic increase of \$1.599 million for applied science projects will support the advancement of technologies and practices specific to coal mined sites for more comprehensive ecosystem restoration, including reforestation and reclamation using native vegetation and plant habitat.

¹ This amount does not include \$100,000 in civil penalty authority.

In addition to discretionary appropriations, the budget includes an estimated \$468.5 million in mandatory funding for reclamation grants to non-certified States and Tribes (\$273.5 million), and for United Mine Workers of America (UMWA) Benefit Funds for health benefits (\$195 million). This is a decrease from FY 2012 payments of \$247.6 million, the majority of which is due to the Administration's legislative proposal to eliminate payments to certified States and Tribes.

Legislative Proposals

The budget proposes to end payments to mandatory States and Tribes who have completed reclamation of their high priority coal sites. Based on projected estimates for FY 2014, elimination of all payments to certified States and Tribes will save \$44 million in FY 2014, with a savings estimated at \$320 million over the next 10 years.

Mine operators currently pay OSM 28¢ per ton for each ton of anthracite, bituminous and sub-bituminous coal produced by surface mining; 12¢ per ton for each ton of anthracite, bituminous and sub-bituminous coal produced by underground mining; and 8¢ per ton of lignite produced. The FY 2014 budget proposes to return coal fees to the level prior to 2006 (35¢ per ton surface coal, 15¢ per ton underground, and 10¢ per ton lignite), when an amendment to the Surface Mining Control and Reclamation Act reduced the fees. The proposal to return the fees to their historic levels will generate an additional \$53.0 million in 2014 that will be used to reclaim priority abandoned mine sites and reduce some of the \$3.9 billion in remaining dangerous AML sites nationwide.

The budget also includes a legislative proposal to establish a new fee on hardrock mineral production to fund the reclamation of abandoned hardrock mines across the Country. Just as the coal industry is held responsible for the actions of its predecessors, the Administration proposes to hold the hardrock mining industry responsible for abandoned hardrock mines. The legislative proposal will levy an AML fee on uranium and metallic mines on both public and private lands. The proposed AML fee on the production of hardrock minerals will be based on the volume of material displaced after January 1, 2014. The fee will be collected by OSM. The receipts will be distributed through a set allocation of funds between Federal and non-Federal lands. Based on need, the Secretary would disperse the non-Federal share to States and Tribes who would select their own priority restoration projects, using national criteria. The proposed hardrock AML fee and reclamation program would operate in parallel to the coal AML reclamation program, as two parts of a larger proposal to ensure the Nation's most dangerous coal and hardrock AML sites are addressed by the industries that created the problems. This proposal is expected to generate \$1.8 billion over ten years for the reclamation of abandoned mine lands.

II. POSITION of INTERESTED PARTIES

(b) (5)

(b) (5)

Bureau of Safety and Environmental Enforcement (BSEE)

Sequestration Week Ahead Report

March 11, 2013

POC: Margaret Schneider, Deputy Director

Overview:

BSEE does not expect to any significant actions related to sequestration this week. Carry over will be used to mitigate the \$10.2 million sequestration amount. No furloughs are anticipated. No furlough notices will be issued at this time.

Impacts and Significant Actions:

- BSEE will resume those hiring actions paused by the Department's hiring freeze following the granting of a waiver on March 9, 2013. Hiring actions to resume this week are those actions for which significant activity had been started prior to the freeze. (These actions are funded by salary lapse created from prior fiscal due to slower hiring).
- BSEE will continue to constrain non-mission essential overtime, compensatory time and travel. Mission essential activities and incident response management will continue as usual. Travel associated with required training will continue.

Press Outreach:

- None anticipated at this time

Stakeholder/Hill and Intergovernmental Outreach:

- At the request of Hill staff, BSEE and OSI/Budget discussed implications of sequestration with Senate Appropriations staff on Friday March 8, 2013.

Bureau of Safety and Environmental Enforcement (BSEE)

Sequestration Week Ahead Report

April 4, 2013

POC: Margaret Schneider, Deputy Director

Overview:

No Change: BSEE does not expect any significant actions related to sequestration this week. Carry over will be used to mitigate the \$10.2 million sequestration amount. No furloughs are anticipated. No furlough notices will be issued at this time.

Impacts and Significant Actions:

- **Update:** BSEE has resumed hiring following the granting of a waiver on March 9, 2013. Hiring of engineers and inspectors positions are approved to proceed. Any other job series requires case by case approval from the Deputy Director. Monthly updates are provided to ASLM and PMB. (These actions are funded by salary lapse created from prior fiscal due to slower hiring).
- **Update:** BSEE will continue to constrain non-mission essential overtime, compensatory time and travel. Mission essential activities and incident response management will continue as usual. Travel associated with required training will continue. Attendance at conferences and events have been significantly limited and travel remains very limited. Any travel requires case by case approval by Deputy Director.

Press Outreach:

- No scheduled media engagements during the coming week.

Stakeholder/Hill and Intergovernmental Outreach:

- No scheduled stakeholder engagements related to sequestration in the coming week.

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT
FY 2013 OPERATING PLAN/SEQUESTRATION BUDGET SUMMARY
(dollars in Thousands)

Bureau of Safety and Environmental Enforcement	2012 Enacted	2013 1st Ops Plan	2013 Base^{1/}	2013 Base with Sequester	Change from 2012	Change from 2013 1st Ops Plan
Offshore Safety and Environmental Enforcement	182,456	182,832	182,333	173,191	-9,265	-9,641
Less Use of Offsetting Collections	(121,081)	(121,081)	(121,081)	(115,027)	-6,054	-6,054
Total, OSEE	61,375	61,751	61,252	58,164	-3,211	-3,587
Oil Spill Research	14,899	14,899	14,869	14,119	-780	-780
BSEE TOTAL	76,274	76,650	76,121	72,283	-3,991	-4,367

^{1/} Base program is the 2nd operating plan with the ATB. It does not include \$3.0 million from the Disaster Relief Appropriations Act, 2013 (P.L. 113-2), which is also subject to sequester.

Overview

Funding for BSEE totals \$182.3 million before sequester, a \$123,000 reduction from the FY 2012 enacted. After sequestration, the total is \$173.2 million, a 5.1 percent decrease from FY 2012. Total funding in 2014 is \$222.1 million.

Although BSEE is not planning to furlough employees, the bureau is scrutinizing overtime, travel and conference attendance to ensure it is mission critical. As a service provider to other DOI bureaus, those organizations may need to adjust existing reimbursable service agreements. Should collections from the bureaus be substantially reduced, BSEE estimates up to six FTE may need to be absorbed into vacant positions within the existing bureau support structure.

Notable Changes

BSEE is able to support the Secretarial and Administration initiatives planned for FY 2013, including implementing reforms and providing oversight, absent the need for reprogramming or furloughing employees.

Reprogrammings

BSEE does not anticipate the need to reprogram funds between budget activities.

PPAs Where Impacts are Not Mitigated / Partially Mitigated

BSEE does not anticipate significant impacts from the sequestration reduction.

Staffing Levels

Furloughs will not be necessary. BSEE has petitioned the Department for, and received, an exception to the Department's hiring freeze implemented February 21, 2013.

Operations Impact

No major contracts are planned to be cancelled, re-scoped, delayed, etc. BSEE plans to continue to award contracts for work designed to enhance safety and to advance technology development on the OCS. All travel and conference attendance is being monitored to ensure need to complete mission critical activities, but not eliminated.

Carryover

Carryover is assumed to be fully available to complete contracting and other mission critical program activities this year. Funding levels estimated to be in place next year are expected to be adequate to continue the programs and activities planned. As future funding levels may continue to decrease from sequester actions, BSEE will monitor hiring planned as a result of the reorganization more closely to ensure the projected funding levels support the workforce planned.

Maintenance

BSEE does not plan to divert funding necessary for routine facility maintenance to support labor or other program costs.

Reimbursable Activities

BSEE provides administrative services to other DOI bureaus and offices. As those organizations may need to adjust existing reimbursable service agreements they hold with BSEE, collections may be reduced. If the reductions are substantial, BSEE estimates up to six FTE may need to be absorbed into vacant positions within the existing bureau support structure. In these cases, vacancies would be filled from internal rather than external bureau recruitment.

Issue Paper
DOI BOEM and BSEE Sequestration Clarification
For Offsetting Collections and Trust Fund

Prepared by: BSEE Finance Office (Linda McKinney)

Date: April 16, 2013

Understanding sequestration guidance is still being developed by OMB and Treasury, please review the following scenarios to be included in FY 2013 sequestration guidance.

Offsetting Collections

Background

Bureau of Ocean Energy Management (BOEM) and Bureau of Safety and Environmental Enforcement (BSEE) receive appropriation language yearly identifying “a not to exceed amount” from rental receipts of the Outer Continental Shelf leases. The language below is identical for BOEM and BSEE. (Only included FY 2012 BOEM language for this issue paper).

“..., and an amount not to exceed \$101,082,000, to be credited to this appropriation and to remain available until expended, from additions to receipts resulting from increases to rates in effect on August 5, 1993, that are collected and disbursed by the Secretary, and from cost recovery fees from activities conducted by the Bureau of Ocean Energy Management pursuant to the Outer Continental Shelf Lands Act, including studies, assessments, analysis, and miscellaneous administrative activities: Provided, That notwithstanding 31 U.S.C 3302, in fiscal year 2012, such amounts as are assessed under 31 U.S.C. 9701 shall be collected and credited to this account and shall be available until expended for necessary expenses:...”

The amounts received from the Outer Continental Shelf leases are recorded as offsetting collections from the public via a custodial distribution from Office of Natural Resource Revenue (ONRR), and cost recoveries are recorded directly into expenditure appropriations 14X1917 (BOEM) and 14X1700 (BSEE). Every year the amount stipulated in the appropriation language cannot be exceeded.

Issue

Due to the FY 2013 sequestration, BOEM and BSEE’s “*Spending Authority (Offsetting Collections)*” will be reduced.

What is the intent of the sequestration of the BOEM and BSEE “*Spending Authority (Offsetting Collections)*”? Will it be considered permanent or temporary?

Permanent scenario:

If the sequestration is permanent, what will be the mechanism to record the cash to Treasury?

In FY 2011, there was a permanent \$25 million rescission of prior year unobligated balances available in the Royalty and Offshore Minerals Management Account, Spending Authority (Offsetting Collections). See Figure 1 below, line coded as 1722. The mechanism used to record this rescission was as follows:

1. Non-Expenditure Transfer Authorization was processed between 14X1917 and 141614 (see Attachment A). USSGL 4393 – Permanent Reduction – Prior-Year Balances.
2. The following was the posting model in appropriation symbol 14X1917: 5766.F.1417/1010, 4450/4393
3. The following was the posting model in appropriation symbol 141614: 1010/2985.F.9900, 5993.F.9900/5756.F.1417

If it is determined the sequestration is permanent for the BOEM and BSEE Spending Authority (Offsetting Collections), could this scenario be used?

Note – SGL 4392 would be used instead of SGL 4393. This would be presented on the SF-133 line 1722.

Figure 1

FY 2011 Apportionment Funds provided by Public Law 112-10									
Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
		TAFS: 14-1917 /X							
RptCat	NO								
AdjAut	YES	Adjustment Authority provided							
		Budgetary resources							
1000	A10	Actual - Unob Bal: Brought forward, October 1 - Hurricane	158,935		158,936		158,936		
1000	A11	Actual - Unob Bal: Brought forward, October 1 - ROMM Offset Colls	29,688,735		29,688,736		29,688,736		
1000	A12	Actual - Unob Bal: Brought forward, October 1 - OCS Offset Colls	25,000,000		25,000,000		25,000,000		
1000	A14	Actual - Unob Bal: Brought forward, October 1 - MISC	1,507,949		1,507,949		1,507,949		
1000	A15	Actual - Unob Bal: Brought forward, October 1 - RIK Offset Colls	1,333,557		1,333,557		1,333,557		
1000	A18	Actual - Unob Bal: Brought forward, October 1 - Oil Spill Supplemental	8,506,000		8,506,000		8,506,000		
1041		Unob Bal: Antic recov of prior year unpaid obl			12,000,000		12,000,000		
1121		BA Disc: Approps transferred from other accounts			16,960,000		16,960,000		
1131		BA Disc: Unob bal of approps permanently reduced			-25,000,000		-25,000,000		
1722		BA Disc: Spending auth. Permanently reduced	-25,000,000						
1740	E20	BA Disc: Spending auth. Antic colls, reimbs, other - RSA/RIK	28,000,000		28,000,000		28,000,000		
1740	E21	BA Disc: Spending auth. Antic colls, reimbs, other - Offsetting Coll	154,890,000		154,890,000		154,890,000		
1740	E22	BA Disc: Spending auth. Antic colls, reimbs, other - Inspection Fee	10,000,000		10,000,000		10,000,000		
1920		Total budgetary resources avail (disc. and mand.)	234,085,176		263,045,178		263,045,178		

Temporary Scenario:

If the sequestration is temporary, will the amount temporarily reduced in FY 2013 automatically reduce the "amount not to exceed" in the FY 2014 language? How would a temporary reduction work in this unique scenario?

A temporary reduction for the Spending Authority (Offsetting Collections) in the BOEM and BSEE scenarios does not seem to be the best fit for the FY 2013 sequestration, due to the "not to exceed" language.

If OMB determines the FY 2013 sequestration amounts for the BOEM and BSEE Spending Authority (Offsetting Collections) to be temporary, please confirm the following posting model would be appropriate:

1. In the expenditure appropriation symbols 14X1917 (BOEM) and 14X1700 (BSEE), the following would be posted: 4610/4382

Note: This would be presented on the SF-133 line 1723.

Clarification

BOEM and BSEE are requesting OMB to provide definitive guidance related to the FY 2013 sequestration as it relates to being temporary or permanent in this unique Spending Authority (Offsetting Collections) scenario.

Trust Fund

Background

The trust fund scenario only applies to BSEE.

BSEE appropriation symbol 14X8370 receives a non-expenditure transfer from the Oil Spill Liability Trust Fund for the appropriated amount less the rescissions. For example, in FY 2012 the appropriated amount was \$14,923,000 and the temporary rescission was for \$23,877.00. The cash for the rescission amount is never actually received by BSEE. The rescission amount stays in the Oil Spill Liability Trust Fund.

Issue

BSEE was planning to record the FY 2013 sequestration in the same manner as the above mentioned rescission, unless instructed differently by OMB.

The following would be the postings for the trust fund temporary sequestration and rescission:

1. Recording of trust fund appropriation receivable, this is the appropriated amount less rescission and sequestration amounts: 1330.F.7000/5755.F.7000, 4126/4510
2. Non-expenditure transfer (SF-1151) is processed by Department of Homeland Security per BSEE's request, this is the appropriated amount less rescission and sequestration amounts: 1010/1330.F.7000, 4128/4126
3. Rescissions/sequestration are recorded: 4123/4382

Note: SGL 4123 is reported on the SF-133 line 1101. SGL 4382 is reported on SF-133 line 1132.

Clarification

BSEE is requesting OMB to provide concurrence with the above solution or to provide a definitive alternative solution.

Attachment A

Transaction Form

NONEXPENDITURE TRANSFER AUTHORIZATION

GWA Control Number: 3378023 **Current Status:** Posted
Transaction Date: 12/14/2010 **Effective Date:** 12/14/2010
Transaction Type: Capital Transfer **STAR Reference Number:** NE059771
Transfer From: **Transfer To:**
Dept: **Dept:**
FMS Organization: **FMS Organization:**
Agency Reference #:
Sub Transfer Type: USSGL 4393 - Permanent Reduction - Prior-Year Balances

Account Symbol:	Amount:	Account Symbol:	Amount:
14X1917	25,000,000.00	141614	25,000,000.00

Transfer FROM Total: 25,000,000.00 **Transfer TO Total:** 25,000,000.00

Transaction Initiator: Michele A. Johnson
Certifying Officer: Michele A. Johnson
FMS Certifying Officer: Sonja D. Lowe
FMS/BPD Approving Officer: Djuna A. Strong Price

AUTHORITY

Legal Authority 1: PL 111-88
Legal Authority 2: 123 STAT 2914-2915
Legal Authority 3: PL 111-242
Legal Authority 4: 124 STAT 2611 Sec 128

The above transfer is proper under the authority cited



United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, D.C. 20240

March 15, 2013

Memorandum

To: Director, Office of Natural Resources Revenue
Bureau of Land Management - Assistant Director, Business and Fiscal Resources
Bureau of Ocean Energy Management - Chief, Budget and Program Coordination
Division
Bureau of Safety and Environmental Enforcement - Assistant Director for
Administration

From: Director, Office of Budget *Adrianne Thomas for DF*

Subject: Execution of Departmental Management Mandatory Accounts Under Sequester

This memorandum clarifies the treatment of disbursement accounts subject to sequestration as identified in the March 1, 2013, OMB Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013. The guidance provided is consistent with direction on the execution of the sequester reductions in OMB Bulletin 13-06. The amounts as identified in the March 1, 2013 sequester report pertaining to the Office of Natural Resources Revenue and the Bureau of Land Management are identified in the table below. ONRR and BLM shall take steps to sequester funds in the accounts and amounts as identified in the table.

Departmental Management Mandatory Mineral Receipt Accounts (Listed by Program, Project and Activity Level, Whole Dollars)				
Name of Account as Listed in the OMB Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013	Budget Account/ Treasury Account	Amount Available for Sequestration	Sequester Percentage	Sequester Amount
Mineral Leasing and Associated Payments -- ONRR	010-84-5003/ 14X5003	2,138,853,474	5.1	109,081,527
Mineral Leasing and Associated Payments -- BLM	010-84-5003/ 14X5003	5,331,000	5.1	271,881
Mineral Leasing and Associated Payments -- ONRR	010-84-5003/ 14X5134	19,526	5.1	996
National Petroleum Reserve, Alaska	010-84-5045/ 14X5045	2,710,000	5.1	138,210
National Forests Fund, Payment to States	010-84-5243/ 14X5243	8,681,000	5.1	442,731
Leases of Lands Acquired for Flood Control, Navigation, and Allied Purposes	010-84-5248/ 14X5248	19,395,000	5.1	989,145
Geothermal Lease Revenues, Payment to Counties	010-84-5574/ 14X5574	4,000,000	5.1	204,000
Total		2,178,990,000		111,128,490

To take effect with the March 2013 payments, ONRR and BLM should withhold the sequestered amount from each account identified above to be derived from an equitable withholding of funds from recipients for each program, project, and activity level (PPA). Both ONRR and BLM should develop rates of monthly withholding to achieve an equitable annual percentage based on FY 2012 disbursements from each recipient to the extent practicable. The full amounts for withholding should be achieved by July 31, 2013, to leave time for any necessary account reconciliation needed before the end of the fiscal year. Where applicable, the sequester amount is withheld after the Net Receipts Sharing deduction is applied.

The inspection fees and offsetting rental receipts collections that ONRR collects and transfers to the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) are subject to sequestration. The sequester reductions, however, shall take place once the funds have been transferred to BOEM and BSEE and is their responsibility to execute. The funds should be transferred as follows:

- **Inspection Fee Collections:** ONRR should transfer inspection fee revenue in amounts not to exceed \$62,000,000 to BOEM. BOEM will then utilize the authority provided by Division E section 112 of P.L. 112-74 to transfer the funds to BSEE.
- **Offsetting Rental Receipt Collections:** ONRR should transfer offsetting rental receipts in amounts not to exceed \$52,587,000 to BSEE and \$98,993,000 to BOEM.

The following transfers do not represent ONRR budget authority and are exempt from sequestration by ONRR:

- Transfers of offsetting rental receipts and inspection fee revenue to BOEM and BSEE,
- Transfers of Indian Trust revenues,
- Transfers of the States' share of revenues under Section 8(g) of the Outer Continental Shelf Lands Act,
- Transfers to the Department of Energy, and
- Transfers to other funds within Treasury, such as the Reclamation Fund, National Forest Fund, National Wildlife Refuge Fund, Taylor Grazing Act Fund, National Grasslands Fund, BLM Permit Processing Improvement Fund, the Land and Water Conservation Fund and the Historic Preservation Funds.

ONRR should continue to execute these transfers at their full amounts as prescribed by applicable laws and regulations.

The annual Gulf of Mexico Energy Security Act (GOMESA) disbursement from account 010-06-5535, previously held per Department guidance issued on October 18, 2012, is not subject to sequestration since the amount shown in the President's budget rounds to zero. The annual GOMESA disbursement may be made in March 2013.

ONRR and BLM are responsible for withholding the amounts identified in this memorandum. In addition, they are responsible for tracking amounts withheld by recipient so disbursements can be made in full or in part, should subsequent Congressional action amend or reverse the sequester implemented in accordance with the Balanced Budget and Emergency Deficit Control Act as amended. Responsibility for the control and potential sequestration of funds transferred to other Federal agencies lies with those

agencies. In addition, disbursements from any of these accounts processed by other entities within the Department of the Interior are the responsibility of those entities; including the responsibility to comply with sequestration.

The sequester amounts withheld from each of the accounts identified should be held in a custodial clearing account until further guidance is issued on the final disposition of those amounts.

cc: Budget Officer, Bureau of Indian Affairs

Impacts of the Sequester on BSEE Energy Programs

A Focus on Mission Critical Activities

BSEE works to promote safety, protect the environment, and conserve resources offshore through vigorous regulatory oversight and enforcement.

Permitting Delays in the Gulf of Mexico

The sequester directly impacts BSEE manpower, as staff overtime and comp time will be limited during the sequester.

Current mission critical needs are being met in the regional and district offices through overtime and comp time for staff that are already overworked. In the first half of the current fiscal year, approximately \$250,000 in overtime was awarded and countless hours of comp time for these staff. BSEE permit reviewers are highly-trained engineers that perform a number of other mission-critical tasks, such as accident investigations and emergency response to well control incidents. Hundreds of hours of overtime were required for the response to the Black Elk facility explosion in November, 2012; without the ability to pay overtime, a similar incident would result in those hundreds of hours being taken away from other activities, such as permit review or NEPA related activities.

Since the *Deepwater Horizon* tragedy, BSEE staff have worked tirelessly to make the Outer Continental Shelf permitting approval process more efficient while implementing crucial safety reforms for offshore oil and gas activities. The sequestration threatens the significant gains in efficiency made over the past two years, as staff will be unable to devote as much time to permit processing. The following are examples of the success BSEE has achieved in permit review:

- BSEE achieved an average review time of 52 days for deepwater New Well permits submitted and approved in 2012, down from 83 days in 2011.
- BSEE has managed this time improvement while overseeing a 37% increase in the number of deepwater floating rigs in 2012 (from 27 to 37). The total number of rigs now working equal to the number prior to the *Deepwater Horizon* tragedy, and continues to rise, and every new rig generates additional permit applications.
- Approved 112 deepwater New Well permits in 2012, the most since electronic permit submission began in 2005.

Deepwater permit applications and facility inspections are expected to increase during FY2013, with six additional deepwater drilling facilities returning to drilling activities in 2013. All new drilling and production related activities will require new permit approvals.

Just as the exploration and production activities have fully recovered from the impacts of the *Deepwater Horizon* tragedy, with offshore drilling units being fully utilized and employment numbers up, the sequestration will stymie BSEE's ability to process these permits in an expeditious manner.

Hiring Delay Impacts

Significant hiring needs were identified in the aftermath of the *Deepwater Horizon* tragedy. BSEE has been working to hire inspectors, engineers and environmental enforcement staff to continue to meet our mission as an agency. Many new inspectors and engineers are still required to meet the current mission critical directives, such as inspections, environmental

enforcement, and permit approvals for drilling and production related activities. With additional deepwater drilling rigs continuously arriving in the Gulf of Mexico, the burden on the inspector workforce will keep increasing. Unless the necessary inspectors are hired, there may be delays or gaps in BSEE's ability to oversee critical safety tests.

BUREAU OF OCEAN ENERGY MANAGEMENT
FY 2013 OPERATING PLAN/SEQUESTRATION BUDGET SUMMARY
(dollars in Thousands)

Bureau of Ocean Energy Management	2012 Enacted	2013 1st Ops Plan	2013 Base^{1/}	2013 Base with Sequester	Change from 2012	Change from 2013 1st Ops Plan
Ocean Energy Management	160,778	161,143	160,659	152,602	-8,176	-8,541
Less Use of Offsetting Collections	(101,082)	(101,082)	(101,082)	(96,028)	+5,054	+5,054
BOEM TOTAL	59,696	60,061	59,577	56,574	-3,122	3,487

^{1/} Base program is the 2nd operating plan with the ATB.

Overview

Funding for BOEM totals \$160.7 million before sequester, a \$119,000 reduction from the FY 2012 enacted. After sequestration, the total is \$152.6 million, a 5.1 percent decrease from FY 2012. Total funding in 2014 is \$169.4 million.

Although BOEM is not planning to furlough employees, the bureau is closely monitoring routine expenditures each month. This process has been necessary since the beginning of FY 2013 to manage cash balances, timing differences between cash collections of rents and cost recoveries, and routine monthly outlays. The bureau instituted a hiring freeze, and only approves limited requests for exceptions to fill critical technical vacancies.

Notable Changes

BOEM will support Secretarial and Administration initiatives planned for FY 2013. Priorities will focus on advancing the Five Year Oil and Gas Leasing program, as well as continuing progress on the renewable energy program. To execute these priorities, BOEM is requesting a one-time reprogramming of \$3 million from the Renewable Energy activity: \$1.3 million will be used to support the planned conventional energy program, and \$1.7 million will support the environmental studies program.

Reprogrammings

New budget authority of \$3.0 million will be reprogrammed from Renewable Energy to Conventional Energy and Environmental Assessments and Studies.

- *\$1.3 million will be reprogrammed to Conventional Energy.*
 - \$500,000 to support the procurement of MONTCAR software, used for determining the adequacy of qualified high bids offered for tracts included in Federal OCS oil and gas lease sales in order to ensure the public receives fair market value for lease rights conveyed.
 - \$800,000 for the acquisition of geological and geophysical data collection in support of the Five Year Program.
- *\$1.7 million will be reprogrammed to Environmental Assessment and Studies.*
 - The funds will be used to procure a Programmatic Environmental Impact Assessment for seismic data in the Gulf of Mexico. The PEIS is on the fast track for completion due to a legal settlement expected in April 2013.

PPAs Where Impacts are Not Mitigated / Partially Mitigated

BOEM is reviewing the administrative service levels that are provided by the Bureau of Safety and Environmental Enforcement and others to determine if annual reimbursable agreements may need to be modified. If necessary, reduced administrative support will ripple across the bureau's programs, potentially affecting timeliness of the execution of contracts, essential personnel actions, and financial transactions.

Staffing Levels

BOEM does not anticipate the need to execute furloughs. Salary lapse resulting from the hiring freeze continues to be managed to mitigate cash on hand requirements and sequester program reductions.

Operations Impact

BOEM has instituted controls not only on hiring actions but routine procurements such as technical equipment refreshment, mission critical travel, and training and conference attendance needed for the maintenance of the technical, highly skilled workforce.

Carryover

BOEM is planning to closely monitor fiscal year end 2013 cash balances to ensure adequate carryover will exist in October to support routine daily operations, assuming a continuing resolution will be in place that will supply limited appropriations. BOEM differs from other bureaus at Interior except BSEE in that approximately 63 percent of funding available annually is derived from the collection of receipts and not appropriations. The collections are derived from offshore oil and gas lease rents and other cost recoveries.

Maintenance

BOEM is evaluating individual procurements for refreshment of technical equipment. Mission critical purchases will continue to be made, though routine bureau procurements may be deferred.

Reimbursable Activities

At this time BOEM does not expect to modify the existing reimbursable agreement with BSEE. It is expected the FY 2014 agreement will be negotiated at flat or reduced levels. Discussions between the bureaus are ongoing. Staffing at BOEM will not be affected, though BSEE's may be. Since the support BOEM receives from BSEE is administrative and widespread across the bureau, the effect is likely to increase lead times for procurement and other contracting actions, potentially impacting the execution of programs that rely on support for environmental assessments. Routine personnel actions and financial processing times may also be extended.

Bureau of Ocean Energy Management Sequestration Timeline

Report POC: Tamara Lukjanczuk

Bureau Lead: Jim Anderson

CoS: Emily Lindow

Coms: Caren Madsen

Budget: Jim Anderson

OVERVIEW: Through March 22, 2013

For BOEM's first official report, this will include activities and impacts since in the implementation of the sequester and a look ahead through March 22, 2013. BOEM is required to cut \$8.1 million or 5% of discretionary funding. BOEM does not anticipate the need for furloughs, but has implemented a hiring freeze to defer filling vacant positions. Some positions may be excepted from the hiring freeze if it is determined to be mission-critical and approved through an exception process. Exceptions to the hiring freeze that are approved will be reported in this report. Management has also been directed not to authorize non-emergency overtime, compensatory time, and credit hours. Non-essential travel and training has been postponed or cancelled. BOEM does not anticipate the need to reprogram funding to mitigate sequester impacts, but this is dependent on the actual timing and amounts of offsetting collections as they are received and processed on a month-to-month basis.

February 11

Impacts and Significant Actions

- **BOEM** implemented a bureau-wide hiring freeze in advance of the sequester.
- **BOEM** cancelled non-emergency overtime, compensatory time, and credit hours in advance of the sequester.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

February 12-February 26

Impacts and Significant Actions

- *No specific actions taken.*

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

February 27

Impacts and Significant Actions

- **Office of Policy, Regulation, and Analysis (OPRA)** cancelled Legal Air Quality Training scheduled for 2/27-3/2 in Denver, CO. 1 FTE was to attend at a registration cost of \$525 plus travel. OPRA was able to recover \$250 as a refund. Failure to attend this training will result in lack of knowledge to provide oversight to air quality regulations.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

February 28-March 1

Impacts and Significant Actions

- *No specific actions taken.*

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 3

Impacts and Significant Actions

- **Office of Environmental Programs (OEP)** cancelled participation in the NOAA Open Water Meeting scheduled for 3/3-3/5 in Anchorage, AK. 1 FTE was to attend at a cost of \$2500. Alaska Regional staff will attend, which will require further coordination between OEP and Alaska and reassignment of workload in regards to the Arctic Programmatic Environmental Impact Statement on Exploration and Production that is currently in progress.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 4

Impacts and Significant Actions

- The **Pacific Region** has cancelled the BOEM/USGS science and Coastal Marine Spatial Planning (CMSP) discussion. 6 FTE to travel. Cancellation of this discussion hinders ability of BOEM to efficiently allocate money for scientific studies, CMSP, and general scientific activities.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 5

Impacts and Significant Actions

- The **Gulf of Mexico Region (GOMR)** has postponed in-house Microsoft Access Level 1, 2, and 3 training. Training dates were 3/5-3/7, 3/19-3/21, 4/16, and 4/23-4/25. 16 BOEM and 2 BSEE staff (RSA in place to cover cost of BSEE attendance) were

scheduled to attend. Staff were being instructed in MS Access for more efficiency in data utilization and forecasting. Price for training was negotiated to lowest level by the number of sessions provided. Training has already taken place in both January and February 2013. Training forms were submitted to Finance/funds obligated in the amount of \$7,812 (although not invoiced yet). Training will be postponed until later in the FY once the CR and sequestration issues are resolved.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 6

Impacts and Significant Actions

- *No specific actions taken.*

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 7

Impacts and Significant Actions

- The **Office of Renewable Energy Programs (OREP)** declined a unique opportunity offered by the Navy to send a member of their staff aboard a carrier to observe flight operations and Navy training on the Outer Continental Shelf. Cost was \$600 and has resulted in a loss of opportunity to work/partner with Department of Defense.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 8

Impacts and Significant Actions

- BSEE Procurement sent Financial Assistance Sequestration Notification letters on behalf of **BOEM** to 26 contractors.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 11

Impacts and Significant Actions

- The DOI Office of Emergency Management has cancelled the Annual Emergency Management Council Offsite meeting that was scheduled 3/11-3/14. The **BOEM** Emergency Management Coordinator (EMC) and EMC Alternate were scheduled to attend. This meeting was to be held at USGS in Reston, which means staff would only have local travel and free to attend. Cancellation of this meeting hinders ability of BOEM to fully integrate and expand on the Emergency Management (EM) responsibilities and takes away valuable time to have BOEM and BSEE EM staff to network and work together.
- **GOMR** has postponed required Supervisory Training scheduled 3/11-3/15 in San Antonio, TX. 1 Deputy Regional Supervisor was scheduled to attend and was refunded the registration fee of \$2500.
- The **Directorate, OREP, and OEP** cancelled participation at the George Wright Society Conference on Parks, Protected Areas, and Cultural Sites. The conference was scheduled 3/11-3/15 in Denver, CO. A specialist from OREP was invited to present on the North Carolina visualization study and the ongoing efforts to coordinate with the NPS on offshore renewable energy development and minimizing impacts to cultural and other resources. The Deputy Director was also scheduled to present.
- **BOEM** submitted a waiver to AS-PMB for the DOI hiring freeze to delegate the approval of exceptions to the Directorate level.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 12

Impacts and Significant Actions

- **OREP** has cancelled participation in the Power Systems Conference to be held 3/12-3/14 in Clemson, SC. 1 FTE was scheduled to attend at a registration fee of \$450 and travel of \$500. The registration fee is non-refundable and the travel has been cancelled. Failure to attend this event results in a missed opportunity for outreach, information sharing, and professional development in Power Systems Control and Stability Power Systems.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 13

Impacts and Significant Actions

- The **Pacific Region** scaled back participation from two specialists to one for the Pacific Marine Energy Center (PMEC) research lease (and FERC license) application. This requires a renewable energy lead to cover both leasing process and BOEM's NEPA process. PMEC is expected to be the first (and only) full-scale, in water, marine hydrokinetic device research facility in the nation, 15 miles offshore Newport, OR on the Outer Continental Shelf.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 14

Impacts and Significant Actions

- **GOMR** has cancelled a recruitment trip at an American Association of Petroleum Geologists/Society of Exploration Geophysicists (AAPG\SEG) student expo scheduled for 3/14-3/15 in Norman, Oklahoma. GOMR attended this expo last year and as a result was able to hire six excellent geoscientists, filling all their available geoscience vacancies at that time. Expos are undeniably the best value for the recruiting budget. The events are focused on geoscience, as opposed to school career fairs that are open to all disciplines, industries, and companies. Students attending the expos are usually within 3-6 months of graduation and are very intent on their job searches. The expo hosts a competitive poster session for students to showcase their work to recruiters. The events also gather the largest number of candidates at a single event, nearly 300 at Norman last year. These students come from 50+ universities. Expo hires have increased the diversity of backgrounds of BOEM employees. From a Human Resource perspective, BOEM needs to recruit for additional geoscientists at this time. There are two AAPG/SEG Expos each year, one in Norman, OK and one in Houston, TX. The students that attend these events will only attend one or the other, as directed by their university. The reason for this direction is that industry aggressively recruits geoscientists and petroleum engineers at the individual universities beginning in Fall and most students will have a job offer pending with industry before attending either expo. Since GOMR is unable to attend the Norman Expo due to sequestration, the recruiting program will be significantly impacted. Cost was \$1500 and was refunded.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 15

Impacts and Significant Actions

- *No specific actions scheduled at this time – this is subject to change.*

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 18

Impacts and Significant Actions

- *No specific actions scheduled at this time – this is subject to change.*

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 19

Impacts and Significant Actions

- **GOMR** and the **Office of Strategic Resources (SRO)** have cancelled representation at the Decommissioning and Abandonment Summit scheduled for 3/19-3/21 in Houston, TX. 6 FTE were scheduled to attend at a cost of \$4800 (4 GOMR FTE, 2 SRO FTE). Although a refund cannot be provided, the sponsor is offering a credit for the expended funds (BOEM has 1 year to use the credit for another event provided by the sponsor). With BSEE increasing the decommissioning cost estimates in deep water, it becomes crucial for BOEM to understand the decommissioning costs for supplemental bonding.
- **OPRA** cancelled travel to GOMR scheduled for 3/19-3/21 for 1 FTE to attend a lease sale. Failure to attend has resulted in lack of knowledge needed to lead OPRA program.
- **Office of Public Affairs** has cancelled travel to GOMR to attend the lease sale (227) to assist with media and to support the BOEM Director on his visit to the region. 1 FTE was scheduled to attend and failure to be at the lease sale will result in a lack of public affairs support for the Director to handle a press conference and press calls at the sale.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 20

Impacts and Significant Actions

- **OREP** has cancelled travel for 1 FTE to Norfolk, VA to attend the kick off meeting for the VA cooperative agreement. The Contracting Officer's Representative will attend the meeting by phone.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 21

Impacts and Significant Actions

- *No specific actions scheduled at this time – this is subject to change.*

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 22

Impacts and Significant Actions

- **OREP** has cancelled participation in paleocultural study fieldwork related to a cooperative agreement with the University of Rhode Island. 2 Marine Archaeologists

were scheduled to attend 3/22-3/26 at a cost of \$5000. This initial field work will be used in developing protocols for reconstructing submerged paleocultural landscapes and identifying ancient Native American archaeological sites in submerged environments.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Upcoming Milestones (these dates are subject to change)

- **Late March:** BOEM plans to receive approval on the waiver from the DOI hiring freeze to delegate the approval of exceptions to the Directorate level.

Bureau of Ocean Energy Management Sequestration Timeline

Report POC: Tamara Lukjanczuk

Bureau Lead: Jim Anderson

CoS: Emily Lindow

Coms: Caren Madsen

Budget: Jim Anderson

OVERVIEW: Through March 29, 2013

This report will include activities and impacts since last reported on March 14 and a look ahead through March 29, 2013.

This week, BOEM had to reduce funds for 2 environmental reviews. Due to sequestration, BOEM will incur a reduction of \$645,000 in NEPA funds for renewable energy activities. Part of this reduction is \$445,000 for Atlantic and Pacific environmental reviews. Of this amount, 70% was allocated to Office of Renewable Energy Programs (OREP). The remainder was allocated to the Pacific Region. To the extent possible, in their operating plans, the Pacific and Atlantic Regions have identified the costs of preparing environment compliance documents for all anticipated projects and proposals for FY13. In the event of an unforeseen proposal, BOEM may not have sufficient funds to contract the preparation of an additional environmental assessment, thus delaying a decision on that proposal. Another part of the reduction is \$200,000 for OREP's Environmental and Operational Oversight and Compliance. The lack of funding to purchase software, database development and staff training would lead to the diminished ability to properly oversee environmental and operational compliance related to renewable energy leases, grants and plans on the Atlantic Outer Continental Shelf (OCS). A delay in identifying incidents of noncompliance could result in otherwise avoidable impacts to environmental and cultural resources.

March 5

Impacts and Significant Actions

- **BOEM** cancelled an interagency meeting between BOEM and USGS administrative scientists in Santa Cruz, CA during March 5-6. This meeting was interagency collaboration between USGS and BOEM. The meeting would have included individuals (1 FTE from HQ, 2-4 FTE from Pacific Region) with a significant role as liaison between USGS and BOEM for identification of studies to be funded by USGS' OCS budget (identified for work by USGS scientists to meet BOEM management needs). This meeting was to include numerous USGS center directors from the Pacific area and BOEM managers and scientists. This opportunity to strengthen the working relationship between BOEM and USGS management and scientists has been lost due to the sequester and travel restrictions.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 19

Impacts and Significant Actions

- **Office of Renewable Energy Programs (OREP)** cancelled travel for to the BOEM NEPA Team Meeting to be held at the National Conservation Training Center on March 19-21 in Shepherdstown, WV. Due to reduction of the travel budget, only 1 FTE was able to attend in person for 1 day of the meeting to discuss a proposed categorical exclusion for renewable energy activities. 1 FTE participated by phone.

Press Outreach

- *No specific actions taken.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 22

Impacts and Significant Actions

- **BOEM** will meet with the Department to discuss the approval of the waiver from the DOI hiring freeze to delegate the approval of exceptions to the Directorate level.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 23

Impacts and Significant Actions

- **Office of Strategic Resources (SRO), Office of Environmental Programs (OEP)** and the **Alaska Region** have cancelled participation in the Coastal Natural Resources Economics and Policy (CNREP) conference scheduled for March 23-27 in New Orleans, LA. **SRO** planned to send 5 FTE and included sponsorship for a total of approximately \$15,000 (\$2500 in sponsorship, \$500 in registration, plus travel), **OEP** planned to send 1 FTE with sponsorship at a cost of \$5000, while **Alaska Region** had 1 Economist scheduled to attend at a cost of \$1500. The costs were refunded. Since the conference participation was cancelled in late March, BOEM will lose the opportunity to discuss firsthand what researchers are learning in their coastal socioeconomic research, including

research that BOEM helps fund. Almost every one of the 18 sessions featured topics relevant to BOEM's mission. Among these are impacts of the Deepwater Horizon disaster (variety of sub-topics); economic and social implications of natural and man-made disasters; valuing ecosystem services (something the Office of Policy Analysis has been considering for bureau-wide inclusion in DOI analyses); valuing wetlands, recreation, and culture/heritage/tradition; economic impact assessment methodologies; economics of fisheries management and recreational fishing; and more. BOEM will forgo a prime-time-slot presentation on modeling economic effects of offshore oil and gas activities, which would have started a robust discussion with other researchers as to new ideas for alternate methodologies, better data sources, etc. BOEM will lose the opportunity to maintain and establish new communications with researchers as well as with the people leading their programs. (E.g., at the last conference, BOEM staff was able to speak with the head of LSU's Department of Agricultural Economics & Agribusiness about possible avenues for cooperation in obtaining heretofore unavailable data for our models). BOEM will lose the opportunity to recruit new researchers for BOEM-funded research and for the next Outer Continental Shelf Economic Impact Modeling Review Board, for which BOEM intends to advertise for new members within the next year. Recruiting for the Modeling Review Board is especially important because there are very few researchers familiar with BOEM models; BOEM does not have the funds to pay members to become familiar with them; Review Board members cannot be party to contracts that grow out of Review Board discussions (further limiting the pool of potential members); and members can only be added/changed every several years. BOEM will lose the opportunity to recruit promising graduate students (already familiar with BOEM-related issues) for future BOEM employment.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 24

Impacts and Significant Actions

- *No specific actions scheduled at this time – this is subject to change.*

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 25

Impacts and Significant Actions

- **OREP** has postponed the VA Renewable Energy Taskforce Meeting scheduled for March 25-30. 3 to 5 FTE planned to attend. This is an intergovernmental task force meeting to discuss a proposal from a consortium led by the VA Department of Minerals, Mines, and Energy to install and test offshore wind energy technology. This will result in a delay in the advancement of this project.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 26

Impacts and Significant Actions

- **GOMR** has cancelled a Retirement Benefits Seminar scheduled for March 26-27 in New Orleans. 65 FTE were scheduled to attend at a cost of \$5000. In GOMR, both BOEM and BSEE agreed to fund one seminar during the 2nd quarter FY13. BSEE hosted the 1st seminar in January, and BOEM was scheduled to host the event in March. Training materials will not be provided, and those scheduled to attend will not have the knowledge and benefit of an in-depth discussion regarding retirement.
- **OEP** has cancelled attendance at the Responses of Arctic Marine Ecosystems to Climate Change symposium scheduled for March 26-29 in Anchorage, AK. 2 FTE were scheduled to attend at a cost of \$2500 (including travel and registration). The topic is central to BOEM environmental analyses for Arctic and climate change issues, and failure to attend the symposium will result in a lost opportunity for information transfer.
- **OREP** has postponed the SC Renewable Energy Taskforce Meeting scheduled for March 26. 3 to 5 FTE planned to attend. This is an intergovernmental task force meeting to identify potential planning areas for offshore wind. The last face-to-face task force meeting in SC was over a year ago. In addition, since OREP is postponing the task force meeting, OREP is postponing the contracting out for preparation of an environmental assessment to consider lease issuances, site characterization surveys and site assessment activities in SC. This will result in a delay in the advancement of the Renewable Energy Program offshore in that State.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 27

Impacts and Significant Actions

- **OREP** has cancelled participation at the GeoTools Conference scheduled for March 27 in Myrtle Beach, SC. 1 FTE was scheduled to attend at a cost of \$400 plus travel. The registration fee of \$400 is non-refundable. A GIS specialist planned to present information about the latest use of marine vessel transportation data.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 28

Impacts and Significant Actions

- *No specific actions scheduled at this time – this is subject to change.*

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

March 29

Impacts and Significant Actions

- *No specific actions scheduled at this time – this is subject to change.*

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Upcoming Milestones (these dates are subject to change)

- **Early April** – **BOEM** anticipates making decisions on exception requests to resume mission-critical staffing.

Bureau of Ocean Energy Management Sequestration Timeline

Report POC: Tamara Lukjanczuk

Bureau Lead: Jim Anderson

CoS: Emily Lindow

Coms: Caren Madsen

Budget: Jim Anderson

OVERVIEW: Through April 5, 2013

This report will include activities and impacts since last reported on March 29, any updates to previous reports, and a look ahead through April 5, 2013.

This week, the **Office of Environmental Programs (OEP)** declined to exercise the final year option on the contract for Acoustic and Thermographic Monitoring of Birds near Outer Continental Shelf Structures. The decision to not pursue the final year of the contract was made due to budgetary concerns from sequestration as well as performance-related concerns affecting the study's timeframe. The cost of this option was \$750,000.

March 20-update

Impacts and Significant Actions

- *Nothing further to report.*

Press Outreach

- **Office of Public Affairs (OPA)** was unable to have an additional public affairs officer (PAO) at Sale 227 on March 20. This adversely affected the timely flow of information to the public and media in several of ways. First, getting the news release to the DOI Office of Communications required one PAO to work with the program office to get the correct numbers, put them into the release, format, and then ensure that the document was received in a timely manner. Another PAO was also needed to simultaneously host the news conference held with the media after the sale. Because there was not the additional public affairs support, BOEM experienced delays in getting prep materials for the news conference to the spokesmen (Director and Regional Director). Because there were IT problems at the Superdome, some of the vital sale information did not reach the Gulf of Mexico Region web manager in a timely fashion. Having additional PAO support would have helped out immensely during the IT glitch at the site. The staff shortage (due to scaled back travel) diminished our ability to get the flow of information to the media and public in the same timely fashion to which these stakeholders are accustomed. BOEM considers prompt delivery of information to be critical to the mission during these sales.

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions taken.*

March 22-update

Impacts and Significant Actions

- **BOEM** met with the Sequestration Review Panel on the waiver to the hiring freeze process in order to delegate responsibility for approving exceptions to the Directorate level. The waiver was approved, but BOEM must identify an FTE cap for FY 2013 (which must be approved by the Panel) before exceptions can move forward for approval.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

April 1

Impacts and Significant Actions

- **OEP** cancelled attendance at the National Association of Environmental Professionals (NAEP)/Association of Environmental Professionals (AEP) annual conference scheduled for April 1-4 in Los Angeles, CA. 1 FTE was scheduled to attend at a cost of \$3000. Failure to attend the conference will result in a lost opportunity for information transfer, training, and networking.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

April 2

Impacts and Significant Actions

- **GOMR** cancelled participation in petroleum engineering training for non-petroleum engineers scheduled for April 2 in Houston, TX. 3 FTE from Resource Evaluation were scheduled to attend at a cost of \$4785. There was a charge of \$50 to cancel the training. This training was to aid in understanding the nature of work processes for staff that work closely with petroleum engineers and need an understanding of the work processes to aid in job functionality.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

April 3

Impacts and Significant Actions

- *No specific actions scheduled at this time – this is subject to change.*

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

April 4

Impacts and Significant Actions

- **OREP** cancelled participation in The Mid-Atlantic Regional Ocean Planning Workshop (originally scheduled for November 27-28, 2012, was postponed due to the impact of Hurricane Sandy; rescheduled for April 4-5 in Arlington, VA). Approximately 3-5 FTE were scheduled to attend at a cost of \$20000. The workshop is a collaborative effort of the Mid-Atlantic Regional Council on the Ocean (MARCO) and federal agencies with vested equities. The workshop is designed to develop a common understanding about relevant issues, foster dialogue among stakeholders and ocean planning practitioners about regional opportunities and challenges, and build shared commitment to ongoing collaboration, stakeholder engagement and advancement of these efforts. The workshop provides an opportunity to gather designated Regional Planning Body (RPB) members (federal, state, tribal and fishery management council representatives) and a diverse group of Mid-Atlantic stakeholders representing a variety of ocean interest (i.e., maritime commerce, defense, traditional and renewable energy, environmental interests, commercial fishing, coastal economies and recreational uses) to discuss the purpose and vision for ocean planning--a federally-mandated exercise critical to planning for the future economic and environmental vitality of the region. It is designed to be an initial step for the Mid-Atlantic RPB to engage with stakeholders and establish working relationships critical to advancing the regional ocean planning process. There are currently few opportunities for RPB representatives to engage directly with stakeholders on the same scale and diversity as this workshop provides. Failure to attend this workshop hinders BOEM's ability to advance regional ocean planning in the Mid-Atlantic.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

April 5

Impacts and Significant Actions

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Upcoming Milestones (these dates are subject to change)

- **Early April** – **BOEM** anticipates making decisions on exception requests to resume mission-critical staffing.

Bureau of Ocean Energy Management Sequestration Timeline

Report POC: Tamara Lukjanczuk

Bureau Lead: Jim Anderson

CoS: Emily Lindow

Coms: Caren Madsen

Budget: Jim Anderson

OVERVIEW: Through May 3, 2013

This report will include activities and impacts since last reported on April 4, any updates to previous reports, and a look ahead through May 3, 2013.

BOEM has begun the process of reviewing exception request to resume mission-critical staffing activities.

The **Office of Environmental Programs** had to cancel public meetings scheduled in April for Arctic G&G and Exploratory Drilling Supplemental Draft Environmental Impact Statements located in Anchorage, AK. 1 FTE was scheduled to attend at a cost of \$3000. In addition, an internal BOEM modeling meeting (AMIS) was also cancelled in Anchorage, AK for 1 FTE at a cost of \$2500. Information transfer will be lost by not holding these meetings.

The **Pacific Region** was unable to participate in a series of workshops (March 29, April 26, May 3) for Washington State Coast Marine Planning in Aberdeen, Washington. The Pacific Regional Director was invited by the state to participate and would have sent the Regional Supervisor, Strategic Resources at a cost of \$2700. Unable to attend will result in a loss of relationship building regarding the Regional Ocean Partnership and Regional Planning Body.

The **Pacific Region** and **Alaska Region** cancelled travel and participation in the SPE Western Region/Pacific Section AAPG Joint Technical Conference scheduled for April 22-24 in Monterey, CA. 4 FTE were scheduled to attend at a cost of \$8600. Failure to attend will result in a loss of education by attending professional talks and poster sessions, and networking with fellow scientists will be foregone. Gaining technical acumen via interaction with academia, industry, and agency participants from around California is a benefit that will not be realized.

Upcoming Milestones (these dates are subject to change)

- None

Bureau of Ocean Energy Management Sequestration Timeline

Report POC: Tamara Lukjanczuk

Bureau Lead: Jim Anderson

CoS: Emily Lindow

Coms: Caren Madsen

Budget: Jim Anderson

OVERVIEW: Through April 12, 2013

This report will include activities and impacts since last reported on April 5, any updates to previous reports, and a look ahead through April 12, 2013.

April 7

Impacts and Significant Actions

- **Alaska Region** cancelled travel for employees (Environmental Analysis Section II Chief and 1 staff member) to attend public hearings for Barrow/Kotzebue to be held on the North Slope April 7-12 at a cost of \$5000. This travel cancellation will affect how many members of the National Marine Fishery Service Environmental Impact Statement (NMFS EIS) review team will participate in the public meetings with the Native Tribes of the North Slope. These meetings will be discussing the NMFS EIS that is being released, on which BOEM participated as a cooperating agency. Additionally, these meetings may be delayed due to lack of funding for support services.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

April 8

Impacts and Significant Actions

- *No specific actions scheduled at this time – this is subject to change.*

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

April 9

Impacts and Significant Actions

- **Pacific Region** declined an invitation to attend a meeting with Natural Resources of Canada agency in Washington, DC. 1 FTE was scheduled to attend at a cost of \$1200. This will result in a missed opportunity to provide information directly on Pacific Region renewable energy activities to Canadians interested in program development in Nova Scotia.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

April 10

Impacts and Significant Actions

- **Pacific Region** cancelled travel to the Global Marine Renewable Energy Conference in Washington, DC scheduled for April 10-11. 1 FTE was scheduled to attend at a cost of \$750 for registration and \$1200 in travel. Failure to attend will result in a networking opportunity lost for renewable energy program development in Pacific. In addition, 2 FTE were asked by Department of Energy (as a sponsor to the conference) to present results of BOEM studies (estimated cost \$3500). Results of recent BOEM Pacific studies were judged to be fundamentally important for consideration of offshore renewable energy development in all OCS areas. Failure to present this information hinders the ability of BOEM to meet the DOI strategic goal as a science driven agency.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

April 11

Impacts and Significant Actions

- **Alaska Region** cancelled participation in NARA training in Pheonix, AZ scheduled April 11-12. The Alaska Region FOIA/Records Officer was scheduled to attend at a cost of \$3000. Failure to attend this training will result in the Alaska Region's FOIA and Records Officer to be unable to finish her certification from NARA this fiscal year. The certification will have to be held out until next year.
- **Office of Public Affairs** cancelled participation in the National Science Teachers Association national conference scheduled for April 11-14 in San Antonio, TX. 4 FTE were scheduled to travel and attend at a cost of \$3000 plus travel. This conference is a national networking and training event for science teachers and an outreach event for

OPA. OPA already paid registration fees and are nonrefundable. OPA had started planning participation the event prior to sequestration. Failure to attend this conference will result in a missed opportunity for BOEM messaging and for building awareness of the science behind BOEM decision-making, with a key audience.

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

April 12

Impacts and Significant Actions

- *No specific actions scheduled at this time – this is subject to change.*

Press Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Stakeholder / Hill / Intergovernmental Outreach

- *No specific actions scheduled at this time – this is subject to change.*

Upcoming Milestones (these dates are subject to change)

- **Early April** – BOEM anticipates making decisions on exception requests to resume mission-critical staffing.

Bureau of Ocean Energy Management Sequestration Timeline

Report POC: Tamara Lukjanczuk

Bureau Lead: Jim Anderson

CoS: Emily Lindow

Coms: Caren Madsen

Budget: Jim Anderson

OVERVIEW: Through May 10, 2013

This report will include activities and impacts since last reported on April 25, any updates to previous reports, and a look ahead through May 10, 2013.

BOEM had to cancel participation in the Atlantic Canyons Interagency NOPP Study scheduled in May for 3 FTE. There was a 5 day (17%) reduction in upcoming sea days removed from a previously planned field sampling cruise in May which reduced ship and ROV days from 30 to 25. This reduction was announced to the agency partners and PIs on March 1 by NOAA Ocean Exploration and Research who is funding the ship and ROV facilities for this project. This reduction will significantly reduce the planned activities for studying the Atlantic Canyons and archaeological resources in the vicinity of Norfolk, Washington and Baltimore Canyons in prelude to potential future leasing and energy development activities.

Alaska Region cancelled participation in Post Disaster Damage Assessment certification in Fairbanks, AK for 1 Regional Supervisor, scheduled for May 3-5. The cost was \$1500 and failure to attend will result in the employee unable to secure a certification.

Pacific Region was unable to cover the costs associated with travel and participation (\$1500) in the Southern California Academy of Sciences Annual Meeting scheduled for May 3-4 at California State University in Long Beach, CA. An Academy member of the Board of Directors and an Academy member who is Co-Lead of the Judges Committee canceled government travel and are attending out of personal pocket with annual leave as individuals with no government affiliation. If the employees did not attend, it would hinder the ability to represent BOEM as scientists.

Upcoming Milestones (these dates are subject to change)

- None



United States Department of the Interior

BUREAU OF OCEAN ENERGY MANAGEMENT

WASHINGTON, DC 20240-0001

MAR 11 2013

Memorandum

To: Deputy Assistant Secretary, Policy, Management and Budget

From: Tommy P. Beaudreau
Director

Subject: Request for Waiver – Hiring Freeze

The Bureau of Ocean Energy Management (BOEM) was formally established on October 1, 2011, as part of a major reorganization of the Department of the Interior's offshore regulatory structure. Created to manage the exploration and development of the nation's offshore resources, BOEM seeks to appropriately balance economic development, energy independence, and environmental protection through oil and gas leases, renewable energy development and environmental reviews and studies. BOEM has worked diligently to support these efforts as we institutionalize the comprehensive regulatory reforms implemented in the aftermath of the *Deepwater Horizon* explosion and oil spill.

During the reorganization and budget request process, BOEM identified a base operating level consistent with the recommendations from the National Commission's and the National Academy of Engineering's reviews of the *Deepwater Horizon* tragedy. Congress approved those base operating levels and BOEM has been working diligently towards them, but we still have much work to do in establishing the staffing levels needed to continue the development and implementation of the BOEM's new mission.

BOEM maintains strong internal controls for position management and tracking. On a quarterly basis, BOEM completes a position tracking tool to include all onboard employees and vacancies. Within this tool are position ceilings by Program and Region, which have been established to support the current budget. This information is tied directly to the Program and Regional budget execution operating plans to ensure the funds are available under the appropriate budget subactivity for filling of the vacancies. Since the tool is completed on a quarterly basis, up-to-date information is available as to any employee gains or losses, and changes to approved vacancies.

In addition to the controls already in place, BOEM has initiated a strategic workforce plan in close cooperation with the Department. BOEM's Office of Strategic Resources, Office of Environmental Programs, Gulf of Mexico Region, Alaska Region, and Pacific Region will begin implementing the Department's workforce planning methodology in the coming weeks.

Customized project plans for each Program and Region are expected to be developed by April 1. BOEM anticipates having full bureau participation in this effort by the end of the fiscal year.

While BOEM does not anticipate furloughs of permanent bureau employees at this time, we have implemented hiring restrictions that took effect on February 11. Should this request be approved, the following guidance will apply for all BOEM vacancies:

- For positions where offers had already been extended and accepted, candidates will continue the onboarding process through entry on duty.
- For positions that had already been advertised, offers cannot be extended without approval by the Deputy Director. In order to obtain approval, the manager must justify the selection to the Deputy Director, and document requests to extend an offer (including position title, series, and grade/step) by e-mail to the Deputy Director, with a cc: to the BOEM Office of Budget and Program Coordination.
- Positions that are not yet advertised can continue to be worked on until the recruitment stage. If there is a position that is particularly critical, a manager may seek approval from the Deputy Director to post the position on USAJOBS. The manager must justify the selection to the Deputy Director and document requests to extend an offer (including position title, series, and grade/step) by e-mail to the Deputy Director, with a cc: to the BOEM Office of Budget and Program Coordination.

The justifications referred to above will require an explanation of why it is critical to fill the position and how the position will be funded from within the same subactivity.

These controls will remain in place until the Department hiring freeze is lifted and we know the final BOEM appropriation for FY 2013, at which time we will assess whether or not the controls should continue.

All staffing actions will be tracked by the Office of Budget and Program Coordination, and inquiries as to the status of actions can be obtained by contacting Tamara Lukjanczuk.

Should our request be approved, BOEM will apply all due diligence to ensuring that FTE levels can be supported by anticipated funding beyond FY 2014.

Implementing a bureau-wide hiring freeze will have significant programmatic impacts. BOEM continues to compete with the oil industry for the best qualified geologists, geophysicists, and petroleum engineers. Because the private sector is not bound by the same recruitment, retention, and salary limitations as the public sector, the bureau has faced many challenges with the retention of the employees in these particular positions. BOEM's ability to compete with the private sector is a particular challenge in the Gulf of Mexico Region, where the ability to hire and retain these highly specialized and skilled workers is critical to the economy and national security of the United States, as well as in the Alaska Region, where there is a small population of individuals with the necessary skills from which to draw new employees. As a result of sequestration, BOEM would lose further ground as it competes with industry to hire the

most qualified individuals for the aforementioned positions. The overall effects of sequestration are expected to affect quality of work life, which is our main advantage in competing with an industry that offers much higher pay.

For the reasons cited above, BOEM is requesting a bureau-wide waiver from the recently announced hiring freeze for critical positions. I am available to discuss this subject further at your convenience.

Questions can be directed to Jim Anderson, Chief, Office of Budget and Program Coordination. Jim can be reached on 202-208-6264 or James.Anderson@boem.gov.

Bureau of Ocean Energy Management Sequestration Timeline

Report POC: Tamara Lukjanczuk

Bureau Lead: Jim Anderson

CoS: Emily Lindow

Coms: Caren Madsen

Budget: Jim Anderson

OVERVIEW: Through May 24, 2013

This report will include activities and impacts since last reported on May 8, any updates to previous reports, and a look ahead through May 24, 2013.

BOEM had to cancel participation in the Atlantic Canyons Interagency NOPP Study scheduled in May for 3 FTE. There was a 5 day (17%) reduction in upcoming sea days removed from a previously planned field sampling cruise in May which reduced ship and ROV days from 30 to 25. This reduction was announced to the agency partners and PIs on March 1 by NOAA Ocean Exploration and Research who is funding the ship and ROV facilities for this project. This reduction will significantly reduce the planned activities for studying the Atlantic Canyons and archaeological resources in the vicinity of Norfolk, Washington and Baltimore Canyons in prelude to potential future leasing and energy development activities.

Alaska Region cancelled participation in Post Disaster Damage Assessment certification in Fairbanks, AK for 1 Regional Supervisor, scheduled for May 3-5. The cost was \$1500 and failure to attend will result in the employee unable to secure a certification.

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Upcoming Milestones (these dates are subject to change)

- None

BUREAU OF OCEAN ENERGY MANAGEMENT

BRIEFING FOR: Tommy Beaudreau, Director

DATE: March 10, 2013

PURPOSE OF PAPER: To provide briefing material for March 11th meeting with the Secretary on the impact of sequestration budget reductions.

SEQUESTRATION REDUCTION: As outlined in the table below sequestration budget reductions for BOEM as of March 8th total \$8.0 million. Under this funding scenario BOEM's FY 2013 budget would be \$153.1 million which is -\$11 million below the FY 2013 President's Request and -\$7.7 million below the FY 2012 Enacted level.

BUREAU OF OCEAN ENERGY MANAGEMENT FY 2013 Sequestration Implementation Planning <i>(dollars in thousands)</i>					
Activity	FY 2013 Annualized CR	Sequester Reduction (5%)	FY 2013 with Sequester	FY 2013 Carryover*	Consumable Budget with Sequester
Renewable Energy	22,731	-1,137	21,594	9,054	30,648
Conventional Energy	47,394	-2,370	45,024	5,253	50,277
Environmental Assessment & Studies	62,110	-3,106	59,004	769	59,773
Executive Direction	16,102	-805	15,297	6,721	22,018
General Support Services	12,806	-640	12,166	2,519	14,685
Total, BOEM	161,143	-8,058	153,085	24,316	177,401

PROGRAMATIC IMPACTS: A listing of the impacts to the carrying out of programmatic activity through March 8th as reported by the BOEM Administrative Management Team (AMT) are provided in Attachment #1.

STATUS OF APPROVED & PLANNED CONFERENCES: Below is a listing of the conferences that have been approved, those in the approval process, and those that have been suspended as of March 8th:

- Approved – National Ocean Science Bowl Sponsorship (*April 21-25*)
- Approved – OCS Scientific Committee (*May 14-16*)
- In Approval Process – Co-Sponsor global Marine Renewable Energy Conference (*April 10-11*)
- In Approval Process – Native American Submerged Sites (*April 8-10*)
- In Approval Process - Co-Sponsor the LSU Center for Natural Resources (*March 24-26*)
- In Approval Process – Co-Sponsor the 2013 National Marine Educators Conference (*July 22-26*)
- Suspended – Co-Sponsor Mid Atlantic Marine Spatial (*April 4-5*)

PREPARED BY: Jim Anderson, Office of Budget & Program Coordination (202) 208-6264

Attachment #1 - Sequestration Programmatic Impacts

As of March 8, 2013

Region	Event	Dates	Cost	Refund?	Staffing Numbers	Impact	Comments
GOMR	2013 AAPG/SEG Spring Break Expo (Norman OK)	3/14-3/15/2013	\$1,500	\$1,500	Positions recruited at this event are Interdisciplinary: Geoscientists, Petroleum Engineers	New Hires as a result of this recruiting event (2007 - 2013) 10 out of 44 (23%) Current number of vacant Interdisciplinary positions noted: 11	An immediate impact of the sequestration has been the cancellation of a recruitment trip at an AAPG/SEG student expo in Norman, Oklahoma. We attended this expo last year and as a result we were able to hire six excellent geoscientists, filling all our available geoscience vacancies at that time. Expos are undeniably our best value for our recruiting budget. The events are focused on geoscience, as opposed to school career fairs that are open to all disciplines, industries, and companies. Students attending the Expos are usually within 3-6 months of graduation and are very intent on their job searches. The Expo hosts a competitive poster session for students to showcase their work to recruiters. The events also gather the largest number of candidates at a single event, nearly 300 at Norman last year. These students come from 50+ universities. Expo hires have increased the diversity of backgrounds of RE employees. From a Human Resource perspective we need to recruit for additional geoscientists at this time. We currently have over thirty geologists and geophysicists eligible to retire about half of these employees have been eligible for 5 or more years, most in supervisory and important staff positions. We need to hire soon to provide the mentoring and institutional knowledge to future employees in order to maintain our high quality work for which we have been recognized. There are two AAPG/SEG Expos each year, one in Norman, OK and one in Houston, TX. The students that attend these events will only attend one or the other, as directed by their university. The reason for this direction is that Industry aggressively recruits Geoscientists and Petroleum Engineers at the individual universities beginning in the Fall and most students will have a job offer pending with Industry before attending either Expo. If GOMR is unable to attend the Norman Expo due to sequestration, our recruiting program will be significantly impacted.
GOMR	Graduate School (DOI) Supervisory Training (San Antonio, Tx)	3/11-3/15/2013	\$2,500	\$2,500	1 Deputy Regional Supv	Postpone training	Departmental requirement for training of new supervisors. Training will be postponed to a future date.
GOMR	Decommishioning & Abandonment Summit (Houston, Tx)	3/19 - 3/21/2013	\$4,800	\$0	4 staff scheduled to attend	A refund cannot be provided. However the sponsor is offering a credit for the expended funds (BOEM has 1 year to use the credit for another event provided by the sponsor).	With BSEE increasing the decommissioning cost estimates in deep water, it becomes crucial for BOEM to understand the decommissioning costs for supplemental bonding. BOEM will not have representation at this summit.

Attachment #1 - Sequestration Programatic Impacts

As of March 8, 2013

Region	Event	Dates	Cost	Refund?	Staffing Numbers	Impact	Comments
GOMR	Microsoft Access Training (in-house) Level 1, 2, & 3	3/5-3/7/2013; 3/19-3/21/2013; 4/16/2013; 4/23-4/25/2013	\$7,812	\$0	16 BOEM & 2 BSEE staff (RSA in place to cover the cost of the BSEE attendance of \$783).	Staff were being instructed in MS Access for more efficiency in data utilization and forecasting	Price for training was negotiated to lowest level by the number fo sessions provided. Training has already taken place in both Jan & Feb 2013. Training forms were submitted to Finance/funds obligated (although not invoiced yet). Training will be postponed until later in the FY once the CR & Sequestration issues are resolved.
HQ	FBMS Training (Herndon)	May-June	\$1,500	n/a	1 FTE to travel	Travel is cancelled; training materials may still be provided	This years Financial Business Management System (FBMS) training is particularly important because there were major system / feature upgrades to the budgetary reports at the beginning of the fiscal year which are new and unfamiliar to the users. The audiences of these training are the budget coordinators who perform day to day operational activities. Without holding these hands-on training, BOEM will be less effective managing and executing its annual operating plan as well as tracking its spending.
HQ	FBMS Training (GOMR)	May-June	\$3,000	n/a	2 FTE to travel	Travel is cancelled; training materials may still be provided	same as above
HQ	FBMS Training (Pacific)	May-June	\$4,500	n/a	3 FTE to travel	Travel is cancelled; training materials may still be provided	same as above
HQ	Annual Emergency Management Council Offsite Meeting	3/11-3/14/2013	local travel	n/a	EMC and EMC Alternate scheduled to attend	Hinders ability of BOEM to fully integrate and expand on the EM responsibilities and takes away valuable time to have BOEM and BSEE EM staff to network and work together.	This meeting was to be held at USGS in Reston, which means staff would only have local travel and free to attend.
Pacific	BOEM/USGS science and CMSP discussion	03/04-03/08/2013	\$5,000	N/A	6 FTE to travel	Hinders ability of BOEM to efficiently allocate money for scientific studies, CMSP, and general scientific activities.	
Pacific	Hiring interns (4 requested and planned for)	June - August	\$30,000	N/A		Hinders ability of BOEM to meet DOI hiring goals and impacts succession planning efforts to identify future leaders.	CMSP Intern: Hinders ability to coordinate activities and build consensus. Financial Assurance Intern: Hinders ability to track and monitor financial assurance requirements. Strategic Planning Intern: Hinders ability to plan for the future and execute administration objectives. Records intern: Hinders ability to compile admin records and respond to lawsuits and FOIA requests.

Attachment #1 - Sequestration Programatic Impacts

As of March 8, 2013

Region	Event	Dates	Cost	Refund?	Staffing Numbers	Impact	Comments
Pacific	Increased managerial oversight over travel, overtime, hiring, etc	Continuous	?	N/A		Additional time spent ensuring adherence to bureau and DOI rules means less time available to work on mission related activities.	
Pacific	Global Marine Renewable Energy VI Conference	04/10-04/11/2013	\$3,500	N/A	2 FTE asked by DOE to present results of BOEM studies	Hinders ability of BOEM to meet DOI strategic goal as science driven agency.	Results of recent BOEM Pacific studies were judged to be fundamentally important for consideration of offshore renewable energy development in all OCS areas. DOE as sponsor for GMREC asked BOEM scientist to present recent findings.
GOMR	Retirement Benefits Seminar	3/26 - 3/27/2013	\$5,000	n/a	65 staff scheduled to attend	Training is cancelled; training materials will not be provided	In the GOMR, both BOEM & BSEE had agreed to fund one seminar during the 2nd qtr FY'13. BSEE hosted the 1st seminar in Jan, BOEM was scheduled to host the event in Mar.
GOMR	Petroleum Engineering for Non-Petroleum Engineers training (Houston, Tx)	4/2/2013	\$4,785	\$4,735	3 staff members in Resource Evaluation	Training is cancelled; \$50 processing fee for cancelation	Training for Non-Petroleum Engineers, to aid in understanding nature of work processes (staff that work closely with the PE's and need to understand soe of the work processes to aid in their job functionality).

BUREAU OF OCEAN ENERGY MANAGEMENT
 Listing of Contractor Sequestration Notification Letters - As of March 8, 2013

BUREAU	CONTRACT NUMBER	VENDOR	CITY	STATE	OBLIGATED AMOUNT	AMOUNT INVOICED	BALANCE REMAINING	TOTAL ESTIMATED VALUE
BOEM	M08PC20043	SCIENCE APPLICATIONS INTERNATIONAL CORPORATION	SAN DIEGO	CALIFORNIA	\$5,645,733.00	\$5,053,941.68	\$591,791.32	\$5,645,733.00
BOEM	M10PC00101	PANDION SYSTEMS, INC.	GAINESVILLE	FLORIDA	\$3,438,408.78	\$2,955,665.10	\$482,743.68	\$4,204,523.78
BOEM	M10PC00112	SCIENCE APPLICATIONS INTERNATIONAL CORPORATION	MCLEAN	VIRGINIA	\$3,648,627.72	\$3,259,783.42	\$388,844.30	\$4,942,930.98
BOEM	M12PD00037	MICROTECHNOLOGIES LLC	VIENNA	VIRGINIA	\$1,528,525.45	\$500,912.77	\$1,027,612.68	\$4,428,500.00
BOEM	M08PC20038	TDI-BROOKS INTERNATIONAL, INC.	COLLEGE STATION	TEXAS	\$4,428,808.01	\$4,263,720.00	\$165,088.01	\$4,428,808.01

BUREAU OF OCEAN ENERGY MANAGEMENT
Listing of Financial Assistance Sequestration Notification Letters - As of March 8, 2013

BUREAU	GRANT/COOP NUMBER	RECIPIENT	CITY	STATE	OBLIGATED AMOUNT	AMOUNT INVOICED	BALANCE REMAINING	TOTAL ESTIMATED VALUE
BOEM	M07AC12468	LOUISIANA STATE UNIVERSITY SYSTEM	Baton Rouge	LA	\$536,701.00	\$402,139.85	\$134,561.15	\$536,701.00
BOEM	M07AC12496	UNIVERSITY OF ALASKA SYSTEM	FAIRBANKS	AK	\$795,000.00	\$780,481.84	\$14,518.16	\$795,000.00
BOEM	M08AC12912	UNIVERSITY OF MISSISSIPPI	University	MS	\$841,662.00	\$830,304.89	\$11,357.11	\$841,662.00
BOEM	M08AR12689	LOUISIANA STATE UNIVERSITY SYSTEM	Baton Rouge	LA	\$689,760.48	\$688,570.23	\$1,190.25	\$689,760.48
BOEM	M08AX12760	UNIVERSITY OF ALASKA FAIRBANKS	FAIRBANKS	AK	\$756,704.00	\$605,580.09	\$151,123.91	\$756,704.00
BOEM	M09AC15207	UNIVERSITY OF ALASKA FAIRBANKS	FAIRBANKS	AK	\$1,193,586.00	\$662,338.03	\$531,247.97	\$1,193,586.00
BOEM	M09AC15432	UNIVERSITY OF ALASKA FAIRBANKS	FAIRBANKS	AK	\$532,173.00	\$452,701.76	\$79,471.24	\$532,173.00
BOEM	M09AC15847	UNIVERSITY OF MISSISSIPPI	University	MS	\$855,000.00	\$844,227.12	\$10,772.88	\$855,000.00
BOEM	M10AC20000	UNIVERSITY OF CALIFORNIA, SANTA CRU	Santa Cruz	CA	\$1,745,852.00	\$704,739.18	\$1,041,112.82	\$1,850,213.00
BOEM	M10AC20002	OREGON STATE UNIVERSITY	CORVALLIS	OR	\$1,598,846.00	\$902,648.09	\$696,197.91	\$1,598,846.00
BOEM	M10AC20003	LOUISIANA STATE UNIVERSITY SYSTEM	Baton Rouge	LA	\$751,500.00	\$582,641.13	\$168,858.87	\$751,500.00
BOEM	M10AC20004	UNIVERSITY OF ALASKA FAIRBANKS	FAIRBANKS	AK	\$1,619,995.00	\$938,451.96	\$681,543.04	\$1,764,252.00
BOEM	M10AC20009	UNIVERSITY OF MISSISSIPPI	University	MS	\$1,025,000.00	\$666,104.93	\$358,895.07	\$1,025,000.00
BOEM	M11AC00007	UNIVERSITY OF TEXAS AT AUSTIN	Austin	TX	\$4,423,837.11	\$1,586,077.85	\$2,837,759.26	\$5,645,168.00
BOEM	M11AC00008	UNIVERSITY OF CALIFORNIA, SANTA BAR	Santa Barbara	CA	\$949,395.00	\$594,869.00	\$354,526.00	\$949,395.00
BOEM	M11AC00013	RUTGERS, THE STATE UNIVERSITY OF NE	NEW BRUNSWICK	NJ	\$900,000.00	\$249,699.53	\$650,300.47	\$900,000.00
BOEM	M12AC00004	UNIVERSITY OF CALIFORNIA, SANTA BAR	Santa Barbara	CA	\$500,000.00	\$157,647.00	\$342,353.00	\$500,000.00
BOEM	M12AC00008	UNIVERSITY OF ALASKA FAIRBANKS	FAIRBANKS	AK	\$2,776,748.00	\$574,612.93	\$2,202,135.07	\$5,056,253.00
BOEM	M12AC00011	UNIVERSITY OF ALASKA FAIRBANKS	FAIRBANKS	AK	\$2,212,308.00	\$280,442.09	\$1,931,865.91	\$5,191,125.00
BOEM	M12AC00016	UNIVERSITY OF RHODE ISLAND	KINGSTON	RI	\$2,000,000.00	\$151,861.56	\$1,848,138.44	\$2,000,000.00
BOEM	M12AC00024	ENERGY & ENVIRONMENTAL AFFAIRS, MAS	Boston	MA	\$685,638.00	\$0.00	\$685,638.00	\$685,638.00



United States Department of the Interior

BUREAU OF OCEAN ENERGY MANAGEMENT
WASHINGTON, DC 20240-0001

FEB 25 2013

Memorandum

To: All BOEM Employees

From: Tommy Beaudreau
Director

Subject: Update on Preparations for Potential Sequestration

Last week, Secretary Salazar sent all employees a memo outlining the serious and damaging effects that sequestration would have on the Department of the Interior. I want to update you on our preparations within BOEM to implement sequestration reductions on March 1, 2013. I maintain hope that Congress will reach agreement on a balanced deficit reduction plan that avoids these senseless cuts. However, with the deadline only days away, we are finalizing our plans and have started taking immediate actions to prepare for the devastating impacts.

The President has stated that the sequester is bad policy, and I agree. The sequester is an across-the-board reduction that slashes activities without discretion and will reduce the level of direct services we provide to the American public across the country. It will have a wide range of long-term destructive consequences for our mission and programs – negatively impacting our entire workforce.

All of you have repeatedly demonstrated incredible professionalism and commitment to our mission through trying circumstances, for which you have my utmost respect and gratitude. However, sequestration will remove many of the tools we would normally use to meet our responsibilities when demands are greatest. While we will do what we can to limit the impacts on you individually, there will be no avoiding adverse impacts on our ability to perform our mission and on our work life due to the severe budget cuts that will be imposed on March 1.

Although we are still finalizing our implementation plans, we expect the following:

All of our employees will face challenges in performing their mission. We are facing an incredibly difficult circumstance in implementing the sequester. There are no good choices – all of the limited options available to us have negative long-term consequences on our ability to perform our mission. All of the tools that we are using to mitigate impacts of this indiscriminate reduction will nonetheless have impacts on your ability to perform your mission and serve the American public. We are implementing hiring freezes; reducing overtime; reducing travel, conferences, and training; and identifying contracts and cooperative agreements that can be cut or delayed – each of these has negative consequences for mission delivery.

Furloughs of Permanent Employees. While we are still finalizing our plans, we do not anticipate furloughs of permanent employees at BOEM at this time. Should furloughs become necessary, let me reiterate the Secretary's assurance that any affected employees will be provided at least 30 days notice prior to executing a furlough or in accordance with the designated representative collective bargaining agreement as appropriate. In any outcome, you will all face significant challenges in performing your jobs as a result of these actions in response to the sequester.

We will be unable to hire the number of students that we had planned – halting the progress on youth hiring of the last 4 years. Our students are a vital part of our workforce today and integral to our efforts to identify and recruit high-performing candidates for our future workforce. We will be unable to meet our youth hiring goals. Our inability to hire students will have lasting impacts as these young people are forced to find work elsewhere and ultimately make different long-term employment choices.

The sequester's impacts will be felt long beyond the next seven months. If cuts of this magnitude are maintained, we would face a long-term reduction in our workforce, undercutting our ability to do our jobs in a timely manner, and reductions in contracts that supply services and information necessary for the successful performance of our mission. We anticipate a longer time period to review bids from oil and gas lease sales, resulting in delayed lease awards to industry and revenues to the Treasury. We foresee a reduced capacity to acquire geological and geophysical (G&G) information necessary to evaluate resources and to ensure that the American people receive fair value for those resources.

The review and processing time for exploration and development plans and G&G permits will likely take longer. We would be forced to conduct fewer scientific studies that provide the information that is the foundation for our decision-making, and we would have fewer resources to apply to completing NEPA analyses, which will extend our timelines and potentially subject our decisions to greater risk. Together, all of these impacts would result in delays in leasing and permitting decisions across our programs – oil and gas, renewable energy, and sand and gravel for shoreline protection and beach restoration.

It is my earnest hope that this senseless and avoidable crisis will be averted. Thank you for your service and perseverance. It remains our honor and privilege to serve the American people, and I know you will continue to do your best during this most difficult time.

BUREAU OF OCEAN ENERGY MANAGEMENT

Response to DOI Sequestration Plan Review

Comment: BOEM should quickly prepare and submit a request for an exception to the hiring freeze to fill critical positions. BOEM should realign its sequestration plan anticipating that BOEM will receive an exception to the hiring freeze. Please adjust the sequestration impact to reflect that BOEM will not have to freeze hiring for its most critical positions.

Page 1:

Question: After the “Sequestration Implementation Planning” table and before the strategy narrative section, describe the limitations on BOEM’s ability to use carry over to mitigate the impacts of a sequester. Expand on the 2nd paragraph on page 2 of the draft BOEM sequester plan, specifically the need to reserve carryover to manage the uncertainty in timing and amounts of offsetting collections. Add a footnote to the table for the FY 2013 carryover column to explain that carryover would not be available to mitigate the impacts of a sequester.

Answer: The reinterpretation of offsetting collections in the OMB Circular A-11 guidance during FY 2012 required BOEM to significantly alter the way the bureau plans and executes its budget. In prior years, this has been interpreted to mean availability of the full budget authority upon enactment of the appropriation. However, the reinterpretation required BOEM not to spend any offsetting receipt amounts until after these receipts have been collected and transferred. This has presented BOEM with significant operational challenges.

Until this issue is resolved, BOEM will continue to execute its budget using a “cash on hand” model and obligate only those funds that have been realized through appropriations or receipt collections. Because of uncertain month-to-month collections stream, BOEM needs to use carryover in order to carry out mission critical activities throughout the year. For instance, without sufficient carryover available in October 2012, BOEM would have been unable to both pay its bills and meet payroll needs. At the beginning of FY 2013, the only new funds available to BOEM were its appropriated dollars – no offsetting collections were available until mid-November. Without utilizing carryover, BOEM would not have been able to meet payroll, fund administrative contracts (the DOI Working Capital Fund, the Administrative RSA with BSEE, etc.), and process mission-related requisitions. Unfortunately, because the amount and availability of BOEM’s offsetting collections is unpredictable, BOEM faces this same problem on a monthly basis, so it must use carryover funds as a means to support mission critical activities throughout the year. For this reason, BOEM is unable to use carryover as a means to mitigate the impacts of sequestration.

Page 3:

“This may mean that BOEM could miss some statutory, regulatory or other deadlines.”

Question: BOEM would be expected to prioritize existing resources to avoid missing these deadlines. Revise this section to describe the impacts to other programs and activities that would be caused by BOEM reprioritizing funding.

Answer: BOEM will make every effort to operate within the confines of the law, but across-the-board reductions require cuts to offices that work to meet mission-essential deadlines. To help control expenditures under sequestration, BOEM has instituted a restriction on overtime, which will hinder employees’ ability to work the hours necessary to meet important timelines. A redirection of existing resources will not alleviate this problem, as it would require removing resources from one mission-essential area to support other mission-critical activities, transferring the risk of missing deadlines from one function to another.

“Finally, BOEM will be unable to hire the number of students initially planned, effectively halting the progress on youth hiring of the last four years.”

Question: How many student hires were planned? How many fewer will be hired?

Answer: In FY 2012 BOEM hired 27 youth and had planned on hiring the same number in FY 2013 but will not do so under the sequester. So far during FY 2013, BOEM has hired 19 youth, which means it will forego the hiring of eight additional youth during the remainder of the fiscal year. Because it has not yet fully staffed its programs, BOEM has a high vacancy rate, which is compounded by attrition due to retirements and the potential for more retirements. Therefore, the hiring of young people is integral to BOEM’s efforts to recruit new staff, and it has the added benefit of encouraging youth to pursue science-based studies.

“For instance, a five percent reduction to the Environmental Studies Program (ESP) budget would likely result in the deferral of the following studies:”

Question: Provide funding estimates for each of the studies listed. How much are the savings?

Answer: BOEM would not classify as “savings” the deferral of any studies due to the sequester. Rather, they are reductions necessary to achieve the sequester level. The Environmental Studies Program estimates that a 5% reduction to its budget would likely result in the deferral of the following studies:

- Applications for mapping spilled oil in arctic waters (\$600,000)
- Chukchi acoustic, oceanography and zooplankton study: Hanna Shoal (\$800,000)
- Marine arctic ecosystems study (a multi-agency National Oceanographic Partnership Program effort) (\$500,000)

Page 4:

"In the renewable energy program, at least two cooperative agreements (NY and NC) would be delayed or canceled."

Question: Describe the magnitude of these cooperative agreements.

Answer: Cooperative agreements have been executed for Massachusetts (last estimate was \$950,000) and Virginia (roughly \$750,000). They are extremely valuable for BOEM's ocean planning and environmental stewardship efforts and will facilitate environmentally responsible siting of wind energy facilities. Through these partnerships, BOEM shares the cost of collecting information with states to gather data needed by both parties.

Budget reductions would delay collaborative efforts with other Atlantic states, a key point of Secretary's Salazar's "Smart from the Start" wind energy initiative. BOEM would not be able to award a cooperative agreement with the University of North Carolina and associated inter-agency agreement with NOAA. Without the cooperative agreement with the University of North Carolina, BOEM would be unable to collect important baseline information on fishing grounds, fishing routes, hardbottom habitats, artificial reefs, species interactions, and archaeological sites. The lack of this information would impact the quality of BOEM's environmental analysis of offshore wind energy develop, and would greatly reduce the effectiveness of BOEM's North Carolina planning efforts. In addition, BOEM would halt its planning for another cooperative agreement to study areas offshore New York, where BOEM is currently assessing commercial interest.

"BOEM has developed in consultation with BSEE a framework for a reduction in a wide range of administrative services"

Question: What services would be reduced and what are the programmatic impacts of those reductions?

Answer: BOEM is in the process of working in consultation with the Bureau of Safety and Environmental Enforcement (BSEE) to determine if other measures are feasible to avoid impacting the delivery of administrative services. While administrative services may only have indirect impacts to our mission, they directly impact our ability to carry out the following in a timely manner: process personnel actions (including hiring), process requisitions and obligate contract funding, and manage information systems and communication networks.

Page 5:

"these impacts would result in delays in leasing and permitting decisions across the bureau"

Question: Provide estimates for the length of delays from expected processing times without sequester.

Answer: Estimates are provided on pp 7-8, to the extent possible.

“At this time, BOEM does not know whether (and which) conferences will be cancelled, but all conferences will continue to be reviewed on a case-by-case basis.”

Question: Provide a list of any currently planned conferences. Have any conferences been canceled or planned attendance reduced?

Answer: A list of BOEM’s near-term planned conferences is provided in Attachment #1. BOEM is currently evaluating planned conferences but has not finalized decisions on canceling or reducing conference attendance.

Question: Does BOEM have any international travel planned for FY 2013?

Answer: BOEM will be suspending most employee international travel funded through appropriations during the sequester. A list of planned international travel, most of which is funded by external entities, is provided in attachment #2.

“Because the private sector is not bound by the same recruitment, retention, and salary limitations as the public sector, the bureau has faced many challenges with the retention of the employees in these particular positions.”

Question: Describe the impacts the sequester reduction would have on recruiting and retaining employees. Please estimate anticipated delays in hiring and/or increased turnover.

Answer: The hiring freeze will prevent us from recruiting for and filling positions. BOEM will seek exceptions as warranted, but to do so for all such positions would negate the hiring freeze. The overall effects of sequestration are expected to affect quality of work life, which is our main advantage in competing with an industry that offers much higher pay. However, it is not possible to estimate what the increased turnover may be.

Page 8:

“G&G permitting will be delayed, possibly resulting in industry missing an open-water season.”

Question: Provide estimates for the length of delays; how much longer will expected processing times with sequester reduction than without.

Answer: No greater specificity is possible at this time. The key point is that any significant delay in review could result in applicant missing the short open-water season during which the activity would occur, pushing the work back for a full year.

Interior, Environment and Related Agencies Appropriations
BUREAU OF OCEAN ENERGY MANAGEMENT

Account Activity Subactivity Budget Element	2012 Revised Enacted	Fixed Cost Changes	Program Changes to Fund Fixed Costs	Approved Internal Transfers & Reprogramm	Program Changes	FY2013 Full Year Plan	Reduction for Fixed Costs Placeholder in Full-Year Plan	Revised 2013 Fixed Costs Estimates	Program Reduction to Reach Full Year CR	Subtotal-Full Year CR	ATB Decrease	2013 Total Before Sequestration	Revised Sequester Reduction by %	2013 Full Year Funding Avail. After Sequester	Adjustments for Sequestration	Final 2013 Full Year Funding w/ Sequester
BUREAU OF OCEAN ENERGY MANAGEMENT																
Ocean Energy Management																
Renewable Energy	22,685,047	65,000			(19,000)											
Appropriation						8,684,047	(65,000)	46,000	(21,000)	8,644,047	(17,288)	8,626,759	(432,639)	8,194,120		8,194,120
Offsetting Collection						14,047,000	-			14,047,000	-	14,047,000	(704,469)	13,342,531	(3,000,000)	10,342,531
Subtotal, Renewable Energy						22,731,047	(65,000)	46,000	(21,000)	22,691,047	(17,288)	22,673,759	(1,137,108)	21,536,651	(3,000,000)	18,536,651
Conventional Energy	47,245,100	367,000			(218,000)											
Appropriation						24,541,100	(367,000)	263,000	(60,000)	24,377,100	(48,754)	24,328,346	(1,220,087)	23,108,259		23,108,259
Offsetting Collection						22,853,000	-			22,853,000	-	22,853,000	(1,146,098)	21,706,902	1,300,000	23,006,902
Subtotal, Renewable Energy						47,394,100	(367,000)	263,000	(60,000)	47,230,100	(48,754)	47,181,346	(2,366,185)	44,815,161	1,300,000	46,115,161
Environmental Assessment & Science	62,016,126	222,000			(128,000)											
Appropriation						13,906,125	(222,000)	160,000	(34,000)	13,810,125	(27,620)	13,782,505	(691,205)	13,091,300		13,091,300
Offsetting Collection						48,204,000	-			48,204,000	-	48,204,000	(2,417,472)	45,786,528	1,700,000	47,486,528
Subtotal, Renewable Energy						62,110,125	(222,000)	160,000	(34,000)	62,014,125	(27,620)	61,986,505	(3,108,677)	58,877,828	1,700,000	60,577,828
General Support Services	12,785,028	807,000			(786,000)											
Appropriation						3,330,029	(807,000)	807,000	(9,000)	3,321,029	(6,643)	3,314,386	(166,220)	3,148,166		3,148,166
Offsetting Collection						9,476,000	-			9,476,000	-	9,476,000	(475,229)	9,000,771		9,000,771
Subtotal, Renewable Energy						12,806,029	(807,000)	807,000	(9,000)	12,797,029	(6,643)	12,790,386	(641,449)	12,148,937	-	12,148,937
Executive Direction	16,047,032	117,000			(62,000)											
Appropriation						9,600,032	(117,000)	84,000	(23,000)	9,544,032	(19,088)	9,524,944	(477,684)	9,047,260		9,047,260
Offsetting Collection						6,502,000	-			6,502,000	-	6,502,000	(326,081)	6,175,919		6,175,919
Subtotal, Renewable Energy						16,102,032	(117,000)	84,000	(23,000)	16,046,032	(19,088)	16,026,944	(803,765)	15,223,179	-	15,223,179
Subtotal, Ocean Energy Management	160,778,333	1,578,000		-	(1,213,000)	161,143,333	(1,578,000)	1,360,000	(147,000)	160,778,333	(119,393)	160,658,940	(8,057,184)	152,601,756	-	152,601,756
Less Use of Offsetting Collections	(101,082,000)					(101,082,000)				(101,082,000)		(101,082,000)	5,069,349	(96,012,651)	-	(96,012,651)
TOTAL, BOEM	59,696,333	1,578,000		-	(1,213,000)	60,061,333	(1,578,000)	1,360,000	(147,000)	59,696,333	(119,393)	59,576,940	(2,987,835)	56,589,105	-	56,589,105

59,696,333

Account Name	Ocean Energy Management
Account Total Before ATB	160,778,000
Fixed Costs Placeholder (\$000)	1,360,000
Across-the-Board Reduction (\$000)	119,000
Account Total FY 2013 BA Before Sequester (\$000)	160,659,000
Amount of Sequester Reduction (\$000)	8,057,000
Account Total with Sequester Final	152,602,000

POB Calculations for Bureau of Ocean Energy Management

160,778,333				
1,360,000				
119,393				
160,658,940				
8,057,184	0.05015086			
152,601,756				
	w/ATB			
Direct Approps	59,576,940	2,987,835	56,589,105	(2,987,835)
Offsetting Coll.	101,082,000	5,069,349	96,012,651	(5,069,349)
	160,658,940	8,057,184	152,601,756	(8,057,184)
				152,601,756

Crosscheck to POB Calculations

Direct Approps	59,576,940	2,987,835	56,589,105	(2,987,835)	56,589,105	-	56,589,105
Offsetting Coll.	101,082,000	5,069,349	96,012,651	(5,069,349)	96,012,651	-	96,012,651
	160,658,940	8,057,184	152,601,756	(8,057,184)	152,601,756	-	152,601,756

Interior, Environment and Related Agencies Appropriations
BUREAU OF OCEAN ENERGY MANAGEMENT

Account Activity Subactivity Budget Element	2012 Enacted	2013 Fixed Costs	Internal Transfers	Program Changes (Including 2013 ATB)	2013 Enacted (P.L. 113-6) Before Sequestration	Sequestration Reduction	Adjustments for Sequestration	2013 Final Funding Level	Change from 2012 Enacted
BUREAU OF OCEAN ENERGY MANAGEMENT									
Ocean Energy Management									
Renewable Energy									
Appropriation		46.000	-		8,626.759	(432.639)		8,194.120	
<u>Offsetting Collection</u>		-	-		14,047.000	(704.469)	(3,000.000)	10,342.531	
Subtotal, Environmental Enforcement	22,685.000	46.000	-	(57.241)	22,673.759	(1,137.108)	(3,000.000)	18,536.651	(4,148.349)
Conventional Energy									
Appropriation		263.000			24,328.346	(1,220.087)		23,108.259	
<u>Offsetting Collection</u>		-			22,853.000	(1,146.098)	1,300.000	23,006.902	
Subtotal, Operations, Safety and Regulation	47,245.000	263.000	-	(326.654)	47,181.346	(2,366.185)	1,300.000	46,115.161	(1,129.839)
Environmental Assessments & Studies									
Appropriation		160.000			13,782.505	(691.205)		13,091.300	
<u>Offsetting Collection</u>		-			48,204.000	(2,417.472)	1,700.000	47,486.528	
Subtotal, Administrative Operations	62,016.000	160.000	-	(189.495)	61,986.505	(3,108.677)	1,700.000	60,577.828	(1,438.172)
General Support Services									
Appropriation		807.000			3,314.386	(166.220)		3,148.166	
<u>Offsetting Collection</u>		-			9,476.000	(475.229)		9,000.771	
Subtotal, General Support Services	12,785.000	807.000	-	(801.614)	12,790.386	(641.449)	-	12,148.937	(636.063)
Executive Direction									
Appropriation		84.000			9,524.944	(477.684)		9,047.260	
<u>Offsetting Collection</u>		-			6,502.000	(326.081)		6,175.919	
Subtotal, General Support Services	16,047.000	84.000	-	(104.056)	16,026.944	(803.765)	-	15,223.179	(823.821)
Subtotal, Ocean Energy Management	160,778.000	1,360.000	-	(1,479.060)	160,658.940	(8,057.184)	-	152,601.756	(8,176.244)
Less Use of Offsetting Collections	(101,082.000)	-	-	-	(101,082.000)	5,069.349	-	(96,012.651)	5,069.349
Total, Ocean Energy Management	59,696.000	1,360.000	-	(1,479.060)	59,576.940	(2,987.835)	-	56,589.105	(3,106.895)
TOTAL, BUREAU OF OCEAN ENERGY MANAGEMENT	59,696.000	1,360.000	-	(1,479.060)	59,576.940	(2,987.835)	-	56,589.105	(3,106.895)

Interior, Environment and Related Agencies Appropriations

BUREAU OF OCEAN ENERGY MANAGEMENT

(dollars in thousands)

Account Activity Subactivity Budget Element	2012 Enacted	2013 Fixed Costs	Internal Transfers	Program Changes (Including 2013 ATB)	2013 Enacted (P.L. 113-6) Before Sequestration	Sequestration Reduction	Adjustments for Sequestration	2013 Final Funding Level	Change from 2012 Enacted
BUREAU OF OCEAN ENERGY MANAGEMENT									
Ocean Energy Management									
Renewable Energy									
Appropriation		46	-		8,627	(433)	-	8,194	
<u>Offsetting Collection</u>		-	-		<u>14,047</u>	<u>(704)</u>	<u>(3,000)</u>	<u>10,343</u>	
Subtotal, Environmental Enforcement	22,685	46	-	(57)	22,674	(1,137)	(3,000)	18,537	(4,148)
Conventional Energy									
Appropriation		263	-		24,328	(1,220)	-	23,108	
<u>Offsetting Collection</u>		-	-		<u>22,853</u>	<u>(1,146)</u>	<u>1,300</u>	<u>23,007</u>	
Subtotal, Operations, Safety and Regulation	47,245	263	-	(327)	47,181	(2,366)	1,300	46,115	(1,130)
Environmental Assessments & Studies									
Appropriation		160	-		13,783	(691)	-	13,091	
<u>Offsetting Collection</u>		-	-		<u>48,204</u>	<u>(2,417)</u>	<u>1,700</u>	<u>47,487</u>	
Subtotal, Administrative Operations	62,016	160	-	(189)	61,987	(3,109)	1,700	60,578	(1,438)
General Support Services									
Appropriation		807	-		3,314	(166)	-	3,148	
<u>Offsetting Collection</u>		-	-		<u>9,476</u>	<u>(475)</u>	-	<u>9,001</u>	
Subtotal, General Support Services	12,785	807	-	(802)	12,790	(641)	-	12,149	(636)
Executive Direction									
Appropriation		84	-		9,525	(478)	-	9,047	
<u>Offsetting Collection</u>		-	-		<u>6,502</u>	<u>(326)</u>	-	<u>6,176</u>	
Subtotal, General Support Services	16,047	84	-	(104)	16,027	(804)	-	15,223	(824)
Subtotal, Ocean Energy Management	160,778	1,360	-	(1,479)	160,659	(8,057)	-	152,602	(8,176)
Less Use of Offsetting Collections	<u>(101,082)</u>	-	-	-	<u>(101,082)</u>	<u>5,069</u>	-	<u>(96,013)</u>	<u>5,069</u>
Total, Ocean Energy Management	59,696	1,360	-	(1,479)	59,577	(2,988)	-	56,589	(3,107)
TOTAL, BUREAU OF OCEAN ENERGY MANAGEMENT	59,696	1,360	-	(1,479)	59,577	(2,988)	-	56,589	(3,107)

Interior, Environment and Related Agencies Appropriations

BUREAU OF OCEAN ENERGY MANAGEMENT

(dollars in thousands)

Account Activity Subactivity Budget Element	2012 Enacted	2013 Fixed Costs	Internal Transfers	Program Changes (Including 2013 ATB)	2013 Enacted (P.L. 113-6) Before Sequestration	Sequestration Reduction	Adjustments for Sequestration	2013 Final Funding Level	Change from 2012 Enacted
BUREAU OF OCEAN ENERGY MANAGEMENT									
Ocean Energy Management									
Renewable Energy	22,685	46	-	(57)	22,674	(1,137)	(3,000)	18,537	(4,148)
Conventional Energy	47,245	263	-	(327)	47,181	(2,366)	1,300	46,115	(1,130)
Environmental Assessments & Studies	62,016	160	-	(189)	61,987	(3,109)	1,700	60,578	(1,438)
General Support Services	12,785	807	-	(802)	12,790	(641)	-	12,149	(636)
Executive Direction	16,047	84	-	(104)	16,027	(804)	-	15,223	(824)
Subtotal, Ocean Energy Management	160,778	1,360	-	(1,479)	160,659	(8,057)	-	152,602	(8,176)
Less Use of Offsetting Collections	(101,082)	-	-	-	(101,082)	5,069	-	(96,013)	5,069
Total, Ocean Energy Management	59,696	1,360	-	(1,479)	59,577	(2,988)	-	56,589	(3,107)
TOTAL, BUREAU OF OCEAN ENERGY MANAGEMENT	59,696	1,360	-	(1,479)	59,577	(2,988)	-	56,589	(3,107)



United States Department of the Interior

BUREAU OF OCEAN ENERGY MANAGEMENT
WASHINGTON, DC 20240-0001

MAR 29 2013

Memorandum

To: Deputy Director
Alaska Regional Director
Gulf of Mexico Regional Director
Pacific Regional Director
Chief, Office of Strategic Resources
Chief, Office of Environmental Programs
Chief, Office of Renewable Energy Programs

From: Jim Anderson, Budget Officer

Subject: Updated FY 2013 Budget Execution Guidance

This memorandum establishes final FY 2013 budget allocations in accordance with the funding levels provided by the Continuing Resolution. It also provides general budget execution policy and guidance for the development of FY 2013 financial plans, which are due to the Office of Budget and Program Coordination (OBPC) on April 30, 2013.

FY 2013 BUDGET OUTLOOK

As you are aware, the Federal Government will be operating under a Continuing Resolution (CR) for the remainder of the fiscal year ending September 30, 2013. Public Law 113-6 signed by the President on March 26, 2013 funds BOEM at \$152.6 million (*after sequestration reductions*) which is \$8.2 million below the FY 2012 Enacted level and \$11.5 million below the FY 2013 President's Request.

FY 2013 BUDGET ALLOCATIONS

Due to both the sequestration reductions and the timing of remaining funds being made available, FY 2013 budget allocations for the remainder of the year will be based upon the FY 2012 operating plan/financial plans consistent with the 1st and 2nd Quarters. As outlined by the Director, BOEM will be implementing sequestration through a hiring freeze and reductions in: non-emergency overtime; travel; conferences; and training and identifying contracts and cooperative agreements that can be cut. In accordance with this guidance, the projected salary lapse amounts identified during the FY 2013 operating plan exercise have been deducted from the below Office/Regional budget allocation totals.

Bureau of Ocean Energy Management FY 2013 CR Budget Allocations by Office/Region (\$000)					
Organization	FY 2013 Budget Allocations				
	Caryover Allocation 1/ <i>As of March 1st</i>	1st Quarter Budget Allocations	2nd Quarter Budget Allocations	3rd & 4th Quarter Budget Allocations	Total Available Funding
Director's Office	6,688	5,340	4,151	5,423	21,602
Office of Strategic Resources	882	4,656	4,627	8,299	18,464
Office of Renewable Energy Programs	4,005	3,719	3,690	8,106	19,520
Office of Environmental Programs	47	10,899	10,800	20,401	42,146
Gulf of Mexico Region	1,301	8,420	8,365	26,309	44,395
Alaska Region	205	2,344	2,326	7,649	12,524
Pacific Region	293	1,495	2,635	2,947	7,370
Totals	13,421	36,873	36,593	79,136	166,022

Note: 1/ Remaining balance to be allocated to mission critical program activities.

Given the extraordinary circumstances we are facing with the execution of the FY 2013 budget, OBPC will be working collaboratively to ensure that all mission critical and base costs are funded throughout the fiscal year. This will not be easy, and success will be dependent upon strong communications at every level of the organization.

FY 2013 FINANCIAL PLANS

The FY 2013 financial plans are similar in nature to the operating plans each office has developed, but the financial plans provide more specific funding information. These plans must identify amounts by budget object code and match the individual Program/Region bottom line, as provided above, as well as the total by budget activity, as provided in Attachment #1.

A financial plan template has been drafted for each Program/Region based on their existing operating plans and is available on MAX (<https://max.omb.gov/community/x/WpacJg>). All financial plans must to be edited and uploaded directly to this MAX page no later than Tuesday, April 30, 2013. The purpose of developing Program/Regional financial plans is to ensure compliance with the Anti-Deficiency Act, which prohibits obligations in excess of, or in advance of an appropriation. The financial plans, by way of FBMS, provide the control so that obligations at the Bureau level do not exceed apportioned budgetary resources. It is the responsibility of each manager to ensure that the total obligations do not exceed the amounts contained in the financial plans in FBMS. Any deviation from the plans submitted on April 30 requires a revised financial plan to be submitted and approved by OBPC.

Reprogramming thresholds established by Congress require that any request to transfer or reprogram funds cumulatively equal to or in excess of \$1 million must be approved by the Department, OMB, and ultimately the House and Senate Appropriations Committees. Depending upon the severity of the impacts of sequestration, some of these restrictions may be

temporarily eased – with proper justification. Until such time, all requests must be approved before funds can be moved. If there are questions on this requirement, please contact Annie Yang in OBPC.

GENERAL POLICY ON BUDGET EXECUTION

To implement the sequestration reductions BOEM has implemented a hiring freeze; will be reducing non-emergency overtime; reducing travel, conferences, and training; and identifying contracts and cooperative agreements that can be cut or delayed. Each of these actions has negative consequences for mission delivery but are necessary due to the Bureau's reduced budget.

Personnel - On February 21, 2013, Secretary Salazar issued a memorandum regarding preparation for sequestration and imposed an immediate hiring freeze. Hiring actions may be considered for exception if they impact the carrying out of mission-critical functions; and funding is available within Region/Program Office budget allocations.

Overtime – Until further notice no non-emergency overtime or comp-time will be authorized as a means to complete projects. Credit hours should be limited and accrued in close proximity to when they will be used.

Travel – Through the Campaign to Cut Waste, BOEM has committed to reducing its travel by \$400,000 from FY 2010 levels, and sequestration both speeds and amplifies this process. Until further notice all employee travel must support mission essential activity. OBPC will be tracking these costs throughout the Bureau on a monthly basis as part of the internal funds control process.

Conferences – At this time, a definitive list of conferences that will be cancelled has not been developed. Moving forward all conferences will continue to be reviewed on a case-by-case basis and will be approved subject to the availability of funds and in accordance with Departmental guidance.

Training – With the incredibly difficult circumstance of implementing the sequester BOEM must look at all areas to achieve budgetary savings. For this reason until further notice all non-essential training should be deferred in accordance with Departmental guidance.

Contracts and Cooperative Agreements – At this time, no specific ongoing or requisition contracts have been identified for cancellation. However, due to the reduced level of funding that will be available, the Bureau may need to defer or re-scope contracts that have not yet been submitted for procurement action.

AVAILABILITY & REQUIREMENTS FOR NO-YEAR FUNDS

Through the remainder of the fiscal year, it will be necessary for BOEM to continue the cash-on-hand operating requirement for the use of offsetting collections (no-year funds). The OBPC has worked collaboratively with the BSEE Acquisition Management Division (AMD) to

implement procedures for the processing of requisitions that will be funded with offsetting collections. Under these operating procedures all requisitions utilizing no year funds will be processed using the "subject to availability" of funds field in FBMS. This operating procedure will be in place until further notice or until such time as the cash-on-hand operating requirement is lifted.

Attachment #2 outlines the Procurement Action Lead Times (PALT) and cutoff dates established for receipt of FY 2013 requisitions. The FY 2013 cutoff dates should also be used as a guide for the submission of FY 2014 requisitions for new or continued services with a start date of October 1, 2013.

CENTRALLY FUNDED COSTS

Employee Awards – Per OMB Memorandum M-13-05 issued February 27, 2013, agencies are no longer allowed to process discretionary monetary awards (i.e. STAR awards, individual or group cash awards) to employees. Non-rating based cash awards will not be processed for the remainder of FY 2013 unless and until we get further guidance from the Department.

Equal Employment Opportunity (EEO) Investigation/Related Costs – These costs will be funded centrally through the Office of the Director, so program offices do not need to incorporate these needs into their operating plans.

Diversity Change Agent (DCA) Activities – These costs will be funded centrally through the Office of the Director.

FY 2013 BUDGET EXECUTION-NEXT STEPS

The next Status of Funds briefing with the BOEM Management Team is tentatively scheduled for late April. Year-to-date obligations reflected in FBMS as of March 30, 2013, will be used in preparation for the briefing, and conference calls with the Budget Coordinators will continue to take place on a quarterly basis.

Thank you for your assistance and cooperation in the execution of the FY 2013 budget. Please refer any questions or requests for assistance Annie Yang at (703) 787-1912.

Cc: Science Advisor
Chief, Office of Policy, Regulation and Analysis
Chief, Office of Congressional Affairs
Chief, Office of Public Affairs

Attachment #1

Bureau of Ocean Energy Management									
FY 2013 CR Allocation of Funds by Subactivity Office									
(S000)									
Subactivity	Organization	FY 2013 2nd Quarter Allocation				FY 2013 Full Year Allocation			
		FY 2013 2-Year Allocation	FY 2013 No-Year Allocation I	FY 2013 Carryover Allocation	FY 2013 2nd Quarter Consumable Budget	FY 2013 Adjusted 2-Year Allocation	FY 2013 Adjusted No-Year Allocation I	FY 2013 CR New Budget Authority	Full Year Consumable Budget
Renewable Energy	Office of Strategic Resources	399	810	814	2,023	469	967	1,456	3,459
	Office of Renewable Energy Programs	2,444	4,964	4,005	11,414	2,450	5,656	8,106	19,520
	Alaska Regional Offices	4	9	0	14	5	11	16	50
	Gulf Regional Offices	16	35	0	49	19	39	58	107
	Pacific Regional Offices	555	1,128	180	1,863	653	901	1,554	3,417
Total: Renewable Energy		3,419	6,944	4,999	15,362	3,596	7,574	11,170	26,532
Conventional Energy	Office of Strategic Resources	4,165	3,909	68	8,142	2,814	4,048	6,863	15,005
	Alaska Regional Offices	1,043	978	45	2,066	1,226	650	1,875	3,942
	Gulf Regional Offices	5,697	5,347	430	11,474	7,897	6,093	13,990	25,464
	Pacific Regional Offices	242	227	60	529	284	206	490	1,019
Total: Conventional Energy		11,147	10,461	603	22,211	12,222	10,997	23,219	45,430
Environmental Assessment	Office of Strategic Resources	0	0	0	0	0	0	0	0
	Office of Environmental Programs	5,414	16,285	47	21,746	5,866	14,535	20,401	42,146
	Alaska Regional Offices	476	1,433	60	1,969	560	1,369	1,929	3,899
	Gulf Regional Offices	1,050	3,158	0	4,208	577	7,062	7,638	11,847
Pacific Regional Offices	125	375	0	500	147	448	594	1,094	
Total: Environmental Assessment		7,065	21,251	107	28,423	7,149	23,414	30,563	58,986
Executive Direction	Director's Office	2,805	2,149	4,603	9,558	2,998	2,172	5,171	14,728
	Alaska Regional Offices	405	310	100	815	476	370	846	1,661
	Gulf Regional Offices	772	591	871	2,234	907	672	1,579	3,813
	Pacific Regional Offices	175	134	53	362	206	81	287	649
Total: Executive Direction		4,157	3,185	5,627	12,969	4,587	3,295	7,882	20,851
General Support Services	Director's Office	1,553	2,983	2,085	6,621	187	65	253	6,874
	Alaska Regional Offices	3	8	0	11	4	2,979	2,982	2,994
	Gulf Regional Offices	33	88	0	121	1,439	1,605	3,043	3,164
	Pacific Regional Offices	5	1,164	0	1,169	6	16	22	1,191
Total: General Support Services		1,594	4,243	2,085	7,922	1,636	4,665	6,301	14,223
Total: Available Budget		27,383	46,084	13,421	86,887	29,191	49,945	79,136	166,022

Note 1: Subject to availability under cash-on-hand requirement

Attachment #2

Procurement Action Lead Time (PALT) Fiscal Year 2013			
Procurement Action	Dollar Value	Calendar Days¹	FY 2013 Cutoff Date²
Open Market:			
Services	\$2,501 - \$25,000	20	August 30, 2013
Supplies	\$3,001 - \$25,000	20	August 30, 2013
Services or Supplies	\$25,001 - \$150,000	45	August 7, 2013
Services or Supplies	\$150,001 - \$499,999	90	June 21, 2013
Services or Supplies	≥ \$500,000	120-180+ (based on milestone plan established with customer)	March 22, 2013
Inter/Intra Agency Agreements	≤ \$500,000	30	August 22, 2013
	> \$500,000	45	August 7, 2013
Cooperative Agreements	≤ \$750,000	45	August 7, 2013
	> \$750,000	60	July 23, 2013
Services or Supplies Ordered off Existing Contract (GSA Schedule, BPA, IDIQ, etc.)	\$2,501 - \$25,000	15	September 6, 2013
	\$25,001 - \$150,000	30	August 22, 2013
	\$150,001 - \$499,999	60	July 23, 2013
	≥ \$500,000	120	May 24, 2013
Modifications to Existing Contracts (Add 7 calendar days for legal review if > \$500,000):			
Administrative	All Dollar Values	10	September 11, 2013
Add Funds		20	August 30, 2013
Changes to Terms/Conditions		30	August 22, 2013
Exercise Option		60	July 23, 2013
<p>PALT - Estimated award lead-time. Initiates upon receipt of a complete procurement request package.</p> <p>¹ Starting with the date a complete procurement package (including a funded requisition) is received by BSEE's Acquisition Operations Branch.</p> <p>² FY14 actions that have a scheduled start date of 10/1/13 are subject to the same acquisition lead times as FY13 requirements. The lead time is depended on the type and complexity of the acquisition.</p>			

United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, DC 20510-6025

http://appropriations.senate.gov

January 22, 2013

The Honorable Ken Salazar
Secretary
U. S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

Dear Mr. Secretary:

The recent fiscal cliff agreement only delayed until March 1, 2013, across-the-board spending cuts totaling \$85 billion, to be shared equally by defense and domestic activities.

I am deeply troubled that the true impacts of this sequester on the operations of the Federal government, and thus the impact on the American people, have not been disclosed. Both the Congress and the American people have a right to know what this means. The public has the right to understand how the services of the government they rely upon will be impacted.

Taxpayers deserve to know, for example: Will Social Security offices have reduced hours? How will timeliness and accuracy of severe weather warnings be affected? How will cuts to State and local education benefits impact local schools and our children? How will cuts impact national security? The Congress and the American public deserve to know what will happen to essential Federal services if sequester is not stopped.

To provide clear answers to questions like these, I am requesting that the leadership of all Federal agencies provide to the Appropriations Committee specific information about the impact that sequester will have on the agency's operations, employees, contractors, and to the extent known, the State and local economies where the agencies operate or distribute funding.

The Budget Control Act of 2011 included more than \$1 trillion in discretionary spending cuts to be enacted over the next 10 years and threatened sequester only if compromise could not be reached on reforms to revenues and mandatory spending. It is imperative that we have a full explanation of the impacts of further cuts on the American economy, its national security, and the essential functions of government.

The Honorable Ken Salazar
Secretary
U. S. Department of the Interior
January 22, 2013
Page 2 of 2

Thank you for your attention to this matter. Please respond to this request in writing no later than February 1, 2013.

Sincerely,

A handwritten signature in cursive script, reading "Barbara A. Mikulski".

Barbara A. Mikulski
Chairwoman



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 01 2013

The Honorable Barbara Mikulski
Chairwoman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

Thank you for your letter dated January 22, 2013, requesting information from the Department of the Interior on the impact of a potential sequester of funds on our operations, employees, contractors, and, when known, the impact on the state and local economies where the Department operates or distributes funding.

I understand your concern that the impact of the sequester may not be fully understood by Congress and the American public. In response to your letter, I have asked our bureaus and offices to provide information regarding the impacts they anticipate from a sequester. They have compiled several of the most significant identified impacts a summary of which is enclosed.

We appreciate the opportunity to provide this information about the serious impacts that sequestration will have on the Department's management of many of the United States most valuable and treasured natural, historical, scientific, and tribal resources.

Please let me know if you have any questions or require additional information from the Department.

Sincerely,

Ken Salazar
Ken Salazar

Enclosure

Department of the Interior
Assessment of Key Impacts from Sequestration

Oil and Gas and Coal. Development of oil, gas, and coal on Federal lands and waters would slow down due to cuts in programs that: Issue permits for new development, plan for new projects, conduct environmental reviews, and inspect operations. Leasing of new Federal lands for future development would also be delayed, with fewer resources available for agencies to prepare for and conduct lease sales. As a result:

- Efforts to expedite processing of offshore oil and gas permitting in the Gulf of Mexico would be thwarted by delays, putting at risk some of the 550 exploration plans or development coordination documents Bureau of Ocean Energy Management (BOEM) anticipates for review this year.
- Reductions would impact BOEM's oil and gas activities in the Alaska Region, including the processing of G&G seismic permits, review and analysis needed for Environmental Assessments, work on Worst Case Discharge analysis for drilling permit reviews, and Air Quality data gathering and modeling work with other Federal agencies.
- Approximately 300 fewer onshore oil and gas leases would be issued in Western states such as Wyoming, Utah, Colorado, and New Mexico, delaying prospective production from those lease tracts and deferring payments to the Treasury.
- Delays in coal leasing would defer as much as \$50 to \$60 million from the Treasury for each sale delayed.
- The FWS would conduct approximately 2,000 fewer consultations, delaying economic development projects and energy facilities that need environmental approvals.

Visitor Impacts. The public should be prepared for reduced hours and services provided by Interior's 398 national parks, 561 refuges, and over 258 public land units. Reductions would:

- Reduce hours of operation for visitor centers, shorten seasons, and possibly close camping, hiking, and other recreational areas when there is insufficient staff to ensure the protection of visitors, employees, and resources.
- Require complete closure or program elimination at about 128 refuges. Visitor programs at nearly all refuges would be discontinued.
- Limit the Department's ability to sustain a full complement of seasonal employees needed for firefighting, law enforcement, and visitor services at the time when parks, refuges, and land areas are preparing for the busy summer season.

Local communities and businesses that rely on recreation to support their livelihoods would face a loss of income from reduced visitation to national parks, refuges, and public lands. The 435

million recreational visits to Department managed lands in 2011 supported about 403,000 jobs nationwide and contributed nearly \$48.7 billion to local economies.

Cuts in Federal Payments to State and Local Governments. States and local governments would lose over \$200 million in direct funding from the Department for Payments in Lieu of Taxes (PILT), revenue sharing from mineral leasing on Federal lands, and various grants. Local governments, particularly in Western states, rely on these funds to cover their base budgets and they would have to cut back on core operations ranging from police and fire protection to school and road maintenance.

- Impacted would be the states' share of revenue from energy and mineral production within their borders and offshore on the Outer Continental Shelf. Last year more than \$2.1 billion was disbursed to 36 states and counties in nine states. Wyoming, New Mexico, Utah, California, Colorado, and North Dakota are among the largest revenue recipients facing cuts.

States would also have to scale back on wildlife conservation work and access, which could affect local hunting, shooting, fishing, and boating. State and local economies depend on the associated revenue from hunters, anglers, and wildlife watchers who in 2011 spent \$145 billion on related gear, trips, and other purchases, such as licenses, tags, and land leases and ownership.

Native American Programs. Tribes would lose almost \$130 million in funding from the Department. Reductions would be necessary in many areas including human services, law enforcement, schools, economic development, and natural resources.

- Reductions will cut short the availability of assistance programs to the neediest of Indian Country by 3 or 4 months. Payments would stop to approximately 2,400 needy Indians for each month the General Assistance program is shut down.
- Cuts to Indian education programs will directly impact school services and scholarships offered to attend schools in the 2013-2014 academic year. The Bureau of Indian Affairs (BIA) schools would have the choice of reducing staff, services, or the number of days in the school year.
- Additionally, many tribes would be affected by reductions to funds that offset administrative costs for tribal management of Federal programs. Reductions to BIA's natural resource programs would impact the development of conventional and renewable energy and minerals on tribal lands.

Water Challenges. Some Bureau of Reclamation (BOR) facilities could be closed to the public due to unsafe conditions while necessary maintenance and repairs are delayed. High priority Dam Safety corrective modifications would be completed at a slower pace at several dams that pose potential risk to the downstream public. The BOR would be at risk for missing water deliveries related to environmental commitments in water districts across the West.

The United States Geological Survey may have to discontinue operation of 350 to 375 stream gages used throughout the country to predict and address drought and flood conditions by monitoring water availability. Work would also stop on water availability studies in Delaware, Colorado, and the Apalachicola-Chattahoochee-Flint River basins.



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 01 2013

The Honorable Barbara Mikulski
Chairwoman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

Thank you for your letter dated January 22, 2013, requesting information from the Department of the Interior on the impact of a potential sequester of funds on our operations, employees, contractors, and, when known, the impact on the state and local economies where the Department operates or distributes funding.

I understand your concern that the impact of the sequester may not be fully understood by Congress and the American public. In response to your letter, I have asked our bureaus and offices to provide information regarding the impacts they anticipate from a sequester. They have compiled several of the most significant identified impacts a summary of which is enclosed.

We appreciate the opportunity to provide this information about the serious impacts that sequestration will have on the Department's management of many of the United States most valuable and treasured natural, historical, scientific, and tribal resources.

Please let me know if you have any questions or require additional information from the Department.

Sincerely,

Ken Salazar
Ken Salazar

Enclosure

Department of the Interior
Assessment of Key Impacts from Sequestration

Oil and Gas and Coal. Development of oil, gas, and coal on Federal lands and waters would slow down due to cuts in programs that: Issue permits for new development, plan for new projects, conduct environmental reviews, and inspect operations. Leasing of new Federal lands for future development would also be delayed, with fewer resources available for agencies to prepare for and conduct lease sales. As a result:

- Efforts to expedite processing of offshore oil and gas permitting in the Gulf of Mexico would be thwarted by delays, putting at risk some of the 550 exploration plans or development coordination documents Bureau of Ocean Energy Management (BOEM) anticipates for review this year.
- Reductions would impact BOEM's oil and gas activities in the Alaska Region, including the processing of G&G seismic permits, review and analysis needed for Environmental Assessments, work on Worst Case Discharge analysis for drilling permit reviews, and Air Quality data gathering and modeling work with other Federal agencies.
- Approximately 300 fewer onshore oil and gas leases would be issued in Western states such as Wyoming, Utah, Colorado, and New Mexico, delaying prospective production from those lease tracts and deferring payments to the Treasury.
- Delays in coal leasing would defer as much as \$50 to \$60 million from the Treasury for each sale delayed.
- The FWS would conduct approximately 2,000 fewer consultations, delaying economic development projects and energy facilities that need environmental approvals.

Visitor Impacts. The public should be prepared for reduced hours and services provided by Interior's 398 national parks, 561 refuges, and over 258 public land units. Reductions would:

- Reduce hours of operation for visitor centers, shorten seasons, and possibly close camping, hiking, and other recreational areas when there is insufficient staff to ensure the protection of visitors, employees, and resources.
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States would also have to scale back on wildlife conservation work and access, which could affect local hunting, shooting, fishing, and boating. State and local economies depend on the associated revenue from hunters, anglers, and wildlife watchers who in 2011 spent \$145 billion on related gear, trips, and other purchases, such as licenses, tags, and land leases and ownership.

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- Reductions will cut short the availability of assistance programs to the neediest of Indian Country by 3 or 4 months. Payments would stop to approximately 2,400 needy Indians for each month the General Assistance program is shut down.
- Cuts to Indian education programs will directly impact school services and scholarships offered to attend schools in the 2013-2014 academic year. The Bureau of Indian Affairs (BIA) schools would have the choice of reducing staff, services, or the number of days in the school year.
- Additionally, many tribes would be affected by reductions to funds that offset administrative costs for tribal management of Federal programs. Reductions to BIA's natural resource programs would impact the development of conventional and renewable energy and minerals on tribal lands.

Water Challenges. Some Bureau of Reclamation (BOR) facilities could be closed to the public due to unsafe conditions while necessary maintenance and repairs are delayed. High priority Dam Safety corrective modifications would be completed at a slower pace at several dams that pose potential risk to the downstream public. The BOR would be at risk for missing water deliveries related to environmental commitments in water districts across the West.

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Sequestration at Top 25 Most Visited NPS Units

Blue Ridge Parkway (FY 2012 Visitation: 15,566,700)

Blue Ridge Parkway will cut 21 seasonal interpretive ranger positions, affecting 584,000 visitors and resulting in the closure of ten developed areas, putting an average of approximately 80 miles between open facilities, which limits contacts with park staff in this linear park.

Cape Hatteras Group – Cape Hatteras NS, Fort Raleigh NHS, Wright Brothers NMem (FY 2012 Visitation: 3,034,500)

Parks comprising the Cape Hatteras Group will reduce maintenance of ORV access ramps, mowing and maintenance and reduce preventative maintenance of historic structures and park facilities. These reductions will impact visitors to park facilities including visitor centers, campgrounds, day use areas, roadways, etc.

Cape Cod NS (FY 2012 Visitation: 4,471,100)

The Province Lands Visitor Center (PLVC) will be open from 9:00am to 5:00pm, daily from Memorial Day to Labor Day, as opposed to the usual May 1 to October 31 season; a loss of 83 days. Staffing will only allow for basic information, orientation, and visitor safety rather than a comprehensive visitor services program. The PLVC serves over 260,000 visitors per year, many during the shoulder seasons, which this schedule does not accommodate. Funds for this partial season were provided by the Friends of Cape Cod National Seashore.

Chattahoochee River NRA (FY 2012 Visitation: 3,184,200)

The park has closed Johnson Ferry South, (also known as the Old Polo Fields), Indian Trail, and the CREEC areas, affecting approximately 11,000 visitors. Normally, these areas are open year round. They were chosen due to the relatively low visitor use numbers and high maintenance costs. All restrooms and boat ramps remain open.

Chesapeake and Ohio Canal NHP (FY 2012 Visitation: 4,586,500)

Within the Interpretation, Education and Partnerships division, five seasonal/temporary positions would be eliminated. As a result, the canal launch program would be eliminated in Georgetown. Visitor center operations, which are normally seven days per week, would be reduced to five days, while five day per week operations would be primarily reduced to weekends only. In order to maintain the visitor center operations, most formal interpretive programs and roving rangers will be eliminated in the Western Maryland section of the park. These reduced hours would impact more than 14,000 visitors, and 500 students would be impacted from reduced education programs.

Colonial NHP (FY 2012 Visitation: 3,377,100)

The park will close the cannon shop; the park will suspend maintenance resulting in deterioration of historic cannons. 10 of the 54 cannons are already in need of repairs and will need to be

Sequestration at Top 25 Most Visited NPS Units

moved to storage where they will not be repaired but also will not be accessible to the public. Daily hours of operation will be reduced by three hours at the historic houses including Moore House, Nelson House, and National Cemetery Lodge.

Delaware Water Gap NRA (FY 2012 Visitation: 4,986,400)

At Kittatinny Point the visitor center along with the rest of the site will be closed for the remainder of the year. The site is usually open 24 hours and the visitor center is usually open eight hours a day, seven days a week. 20,000 visitors will not be able to receive informational services at the visitor center. Fifty fewer ranger-led talks will be offered and a reduction in guided hikes offered to visitors will result in 600 fewer visitors participating in these programs. 12,000 visitors will not be contacted by staff. The site closure will impact boaters, canoeists, and Appalachian Trail hikers who usually come and go at all hours. One of the major canoe operators is in the Kittatinny Point area, and the closure will impact hundreds of river trips and the concession operations. Consolidating the majority of the river usage to the middle sections could cause significant resource issues. Even with gates closed, visitors will likely enter the closed area. With no NPS presence resource damage could occur as people make new short cuts to the river.

Pending a private donation, Kittatinny Point and Kittatinny Point Visitor Center may open on a reduced schedule.

Independence NHP (FY 2012 Visitation: 3,566,000)

Eight of 16 interpretive sites will be closed completely, affecting on average, 141,000 visitors per week. Such sites include the Declaration House (the site where the Declaration of Independence was drafted by Thomas Jefferson), the New Hall Military Museum, the Todd House (home of Dolly Madison and her first husband John Todd), the Bishop White House, the Germantown White House, 318 Market Street, the Bringham House, and the Edgar Allan Poe House.

Gateway NRA (FY 2012 Visitation: 6,498,000)

Hurricane Sandy forced the closure of facilities and park lands. The storm and necessary response actions demanded resources that were reduced by the sequester. When the parks re-open, the reduction in seasonal maintenance staff will result in the closure of public restrooms at three sites. The reduction in seasonal hours for Park Guides and Visitor Use Assistants will result in the closing of the visitor center in Ft. Wadsworth, which was previously open Wednesday through Sunday, and the visitor centers in Sandy Hook and the Wildlife Refuge will have their hours of operation scaled back from eight hours a day for seven days per week, to four hours a day for five days per week.

George Washington Memorial Parkway (FY 2012 Visitation: 7,362,700)

Sequestration at Top 25 Most Visited NPS Units

Reduced staffing levels will reduce administrative and planning capacity for the parkway slowing acquisitions and initiation of projects.

Golden Gate NRA (FY 2012 Visitation: 14,805,600)

The visitor center at the Marin Headlands will be staffed by Rangers three days a week reduced from the pre-sequester schedule of seven days a week. Fort Point National Historical Site has reduced the number of days it is open and has more frequent intermittent unplanned closures due to staffing reductions. Currently, the Fort is open 3 days per week instead of four, and during the upcoming peak season, the Fort will be open six days per week instead of seven.

Grand Canyon NP (FY 2012 Visitation: 4,358,200)

Reduced hours of operation at the main Grand Canyon Visitor Center will affect 250,000 visitors, who will have to rely on more limited information available from outdoor orientation exhibits.

Great Smoky Mountains NP (FY 2012 Visitation: 9,648,300)

Great Smoky Mountains NP will close three remote campgrounds and two picnic areas affecting 54,000 visitors as a result of reductions in permanent and seasonal staffing. Campgrounds and picnic areas closed in Tennessee are Abrams Creek Campground, Look Rock Campground, and Look Rock Picnic Area. The closures in North Carolina are Balsam Mountain Campground and Balsam Mountain Picnic Area.

Gulf Islands NS (FY 2012 Visitation: 5,229,000)

A significant reduction in contract funding will require the park to conduct sand removal operations with limited park staff and equipment. As a result, it will take at least twice as long to reopen roads and provide visitor access following rain events, high tides, and southerly winds, which cover the road with sand. Road closures have become regular and recurring.

Lake Mead NRA (FY 2012 Visitation: 6,275,300)

With the closure of two entrance stations and one contact station, reduced days and hours at the visitor center and other entrance stations, and reduced interpretive and education staff, visitors will not be provided orientation information. The Temple Bar Entrance Station is normally open during the summer season. Due to reduced staffing, it is not scheduled to open in 2013. In 2012, 61,000 visitors accessed the park through this entrance. The Willow Beach Entrance Station is currently being built. The \$1.5 million construction project is scheduled to be complete this month. Due to reduced staffing, it is not scheduled to open in 2013. Northshore and Cottonwood Cove Entrance Stations will be open five days per week, instead of seven. The contact station at Katherine Landing is scheduled to close in September, indefinitely. Nearly one million people visit this area of the park each year.

Sequestration at Top 25 Most Visited NPS Units

Closures may be common for 800 miles of backcountry roads. They will be closed unpredictably when flooding makes them dangerous or impassible. Road repairs will be prioritized by visitor use and repair needs based on available staffing and resources. Impacts to visitors will vary depending on the road damage and road repairs needs throughout the park. While fish cleaning stations remain open at this time, nine stations, located at areas that receive 3.7 million visitors annually, may be closed temporarily if they become damaged or inoperable, or if staff is unavailable. This would affect thousands of visitors.

Manhattan Sites – Castle Clinton NM, Federal Hall NMem, General Grant NMem, Saint Paul's Church NHS, Theodore Roosevelt Birthplace NHS (FY 2012 Visitation: 4,446,700)

During the summer season, hours of operation will be reduced for two Manhattan Site units. General Grant NMem will be open for five days per week rather than seven (closed Tuesday and Wednesday), and Federal Hall NMem will be open for five days per week rather than six (closed Saturday). This will affect 131,200 annual visitors.

Natchez Trace Parkway (FY 2012 Visitation: 5,531,300)

At Natchez Trace Parkway, a reduction in seasonal employees will cause closure of 14 comfort stations two days per week, and four comfort stations for the duration of the 2013 season, affecting more than 200,000 visitors. Colbert Ferry Visitor Center and Rocky Springs Visitor Center will remain closed for the remainder of the 2013 season.

National Mall & Memorial Parks (FY 2012 Visitation: 29,721,000)

The park will not be reducing hours of operation or limiting visitor access. Reductions will be achieved by reducing support costs and visitor services associated with special events.

Olympic NP (FY 2012 Visitation: 2,854,400)

North Fork Campground and La Poel Picnic Area will be closed, affecting 3,200 visitors. Additionally, the park will allow natural melt in lieu of snow plowing of the Deer Park area and front country campground, trails, and a ranger station and at Obstruction Point, impacting 4,000 visitors. The road will not be plowed because of reductions in supplies and materials funding, as well as reduced maintenance staffing. The Deer Park Road and campground will open when and if the winter snowpack melts enough to allow opening. The estimate of 4,000 visitors impacted was based on Deer Park Road remaining closed (due to natural snowmelt vs. plow operations) through mid- to late August.

Rocky Mountain NP (FY 2012 Visitation: 3,243,600)

Trail Ridge Road will likely open by Memorial Day weekend, which is the normal targeted opening date, weather permitting. With reduced funding, non-emergency overtime will be limited affecting the park's ability to reopen the road in the event of late spring or early fall snow storms. Temporary closures can happen frequently (up to 10 days per season) in the shoulder

Sequestration at Top 25 Most Visited NPS Units

seasons. Glacier Basin Campground, currently slated to be closed the early part of the summer due to the Bear Lake Road construction, will remain closed for the entire season, thereby eliminating 148 single campsites and 13 group campsites. Some 30,000 campers will be displaced by this extended closure. The Moraine Park Visitor Center remains closed for the season.

San Francisco Maritime NHP (FY 2012 Visitation: 4,213,000)

Portions of facilities will be closed because adequate staff will not be available during high visitation season. The Maritime Museum will be closed to the public on Mondays, which will prevent approximately 200 visitors per day from accessing park information, restrooms, and maritime exhibits in the lobby.

Statue of Liberty NM and Ellis Island (FY 2012 Visitation: 3,799,100)

As a result of Hurricane Sandy, the park has been closed and is able to meet its sequester reduction in 2013.

Yellowstone NP (FY 2012 Visitation: 3,442,300)

The Wyoming portion of Beartooth Highway outside Yellowstone's Northeast Entrance will be plowed approximately two weeks later than normal, with a corresponding delay in opening. Plowing operations are planned to open the Wyoming portion of Beartooth Highway, outside of Yellowstone's Northeast Entrance, with a scheduled opening date of no later than June 14, depending on weather conditions. This opening would be up to two weeks later than normal.

Yosemite NP (FY 2012 Visitation: 3,890,700)

NPS crews were able to open the Tioga Road on May 11 at minimal cost because the snow level in the Sierra Mountains was well below average, and only limited snow plowing was needed this year. The Yosemite Valley Visitor Center and Wilderness Office operating hours will be reduced, impacting approximately 20,000 visitors and many of the 20,000 backcountry permit applicants during the peak summer season.

Zion NP (FY 2012 Visitation: 2,981,900)

Zion NP will not be reducing hours of operations or limiting visitor access. Reduced staffing level will decrease the number of guided trail hikes and interpretation services.

EFFECTS OF SEQUESTRATION OF BUREAU OF INDIAN AFFAIRS APPROPRIATIONS
ON THE WESTERN AND EASTERN NEVADA AGENCIES
OF THE BIA WESTERN REGIONAL OFFICE

Bureau: Indian Affairs
Requestor: Wendy L. Helgemo, Counsel, Senate Committee on Indian Affairs
Issue: Effects of Sequestration on Nevada Agencies

Q: Please explain what the effects of sequestration will be on Western and Eastern Agencies in Nevada.

Answer.

- The Western Nevada Agency and the Eastern Nevada Agency are the two Bureau of Indian Affairs (BIA) field offices located in the State of Nevada. Each agency provides direct services to multiple Tribes and is the BIA point of contact for other Tribes in their area who choose to contract to run BIA programs (638 or Self-governance tribes).
- The question specifically inquires about the impact of sequester on the two agencies so this response is limited to the impact on the agencies and the direct services they provide to Tribes. Agencies administer funding and provide direct services for Tribal Government programs, Human Services, Natural Resources Management, and Trust Services. Agencies do not administer funding for Law Enforcement and BIA school programs.
- The two agencies provide direct services for eleven Tribes. Funding in 2013 for the agencies and Tribes is \$6.2 million before sequestration. Sequestration reduces this amount by \$310,475. The table below denotes the breakout by Tribe and agency:

Agency/Tribe	2013 Total Before Sequestration	Sequestration (5.04%)	2013 Funding After Sequestration
Western Nevada Agency	1,967,914	-99,181	1,868,733
Fallon	402,346	-20,278	382,068
Ft. McDermitt	281,960	-14,210	267,750
Lovelock	84,478	-4,258	80,220
Pyramid Lake	492,353	-24,814	467,539
Reno Sparks	217,175	-10,946	206,229
Summit Lake	179,830	-9,063	170,767
Walker River	355,255	-17,904	337,351
Yerington	239,900	-12,092	227,808
Yomba	130,865	-6,596	124,269
Total Western Nevada	4,352,076	-219,342	4,132,734
Eastern Nevada Agency	613,570	-30,925	582,645
Te-Moak	918,774	-46,306	872,468
Goshute	275,818	-13,902	261,916
Total, Eastern Nevada	1,808,162	-91,133	1,717,029
Total, Nevada Agencies/Tribes	6,160,238	-310,475	5,849,763

- The reduction in funding can potentially impact every type of program provided by the Tribes and the agencies. The agencies will prioritize among budgetary needs for social programs to assist families and children in need, natural resource development and protection, job placement and training, tribal courts, maintenance of BIA roads, and scholarships for students. Tribes who contract to run BIA programs are able to prioritize the funding they receive to meet the most pressing needs of their members.

- Sequestration will result in a reduced capability to provide social services and protection services for children, the elderly, and families in crisis. Services include foster care for at risk children, residential care for the elderly, burial assistance for the indigent, and housing assistance for the disabled, elderly individuals, or families. Caseloads are already three times the national average.
- Sequestration will increase the time it takes to process trust transactions such as recording/updating of trust deeds and processing of probates and real estate transactions eliminating progress made through trust reform.
- Sequestration will reduce capability to protect and develop tribal natural resources leaving these resources more susceptible to theft or impact from illegal activities such as poaching.
- Sequestration will reduce the availability of access to technical assistance and subject matter experts limiting opportunities for economic development.

Additional Information:

- The BIA directs about \$25 million in operational funding for BIA agencies and Tribes located in Nevada to provide services to tribal members. The impact of a 5.04% sequester is about \$1.2 million.
- The Western Nevada Agency provides direct services for the Tribes on the Fallon, Ft. McDermitt, Lovelock, Pyramid Lake, Reno Sparks, Summit Lake, Walker River, Yerington, and Yomba reservations. Western is the point of contact for the self-governing Washoe, Carson, Dresslerville, Stewart, Woodfords, and Winnemucca Tribes.
- The Eastern Nevada Agency provides direct services for the Tribes on the Goshute and Te-Moak reservations. Eastern is the BIA point of contact for the self-governing Duckwater, Duck Valley, Ely Shosone, Battle Mountain, Elko, South Fork and Wells Indian Colony Tribes.
- All but three of the eleven Tribes which receive direct services from the two agencies also contract with BIA for the Tribes to provide additional services. Almost all the Tribes connected with the two agencies have BIA funded Law Enforcement programs. Two of the reservations have a BIA funded school located on the reservation.
- The Moapa River and Las Vegas Tribes are also located in Nevada, but these Tribes are connected with the St. George Agency.



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 22 2013

The Honorable Greg Walden
House of Representatives
Washington, DC 20515

Dear Representative Walden:

Thank you for your letter dated February 5, 2013, concerning the 2013 payments to 18 Oregon and California counties in western and southern Oregon. I am responding on behalf of myself and Office of Management and Budget Deputy Director for Management Jeffrey Zients.

These payments, authorized by the Secure Rural Schools and Community Self Determination Act, were made on February 5, 2013. The Department of the Interior made payments of \$36,046,446 to the counties, and held back \$4,005,161. This action was necessary in order to ensure we will be able to comply with the currently legislated March 1, 2013, sequester that will occur in the absence of Congressional action.

In the event that Congress is not able to avert the sequester, we would need to reduce the payments by an as yet to be determined amount. In the report released by the President in September 2012, the sequester amount was estimated to be 7.6 percent for all mandatory accounts. Since that report was issued, the American Taxpayer Relief Act of 2012 (Act) was enacted, which delayed sequestration and reduced the amount to be sequestered. We will know the final sequester amount on March 1, 2013, when the President is scheduled to release the sequester report required by the Act.

To ensure our ability to comply with the sequester, we are holding back ten percent of the payments to counties until we know the outcome of the sequester. If there is no sequester, we will release the entire amount we have withheld to the counties. If there is a sequester, we will release any funds remaining after the sequester reduction.

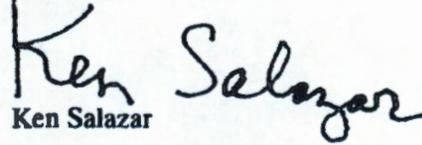
Your letter requested the statutory authority for our action. The Balanced Budget and Emergency Deficit Control Act of 1985, amended by the Budget Control Act of 2011, establishes the basis for sequestration and identifies accounts that are exempt from sequester. There is no exemption for the payments to counties authorized by the Secure Rural Schools and Community Self Determination Act.

You believe that these funds should be treated as carryover funding from FY 2012. Although the revenue used to make these payments is collected in FY 2012, the payments are in fact made from 2013 budget authority. We are treating these payments consistent with the manner in which we treat other similar payments. In cases where grant and/or revenue payments need to be

made before the outcome of the sequester is known, we hold back funds. In cases where we have the discretion to do so, we delay payments until the outcome of sequester is clear.

I understand the importance of these funds to the viability of western Oregon counties in support of county projects and local schools that is why I directed the Bureau of Land Management to distribute the majority of the Secure Rural Schools payments. I look forward to a resolution of the sequestration issue so we can make the balance of payments to the counties.

Sincerely,

Handwritten signature of Ken Salazar in black ink, written in a cursive style.

Ken Salazar



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 22 2013

The Honorable Peter DeFazio
House of Representatives
Washington, DC 20515

Dear Representative DeFazio:

Thank you for your letter dated February 6, 2013, regarding the 2013 payments to 18 Oregon and California counties in western and southern Oregon.

These payments, authorized by the Secure Rural Schools and Community Self Determination Act, were made on February 5, 2013. The Department of the Interior made payments of \$36,046,446 to the counties, and held back \$4,005,161. This action was necessary in order to ensure we will be able to comply with the currently legislated March 1, 2013, sequester that will occur in the absence of Congressional action.

In the event that Congress is not able to avert the sequester currently scheduled for March, we would need to reduce the payments by an as yet to be determined amount. In the report released by the President in September 2012, the sequester amount was estimated to be 7.6 percent for all mandatory accounts. Since that report was issued, the American Taxpayer Relief Act of 2012 (Act) was enacted, which delayed sequestration and reduced the amount to be sequestered. We will know the final sequester amount on March 1, 2013, when the President is scheduled to release the sequester report required by the Act.

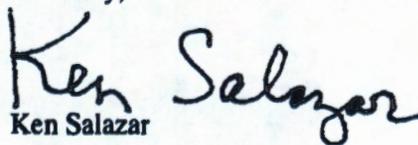
In order to ensure we are able to comply with the law, we are holding back ten percent of the payments to counties until we know the outcome of the sequester. If there is no sequester, we will release the entire amount that we have withheld to the counties. If there is a sequester, we will release any funds remaining after the sequester reduction. The Balanced Budget and Emergency Deficit Control Act of 1985, amended by the Budget Control Act of 2011, establishes the basis for sequestration and identifies the accounts that are exempt from sequester. There is not an exemption for the payments to counties authorized by the Secure Rural Schools and Community Self Determination Act.

Although the revenue that is used to make these payments is collected in FY 2012, the payments are made from 2013 budget authority. We are treating these payments consistent with the manner we are treating other similar payments. In cases where grant and/or revenue payments need to be made in advance of the sequester, we are holding back funds pending the outcome of sequester. In cases where we have the discretion, we are delaying payments until the outcome of sequester is clear.

The Congressional Budget Office (CBO) treatment of these revenues for scoring of H.R. 4348 is not determinative in this case. The CBO scoring considers the fiscal impact upon enactment, not when the funds are executed. The funds are normally executed after the close of the fiscal year in which collections were received and are thus considered a 2013 budgetary resource and are scored as such by the Office of Management and Budget.

We understand the importance of these funds to the viability of western Oregon counties in support of county projects and local schools that is why I have directed the Bureau of Land Management to distribute the majority of the Secure Rural Schools payments. I look forward to a resolution of the sequestration so we can make the balance of payments to the counties.

Sincerely,


Ken Salazar



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 20 2013

Memorandum

To: Assistant Secretaries
Heads of Bureaus and Offices

From: Secretary

Ken Salazar

Subject: Preparations for Sequestration

I write this memorandum with a heavy heart as we prepare to implement the sequestration because of Congress' failure to act. The President's North Star has been to create good middle class jobs as Americans dealt with the most severe economic crisis since the Great Depression. Because Congress has not acted in a responsible way to prevent the sequester, the cuts to be implemented will have serious impacts on economic growth and jobs in the United States, and will impact our ability to deliver on our part of this agenda including job creation that comes from energy, tourism, conservation, and science. As part of this tragic yet avoidable crisis, our employees will be affected as we contemplate the need for thousands furloughs.

The President has stated that the sequester is bad policy and I agree. It will have a wide range of deleterious consequences for our mission and programs – negatively impacting all of our employees, constituents, and partners. The sequester is an across-the-board reduction that impacts activities without discretion and will reduce the level of direct services we provide to the American public. The sequester will compromise our ability to implement the President's all-of-the-above energy strategy due to reductions in oil, gas, and coal development programs. Middle-class Americans who expected to spend their summer vacations at our 398 national parks, 561 refuges, and over 258 public land units will encounter reduced hours, services, or even closures. Local communities and businesses that rely on these great outdoor places to support their livelihoods will face a loss of income from reduced visitation to national parks, refuges, and public lands. Basic community services supported by the grants and payments we make to states and counties throughout the country will be cut. We also anticipate reductions in the level of support services to Tribes, which again translates into reductions in basic services to millions of tribal members. Given our large footprint on the American landscape and the diverse constituency of our programs, we expect that impacts to the public will be felt in hundreds of communities around the Nation.

Over the last 4 years we have made great progress by working together to deliver on a bold agenda that is generating significant results and includes reforms of the oil and gas programs, creation of a renewable energy frontier, renewed commitments to conservation through America's Great Outdoors, a focus on job creation through greater support of the conservation economy, stronger relationships with Native Americans, and high employment levels of youth. The sequester will roll back many of these advances and reduce the capacity we so diligently constructed.

I want to ask for your assistance in preparing for the sequester that is planned for March 1, 2013. Nine days from today the President will release a report that identifies cuts to our budgets that will reduce our ability to continue ongoing programs. We are facing very difficult choices about how to administer these cuts. In addition, the reductions come half way through the fiscal year, limiting our ability to take the full range of actions we might have otherwise considered.

As we reluctantly move forward in the implementation of the sequestration, we must ensure that it is administered in a fair and transparent manner. Over the course of the next week, I ask that you dedicate resources to complete your implementation plans, begin taking actions to prepare your organization for the challenges to come, and help me to communicate the impacts of the sequester. We need to ensure that our actions are consistent and made with some certainty in the outcome in order to maintain our ability to fulfill our missions. There are immediate near term actions that we must take this fiscal year, but I also ask that you prepare for longer-term, far-reaching changes in future years.

I have asked the Assistant Secretary for Policy, Management, and Budget to lead us through the planning process and guide implementation in a manner that preserves our most important responsibilities, provides protection for life, health, and safety; and includes certainty for our employees. We are likely to have furloughs and we need to ensure that we are adequately prepared to notify our employees and negotiate with our unions.

As we move forward in this process, there are a number of actions that we need to make as a Department. We will impose a hiring freeze, reduce all but essential travel, and revisit the conference approval process and reduce and/or cancel our participation in these events. In addition, I expect that you will be able to identify non-essential contracts and other commitments that can be reduced.

We are entering a very difficult period due to the uncertainty of our budget. I will be working hard on your behalf to communicate the impacts of the sequester. I will rely on you to help me in that regard by having clear and definitive plans in place, moving forward in a consistent manner, and improving our understanding about the impacts of the sequester on your ability to perform important mission activities. Please work with me to identify these impacts in a way that communicates their relevance and importance to the American people.

Thank you for your help and leadership in these difficult times.



THE SECRETARY OF THE INTERIOR

WASHINGTON

FEB 24 2013

The Honorable Lolo Moliga
Governor of American Samoa
Pago Pago, American Samoa

Dear Governor Moliga:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

The DOI allocates over \$4.5 billion in grants and payments to states, tribes, counties, and others each year including, for example mineral revenue payments to states and geothermal revenue payments to counties. I am aware of the importance of these payments and grants to states, tribes, and local governments trying to balance their budgets. For rural areas in particular, Interior payments make a significant difference in their ability to support local schools, provide adequate emergency response, and maintain basic infrastructure.

Our grant programs, such as the Fish and Wildlife Service's Sport Fish and Federal Aid programs, fund a wide variety of important activities including state and local preservation of natural and cultural resources, create and maintain open space and local parks, and support ongoing partnerships to maintain hunting and fishing.

In the absence of further Congressional action, the President is required to issue a sequestration order next Friday, March 1. At that time, the President will issue a report detailing the specific accounts subject to sequester and the reduction amount. These amounts will be the basis for reductions we will make to revenue payments and grants. The DOI will ensure sequester reductions for payments and grant programs are made equitably among recipients or activities.

In many cases we have been delaying payments and grants pending imposition of the sequester. Lump sum payments from mandatory programs will be reduced and issued after March 1. Funds available for competitive grants will be reduced before award decisions are made impacting either the number of awards made or the size of the grant amounts awarded.

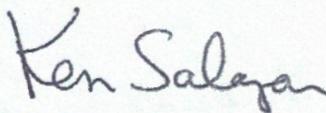
For programs that have been issuing regular payments, recipients will be able to see the reduction caused by the sequester starting after March 1. Because we are beginning these

reductions with seven months of the fiscal year remaining, monthly payments after March 1 may reflect a disproportionate share of the reduction.

I am keenly aware of DOI's responsibility to local governments to ensure the timely issuance of these grants and payments. States, tribes, and local governments depend upon these payments to sustain critical services and this responsibility continues to be of paramount importance. We will revisit the payments to states, tribes, and local governments if sequestration is subsequently corrected. We will also continue to keep you informed as additional information becomes available.

To assist in your planning preparation, I am enclosing a list of DOI grant and payment programs subject to sequester illustrating the impact of a five percent reduction.

Sincerely,

A handwritten signature in black ink that reads "Ken Salazar". The signature is written in a cursive style with a large initial "K".

Ken Salazar

Enclosure

U.S. Department of the Interior

Mandatory and Receipt Payments

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- Alaska Settlement Agreement Payments
- Royalty Payments to Oklahoma
- South Half of the Red River Payments
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- Grazing receipt payments to States
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- National Grasslands Payments to Counties
- Rights of Way Payments to Counties
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- Chesapeake Bay Gateway Grants
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- North American Wetlands Conservation Fund Grants
- Neotropical Migratory Bird Conservation Grants
- State and Tribal Wildlife Grants

American Samoa
(Dollars in Thousands)

American Samoa	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	37,061	-153	36,908

Interior funding in American Samoa totaled about \$37.1 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$150 thousand.

Funding for Insular Areas and Trust Territory activities are exempted from sequestration, however, Interior operations such as the National Park of American Samoa would be impacted.

- The budget for the National Park of American Samoa would be reduced by \$96,000 leaving a budget of \$1.8 million.

Within this total, major grants and direct payments to American Samoa would drop by about \$140 thousand.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Historic Preservation Fund	396	-20	376
LWCF State Grants w/GOMESA	50	-3	47
Sport Fish & Wildlife Restoration	2,165	-110	2,055
State and Wildlife Grants	120	-6	114
Total, American Samoa	2,731	-139	2,592

Note: The sequester is an across-the-board reduction that reduces every account and activity (with few exemptions). The result will be reduced levels of direct services provided to the American public. Cut backs in visitor hours and programs will impact tourism and travel and have ripple effects on communities and economies that are reliant on these activities. Reductions in permanent and seasonal staffing and reductions in contracts will impact surrounding communities where employees live and where supplies and services are acquired. Reductions in grants and payments will impact the abilities of States, Tribes and counties to sustain ongoing services in emergency response, education, and others. As these impacts are defined we will provide details.



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 24 2013

The Honorable John Hickenlooper
Governor of Colorado
Denver, Colorado

Dear Governor Hickenlooper:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

The DOI allocates over \$4.5 billion in grants and payments to states, tribes, counties, and others each year including, for example mineral revenue payments to states and geothermal revenue payments to counties. I am aware of the importance of these payments and grants to states, tribes, and local governments trying to balance their budgets. For rural areas in particular, Interior payments make a significant difference in their ability to support local schools, provide adequate emergency response, and maintain basic infrastructure.

Our grant programs, such as the Fish and Wildlife Service's Sport Fish and Federal Aid programs, fund a wide variety of important activities including state and local preservation of natural and cultural resources, create and maintain open space and local parks, and support ongoing partnerships to maintain hunting and fishing.

In the absence of further Congressional action, the President is required to issue a sequestration order next Friday, March 1. At that time, the President will issue a report detailing the specific accounts subject to sequester and the reduction amount. These amounts will be the basis for reductions we will make to revenue payments and grants. The DOI will ensure sequester reductions for payments and grant programs are made equitably among recipients or activities.

In many cases we have been delaying payments and grants pending imposition of the sequester. Lump sum payments from mandatory programs will be reduced and issued after March 1. Funds available for competitive grants will be reduced before award decisions are made impacting either the number of awards made or the size of the grant amounts awarded.

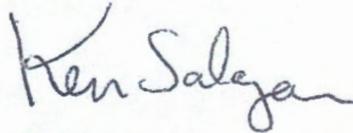
For programs that have been issuing regular payments, recipients will be able to see the reduction caused by the sequester starting after March 1. Because we are beginning these

reductions with seven months of the fiscal year remaining, monthly payments after March 1 may reflect a disproportionate share of the reduction.

I am keenly aware of DOI's responsibility to local governments to ensure the timely issuance of these grants and payments. States, tribes, and local governments depend upon these payments to sustain critical services and this responsibility continues to be of paramount importance. We will revisit the payments to states, tribes, and local governments if sequestration is subsequently corrected. We will also continue to keep you informed as additional information becomes available.

To assist in your planning preparation, I am enclosing a list of DOI grant and payment programs subject to sequester illustrating the impact of a five percent reduction.

Sincerely,

A handwritten signature in black ink that reads "Ken Salazar". The signature is written in a cursive, flowing style.

Ken Salazar

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U.S. Department of the Interior

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- Neotropical Migratory Bird Conservation Grants
- State and Tribal Wildlife Grants

Colorado
(Dollars in Thousands)

Colorado	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	1,036,224	-50,032	986,192

Interior funding in the State of Colorado totaled about \$1.0 billion in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$50 million.

- Colorado is home to 10 National Parks, monuments, historic sites and recreation areas, 8 refuges, 2 fish hatcheries, and 8.3 million acres of public lands featuring 50 developed recreation sites and 5 National Landscape Conservation System sites.
- Together these natural assets attracted 14.9 million visitors, created 13,768 jobs, and generated \$1.2 billion for local economies in 2011.
- Under the sequester, Interior operations in Colorado stand to lose an estimated:
 - \$11 million at Bureau of Reclamation facilities
 - \$6.5 million at Bureau of Land Management sites like the Anaszi Heritage Center, Gunnison Gorge National Conservation Area, and Dominguez-Escalante National Conservation Area.
 - \$5 million at National Park Service sites like Mesa Verde, Rocky Mountain, and Great Sand Dunes National Parks
 - \$2 million at Fish and Wildlife Service sites like Rocky Flats, Rocky Mountains Arsenal, Alamosa National Wildlife Refuges
 - \$1.5 million from Wildland Fire Management programs
 - Bureau of Indian Affairs activities will be reduced including budgets for contracted services provided by the following Tribes:
 - Southern Ute Indian Tribe of the Southern Ute Reservation -\$240,000; and
 - Ute Mountain Tribe of the Ute Mountain Reservation -\$171,400.

Within this total, major grants and direct payments to Colorado would drop by about \$11.2 million under the sequester.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Abandoned Mine Land Grants	8,643	-441	8,202
Cooperative Endangered Species Cons. Fund Grants	0	0	0
Historic Preservation Fund	885	-44	841
LWCF State Grants w/GOMESA	734	-37	697
Payments in Lieu of Taxes	28,556	-1,456	27,100
Sport Fish & Wildlife Restoration	22,769	-1,161	21,608
State and Wildlife Grants	1,019	-51	968
Mineral Revenue Payments	157,819	-8,049	149,770
Total, Colorado	220,425	-11,239	209,186

Note: The sequester is an across-the-board reduction that reduces every account and activity (with few exemptions). The result will be reduced levels of direct services provided to the American public. Cut backs in visitor hours and programs will impact tourism and travel and have ripple effects on communities and economies that are reliant on these activities. Reductions in permanent and seasonal staffing and reductions in contracts will impact surrounding communities where employees live and where supplies and services are acquired. Reductions in grants and payments will impact the abilities of States, Tribes and counties to sustain ongoing services in emergency response, education, and others. As these impacts are defined we will provide details.



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 24 2013

The Honorable Eddie Calvo
Governor of Guam
Hagatna, Guam

Dear Governor Calvo:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

The DOI allocates over \$4.5 billion in grants and payments to states, tribes, counties, and others each year including, for example mineral revenue payments to states and geothermal revenue payments to counties. I am aware of the importance of these payments and grants to states, tribes, and local governments trying to balance their budgets. For rural areas in particular, Interior payments make a significant difference in their ability to support local schools, provide adequate emergency response, and maintain basic infrastructure.

Our grant programs, such as the Fish and Wildlife Service's Sport Fish and Federal Aid programs, fund a wide variety of important activities including state and local preservation of natural and cultural resources, create and maintain open space and local parks, and support ongoing partnerships to maintain hunting and fishing.

In the absence of further Congressional action, the President is required to issue a sequestration order next Friday, March 1. At that time, the President will issue a report detailing the specific accounts subject to sequester and the reduction amount. These amounts will be the basis for reductions we will make to revenue payments and grants. The DOI will ensure sequester reductions for payments and grant programs are made equitably among recipients or activities.

In many cases we have been delaying payments and grants pending imposition of the sequester. Lump sum payments from mandatory programs will be reduced and issued after March 1. Funds available for competitive grants will be reduced before award decisions are made impacting either the number of awards made or the size of the grant amounts awarded.

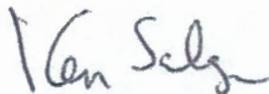
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reductions with seven months of the fiscal year remaining, monthly payments after March 1 may reflect a disproportionate share of the reduction.

I am keenly aware of DOI's responsibility to local governments to ensure the timely issuance of these grants and payments. States, tribes, and local governments depend upon these payments to sustain critical services and this responsibility continues to be of paramount importance. We will revisit the payments to states, tribes, and local governments if sequestration is subsequently corrected. We will also continue to keep you informed as additional information becomes available.

To assist in your planning preparation, I am enclosing a list of DOI grant and payment programs subject to sequester illustrating the impact of a five percent reduction.

Sincerely,

A handwritten signature in black ink that reads "Ken Salazar". The signature is written in a cursive style with a large initial "K".

Ken Salazar

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Guam
(Dollars in Thousands)

Guam	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	80,504	-230	80,274

Interior funding in Guam totaled about \$80.5 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$230 thousand.

Funding for Insular Areas and Trust Territory activities are exempted from sequestration.

Interior operations such as the War in the Pacific National Park which attracted an estimated 255,000 visitors generating about \$17 million in economic benefits to the local economy, would be impacted.\

- The War in the Pacific Operating budget would be reduced by \$77,000 to \$1.4 million.

Within this total, major grants and direct payments to Guam would drop by about \$140 thousand with a sequester.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Historic Preservation Fund	409	-20	389
LWCF State Grants w/GOMESA	50	-3	47
Payments in Lieu of Taxes	2	0	2
Sport Fish & Wildlife Restoration	2,165	-110	2,055
State and Wildlife Grants	120	-6	114
Total, Guam	2,746	-139	2,607

Note: The sequester is an across-the-board reduction that reduces every account and activity (with few exemptions). The result will be reduced levels of direct services provided to the American public. Cut backs in visitor hours and programs will impact tourism and travel and have ripple effects on communities and economies that are reliant on these activities. Reductions in permanent and seasonal staffing and reductions in contracts will impact surrounding communities where employees live and where supplies and services are acquired. Reductions in grants and payments will impact the abilities of States, Tribes and counties to sustain ongoing services in emergency response, education, and others. As these impacts are defined we will provide details.



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 24 2013

The Honorable Neil Abercrombie
Governor of Hawai'i
Honolulu, Hawai'i

Dear Governor Abercrombie:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

The DOI allocates over \$4.5 billion in grants and payments to states, tribes, counties, and others each year including, for example mineral revenue payments to states and geothermal revenue payments to counties. I am aware of the importance of these payments and grants to states, tribes, and local governments trying to balance their budgets. For rural areas in particular, Interior payments make a significant difference in their ability to support local schools, provide adequate emergency response, and maintain basic infrastructure.

Our grant programs, such as the Fish and Wildlife Service's Sport Fish and Federal Aid programs, fund a wide variety of important activities including state and local preservation of natural and cultural resources, create and maintain open space and local parks, and support ongoing partnerships to maintain hunting and fishing.

In the absence of further Congressional action, the President is required to issue a sequestration order next Friday, March 1. At that time, the President will issue a report detailing the specific accounts subject to sequester and the reduction amount. These amounts will be the basis for reductions we will make to revenue payments and grants. The DOI will ensure sequester reductions for payments and grant programs are made equitably among recipients or activities.

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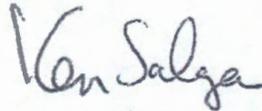
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To assist in your planning preparation, I am enclosing a list of DOI grant and payment programs subject to sequester illustrating the impact of a five percent reduction.

Sincerely,

A handwritten signature in black ink that reads "Ken Salazar". The signature is written in a cursive style with a large initial "K".

Ken Salazar

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Hawaii
(Dollars in Thousands)

Hawaii	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	84,881	-3,331	81,550

Interior funding in the State of Hawaii totaled about \$84.9 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$3.3 million.

- Hawaii is home to 5 National Parks, 1 historic site, 1 historic trail and 1 memorial, 10 refuges, and over 600 Interior employees.
- Together these natural assets attracted 5.4 million visitors, created 6,247 jobs, and generated \$416 million for local economies in 2011.
- Under the sequester, Interior operations in Hawaii stand to lose an estimated:
 - \$1.6 million at National Park Service sites like the USS Arizona Memorial, Haleakala and Hawaii Volcanoes National Park.
 - \$1.4 million at Fish and Wildlife Service sites like Kilauea Point, Hakalau Forest, Hawaiian Islands, Pearl Harbor, James Campbell, and Midway Atoll National Wildlife Refuges.
 - \$300,000 at U.S. Geological Survey facilities like the Hawaiian Volcanoes Observatory and the Pacific Islands Water Science Center.

Within this total, major grants and direct payments to Hawaii would drop by about \$570 thousand with a sequester.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Cooperative Endangered Species Cons. Fund Grants	2,431	-122	2,309
Historic Preservation Fund	575	-29	546
LWCF State Grants w/GOMESA	447	-22	425
Payments in Lieu of Taxes	345	-18	327
Sport Fish & Wildlife Restoration	7,045	-359	6,686
State and Wildlife Grants	479	-24	455
Total, Hawaii	11,322	-573	10,749

Note: The sequester is an across-the-board reduction that reduces every account and activity (with few exemptions). The result will be reduced levels of direct services provided to the American public. Cut backs in visitor hours and programs will impact tourism and travel and have ripple effects on communities and economies that are reliant on these activities. Reductions in permanent and seasonal staffing and reductions in contracts will impact surrounding communities where employees live and where supplies and services are acquired. Reductions in grants and payments will impact the abilities

of States, Tribes and counties to sustain ongoing services in emergency response, education, and others. As these impacts are defined we will provide details.



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 24 2013

The Honorable Butch Otter
Governor of Idaho
Boise, Idaho

Dear Governor Otter:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

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Our grant programs, such as the Fish and Wildlife Service's Sport Fish and Federal Aid programs, fund a wide variety of important activities including state and local preservation of natural and cultural resources, create and maintain open space and local parks, and support ongoing partnerships to maintain hunting and fishing.

In the absence of further Congressional action, the President is required to issue a sequestration order next Friday, March 1. At that time, the President will issue a report detailing the specific accounts subject to sequester and the reduction amount. These amounts will be the basis for reductions we will make to revenue payments and grants. The DOI will ensure sequester reductions for payments and grant programs are made equitably among recipients or activities.

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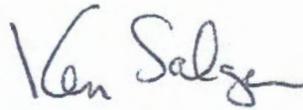
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reductions with seven months of the fiscal year remaining, monthly payments after March 1 may reflect a disproportionate share of the reduction.

I am keenly aware of DOI's responsibility to local governments to ensure the timely issuance of these grants and payments. States, tribes, and local governments depend upon these payments to sustain critical services and this responsibility continues to be of paramount importance. We will revisit the payments to states, tribes, and local governments if sequestration is subsequently corrected. We will also continue to keep you informed as additional information becomes available.

To assist in your planning preparation, I am enclosing a list of DOI grant and payment programs subject to sequester illustrating the impact of a five percent reduction.

Sincerely,

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Ken Salazar

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U.S. Department of the Interior

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Idaho
(Dollars in Thousands)

Idaho	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	324,277	-13,636	310,641

Interior funding in the State of Idaho totaled about \$324.3 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$13.6 million.

- Idaho is home to 5 American Indian tribes, 4 park units, 3 national historic trails, 6 refuges, 3 fish hatcheries, one fish health center, one waterfowl production center, and 12 million acres of public lands.
- Together these natural assets attracted 8.2 million visitors, created 5,500 jobs, and generated \$468 million for local economies in 2011.
- Under the sequester, Interior operations in Idaho stand to lose an estimated:
 - \$6 million at Bureau of Land Management sites like the Snake River Birds of Prey National Conservation Area, and Craters of the Moon National Monument.
 - \$2 million from Bureau of Indian Affairs activities serving the following Tribes:
 - The Coeur D'Alene Tribe of the Coeur D'Alene Reservation whose contracted services budget would be reduced by about \$393,000.
 - The Shoshone-Bannock Tribes of the Fort Hall Reservation whose contracted services budget would be reduced by about \$927,000.
 - The Kootenai Tribe whose contracted services budget would be reduced by about \$43,400.
 - The Nez Perce Tribe whose contracted services budget would be reduced by about \$373,750.
 - \$1.7 million at Bureau of Reclamation facilities
 - \$1 million at National Park Service sites including:
 - -\$1.7 million from the \$35 million operating budget of Yellowstone National Park. Yellowstone would delay spring road openings inside the park and delay visitor access to Grant Village and Yellowstone Lake by 2-3 weeks.
 - -\$46,000 from the \$927,00 operating budget for Hagerman Fossil Beds National Monument.
 - \$1.4 million at Fish and Wildlife Service sites like the Kootenai and Grays Lake National Wildlife Refuges.



THE SECRETARY OF THE INTERIOR
WASHINGTON
FEB 24 2013

The Honorable Jack Dalrymple
Governor of North Dakota
Bismarck, North Dakota

Dear Governor Dalrymple:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

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Our grant programs, such as the Fish and Wildlife Service's Sport Fish and Federal Aid programs, fund a wide variety of important activities including state and local preservation of natural and cultural resources, create and maintain open space and local parks, and support ongoing partnerships to maintain hunting and fishing.

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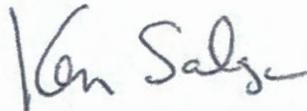
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North Dakota
(Dollars in Thousands)

North Dakota	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	179,489	-8,939	170,550

Interior funding in the State of North Dakota totaled about \$179.5 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$8.9 million.

- North Dakota is home to 5 American Indian tribes, 2 National Parks, 15 refuges, 2 fish hatcheries, 5 wetland management districts, 1 national game preserve, and over 4.1 million acres of mineral estate, 58,000 acres of public land, about 1,700 oil and gas leases.
- Together these natural assets attracted 1.2 million visitors, created 953 jobs, and generated \$66 million for local economies.
- Under the sequester, Interior operations in North Dakota stand to lose an estimated:
 - \$5 million from Bureau of Indian Affairs activities including reductions to the budgets for Tribes that provide contracted services including:
 - The Three Affiliated Tribes of the Fort Berthold Reservation -\$869,900;
 - The Spirit Lake Tribe-696,000;
 - The Standing Rock Sioux Tribe -\$510,000; and
 - The Turtle Mountain Chippewa -\$426,800.
 - \$1.5 million from Bureau of Reclamation project support
 - \$1.5 million at Fish and Wildlife Service sites like the Arrowwood, Audubon, and Chase Lake National Wildlife Refuges

Within this total, major grants and direct payments to North Dakota would drop by about \$4.3 million under the sequester.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Abandoned Mine Land Grants	3,913	-200	3,713
Cooperative Endangered Species Cons. Fund Grants	0	0	0
Historic Preservation Fund	681	-34	647
LWCF State Grants w/GOMESA	378	-19	359
Payments in Lieu of Taxes	1,461	-75	1,386
Sport Fish & Wildlife Restoration	12,240	-624	11,616
State and Wildlife Grants	1,219	-61	1,158
Mineral Revenue Payments	64,501	-3,290	61,211
Total, North Dakota	84,393	-4,302	80,091

Note: The sequester is an across-the-board reduction that reduces every account and activity (with few exemptions). The result will be reduced levels of direct services provided to the American public. Cut backs in visitor hours and programs will impact tourism and travel and have ripple effects on communities and economies that are reliant on these activities. Reductions in permanent and seasonal staffing and reductions in contracts will impact surrounding communities where employees live and where supplies and services are acquired. Reductions in grants and payments will impact the abilities of States, Tribes and counties to sustain ongoing services in emergency response, education, and others. As these impacts are defined we will provide details.



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 24 2013

The Honorable John Kitzhaber
Governor of Oregon
Salem, Oregon

Dear Governor Kitzhaber:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

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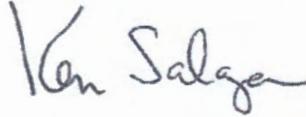
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Oregon
(Dollars in Thousands)

Oregon	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	460,494	-22,899	437,595

Interior funding in the State of Oregon totaled about \$460.5 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$22.9 million.

- Oregon is home to 10 American Indian tribes, 3 National Park units, 17 refuges, 2 fish hatcheries, and 2 million acres of forested public lands, 1 BLM national monument, 4 wilderness areas, and 3,200 Interior employees.
- Together these natural assets attracted 14.8 million visitors, created 9,929 jobs, and generated \$880 million for local economies in 2011.
- Under the sequester, Interior operations in Oregon stand to lose an estimated:
 - \$12 million at Bureau of Land Management sites like the Cascade-Siskiyou National Monument, and Hells Canyon, Soda Mountain, Steens Mountain and Wild Rogue Wilderness Areas.
 - \$3 million from Bureau of Indian Affairs activities including reductions to the contracted services budget for Tribes as follows:
 - -\$61,000 from the Burns Paiute Tribe;
 - -\$52,000 from the Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians ;
 - -\$98,500 from the Confederated Tribes of the Grand Ronde Community of Oregon ;
 - -\$264,800 from the Confederated Tribes of Siletz Indians ;
 - -\$334,000 from the Confederated Tribes of the Umatilla Indian Reservation ;
 - -\$675,000 from the Confederated Tribes of Warm Springs ;
 - -\$117,500 from the Coquille Indian Tribe ;
 - -\$62,000 from the Cow Creek Band of Umpqua Tribe of Indians ; and
 - -\$64,400 from the. Klamath Tribe.
 - \$4.4 million at Fish and Wildlife Service sites like the Klamath Marsh, Siletz Bay and Oregon Islands National Wildlife Refuges.
 - \$585,000 at National Park Service sites like Crater Lake National Park and Lewis and Clark National Historical Park.

Within this total, major grants and direct payments to Oregon would drop by about \$6.1 million with a sequester.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Cooperative Endangered Species Cons. Fund Grants	2,736	-137	2,599
Historic Preservation Fund	865	-43	822
LWCF State Grants w/GOMESA	634	-32	602
Payments in Lieu of Taxes	14,425	-736	13,689
Sport Fish & Wildlife Restoration	20,633	-1,052	19,581
State and Wildlife Grants	864	-43	821
Secure Rural School Payments	36,000	-4,000	32,000
Mineral Revenue Payments	417	-21	396
Total, Oregon	76,574	-6,064	70,510

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THE SECRETARY OF THE INTERIOR
WASHINGTON
FEB 24 2013

The Honorable Dennis Daugaard
Governor of South Dakota
Pierre, South Dakota

Dear Governor Daugaard:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

The DOI allocates over \$4.5 billion in grants and payments to states, tribes, counties, and others each year including, for example mineral revenue payments to states and geothermal revenue payments to counties. I am aware of the importance of these payments and grants to states, tribes, and local governments trying to balance their budgets. For rural areas in particular, Interior payments make a significant difference in their ability to support local schools, provide adequate emergency response, and maintain basic infrastructure.

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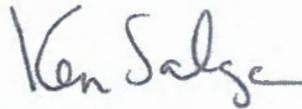
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South Dakota
(Dollars in Thousands)

South Dakota	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	377,198	-18,590	358,608

Interior funding in the State of South Dakota totaled about \$377.2 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$18.6 million.

- South Dakota is home to 10 American Indian tribes, 5 National Park units, 5 refuges, 2 fish hatcheries, 274,000 acres of public lands, about 1.5 million acres of subsurface mineral estate and 1 BLM national monument, 4 wilderness areas, and over 1,700 Interior employees.
- Together these natural assets attracted 4.4 million visitors, created 3,451 jobs, and generated \$220 million for local economies in 2011.
- Under the sequester, Interior operations in South Dakota stand to lose an estimated:
 - \$11 million from Bureau of Indian Affairs activities include reductions to the contracted services budget for Tribes as follows:
 - The Cheyenne River Sioux Tribe -\$1.05 million,
 - The Crow Creek Sioux Tribe -\$275,000,
 - The Flandreau Santee Sioux Tribe -\$157,500,
 - The Lower Brule Sioux Tribe -\$384,000,
 - The Oglala Sioux Tribe, Rosebud Sioux Tribe -\$1.2 million,
 - The Sisseton-Wahpeton Oyate -\$460,000,
 - The Standing Rock Sioux Tribe -\$1.26 million,
 - The Ponca Tribe of Nebraska -\$458,000, and
 - The Yankton Sioux Tribe -\$204,000.
 - \$1.2 million at Fish and Wildlife Service sites like Waubay and Lacreek National Wildlife Refuges.
 - \$3.5 million at U.S. Geological Survey facilities like the Earth Resources Observation Sciences Center and USGS Water Science Center.
 - \$751,000 at National Park Service sites like Badlands and Wind Cave National Parks and Mount Rushmore National Memorial.

Within this total, major grants and direct payments to South Dakota would drop by about \$1.2 million with a sequester.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Historic Preservation Fund	705	-35	670
LWCF State Grants w/GOMESA	385	-19	366
Payments in Lieu of Taxes	5,525	-282	5,243
Sport Fish & Wildlife Restoration	14,408	-735	13,673
State and Wildlife Grants	479	-24	455
Mineral Revenue Payments	1,907	-97	1,810
Total, South Dakota	23,409	-1,192	22,217

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THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 24 2013

The Honorable Brian Sandoval
Governor of Nevada
Carson City, Nevada

Dear Governor Sandoval:

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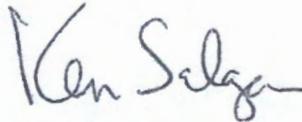
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To assist in your planning preparation, I am enclosing a list of DOI grant and payment programs subject to sequester illustrating the impact of a five percent reduction.

Sincerely,

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Ken Salazar

Enclosure

U.S. Department of the Interior

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Nevada
(Dollars in Thousands)

Nevada	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	254,077	-11,821	242,256

Interior funding in the State of Nevada totaled about \$254.1 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$11.8 million.

- Nevada is home to 19 American Indian tribes, 1 National Park unit, 9 refuges, 1 fish hatchery, 48 million acres of public lands, three National Conservation Areas, and over 2,200 Interior employees.
- Together these natural assets attracted 9.9 million visitors, created 10,453 jobs, and generated \$912 million for local economies in 2011.
- Under the sequester, Interior operations in Nevada stand to lose an estimated:
 - \$5.3 million at Bureau of Land Management sites like Red Rock Canyon and Sloan Canyon National Conservation Areas.
 - \$1.6 million from Bureau of Indian Affairs activities including reductions to budgets for contracted services provided by the following Tribes:
 - Duckwater Shoshone Tribe of the Duckwater Reservation -\$82,000;
 - Ely Shoshone Tribe -\$56,000;
 - Las Vegas Tribe of Paiute Indians of the Las Vegas Indian Colony -\$21,800;
 - Lovelock Paiute Tribe of the Lovelock Indian Colony -\$35,600;
 - Moapa Band of Paiute Indians of the Moapa River Indian Reservation -\$1,000;
 - Paiute-Shoshone Tribe of the Fallon Reservation and Colony -\$102,750;
 - Pyramid Lake Paiute Tribe of the Pyramid Lake Reservation -\$314,000;
 - Reno-Sparks Indian Colony -\$62,800;
 - Shoshone-Paiute Tribes of the Duck Valley Reservation -\$169,000;
 - Te-Moak Tribe of Western Shoshone Indians -\$19,800;
 - Summit Lake Paiute Tribe -32,400;
 - Walker River Paiute Tribe of the Walker River Reservation -\$95,500;
 - Yerington Paiute Tribe of the Yerington Colony & Campbell Ranch -\$63,600;
and
 - Yomba Shoshone Tribe of the Yomba Reservation -\$20,000.
 - \$1.2 million at Fish and Wildlife Service sites like Ash Meadows and Sheldon National Wildlife Refuges.
 - \$894,000 at National Park Service sites like Great Basin and Death Valley National Parks, and Lake Mead National Recreation Area.



THE SECRETARY OF THE INTERIOR
WASHINGTON

The Honorable Gary Herbert
Governor of Utah
Salt Lake City, Utah

Dear Governor Herbert:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

The DOI allocates over \$4.5 billion in grants and payments to states, tribes, counties, and others each year including, for example mineral revenue payments to states and geothermal revenue payments to counties. I am aware of the importance of these payments and grants to states, tribes, and local governments trying to balance their budgets. For rural areas in particular, Interior payments make a significant difference in their ability to support local schools, provide adequate emergency response, and maintain basic infrastructure.

Our grant programs, such as the Fish and Wildlife Service's Sport Fish and Federal Aid programs, fund a wide variety of important activities including state and local preservation of natural and cultural resources, create and maintain open space and local parks, and support ongoing partnerships to maintain hunting and fishing.

In the absence of further Congressional action, the President is required to issue a sequestration order next Friday, March 1. At that time, the President will issue a report detailing the specific accounts subject to sequester and the reduction amount. These amounts will be the basis for reductions we will make to revenue payments and grants. The DOI will ensure sequester reductions for payments and grant programs are made equitably among recipients or activities.

In many cases we have been delaying payments and grants pending imposition of the sequester. Lump sum payments from mandatory programs will be reduced and issued after March 1. Funds available for competitive grants will be reduced before award decisions are made impacting either the number of awards made or the size of the grant amounts awarded.

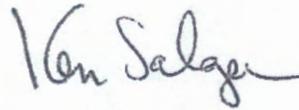
For programs that have been issuing regular payments, recipients will be able to see the reduction caused by the sequester starting after March 1. Because we are beginning these

reductions with seven months of the fiscal year remaining, monthly payments after March 1 may reflect a disproportionate share of the reduction.

I am keenly aware of DOI's responsibility to local governments to ensure the timely issuance of these grants and payments. States, tribes, and local governments depend upon these payments to sustain critical services and this responsibility continues to be of paramount importance. We will revisit the payments to states, tribes, and local governments if sequestration is subsequently corrected. We will also continue to keep you informed as additional information becomes available.

To assist in your planning preparation, I am enclosing a list of DOI grant and payment programs subject to sequester illustrating the impact of a five percent reduction.

Sincerely,

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Ken Salazar

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Utah
(Dollars in Thousands)

Utah	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	447,445	-21,221	426,224

Interior funding in the State of Utah totaled about \$447.4 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$21.2 million.

- Utah is home to 7 American Indian tribes, 10 National Parks, monuments and historic sites, 3 refuges, 2 fish hatcheries, 22.9 million acres of public lands, over 2,300 Interior employees, and the Central Utah Project Completion Act project.
- Together these natural assets attracted 20.6 million visitors, created 18,164 jobs, and generated \$1.5 billion for local economies in 2011.
- Under the sequester, Interior operations in Utah stand to lose an estimated:
 - \$4.8 million at Bureau of Land Management sites like Grand Staircase-Escalante National Monument.
 - \$1.8 million at National Park Service sites like Canyonlands and Zion National Parks, and Glen Canyon National Recreation Area.
 - \$1.4 million at Central Utah Project Completion Act activities.
 - \$1.1 million at Fish and Wildlife Service sites like Bear River Migratory Bird Refuge and Fish Springs National Wildlife Refuge.
 - Bureau of Indian Affairs activities will be reduced including budgets for contracted services provided by the following Tribes:
 - Northwestern Band of Shoshoni Nation (Washakie) -\$27,200;
 - Paiute Indian Tribe -\$61,600;
 - Skull Valley Band of Goshute Indians -\$8,000;
 - Ute Indian Tribe of the Uintah & Ouray Reservation -\$42,000;
 - Confederated Tribes of the Goshute Reservation - 6,800; and
 - Ute Mountain Tribe of the Ute Mountain Reservation - 171,400.

Within this total, major grants and direct payments to Utah would drop by about \$11.5 million with a sequester.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Abandoned Mine Land Grants	4,816	-246	4,570
Cooperative Endangered Species Cons. Fund Grants	1,158	-58	1,100
Historic Preservation Fund	773	-39	734
LWCF State Grants w/GOMESA	551	-28	523
Payments in Lieu of Taxes	37,120	-1,893	35,227
Sport Fish & Wildlife Restoration	16,613	-847	15,766
State and Wildlife Grants	696	-35	661
Mineral Revenue Payments	164,503	-8,395	156,208
Total, Utah	226,330	-11,540	214,790

Note: The sequester is an across-the-board reduction that reduces every account and activity (with few exemptions). The result will be reduced levels of direct services provided to the American public. Cut backs in visitor hours and programs will impact tourism and travel and have ripple effects on communities and economies that are reliant on these activities. Reductions in permanent and seasonal staffing and reductions in contracts will impact surrounding communities where employees live and where supplies and services are acquired. Reductions in grants and payments will impact the abilities of States, Tribes and counties to sustain ongoing services in emergency response, education, and others. As these impacts are defined we will provide details.



THE SECRETARY OF THE INTERIOR
WASHINGTON
FEB 24 2013

The Honorable Matt Mead
Governor of Wyoming
Cheyenne, Wyoming

Dear Governor Mead:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

The DOI allocates over \$4.5 billion in grants and payments to states, tribes, counties, and others each year including, for example mineral revenue payments to states and geothermal revenue payments to counties. I am aware of the importance of these payments and grants to states, tribes, and local governments trying to balance their budgets. For rural areas in particular, Interior payments make a significant difference in their ability to support local schools, provide adequate emergency response, and maintain basic infrastructure.

Our grant programs, such as the Fish and Wildlife Service's Sport Fish and Federal Aid programs, fund a wide variety of important activities including state and local preservation of natural and cultural resources, create and maintain open space and local parks, and support ongoing partnerships to maintain hunting and fishing.

In the absence of further Congressional action, the President is required to issue a sequestration order next Friday, March 1. At that time, the President will issue a report detailing the specific accounts subject to sequester and the reduction amount. These amounts will be the basis for reductions we will make to revenue payments and grants. The DOI will ensure sequester reductions for payments and grant programs are made equitably among recipients or activities.

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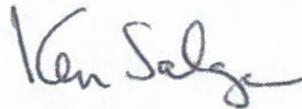
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reductions with seven months of the fiscal year remaining, monthly payments after March 1 may reflect a disproportionate share of the reduction.

I am keenly aware of DOI's responsibility to local governments to ensure the timely issuance of these grants and payments. States, tribes, and local governments depend upon these payments to sustain critical services and this responsibility continues to be of paramount importance. We will revisit the payments to states, tribes, and local governments if sequestration is subsequently corrected. We will also continue to keep you informed as additional information becomes available.

To assist in your planning preparation, I am enclosing a list of DOI grant and payment programs subject to sequester illustrating the impact of a five percent reduction.

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Ken Salazar

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Wyoming
(Dollars in Thousands)

Wyoming	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	1,237,345	-61,210	1,176,136

Interior funding in the State of Wyoming totaled about \$1.2 billion in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$61 million.

- Wyoming is home to 2 American Indian tribes, 1 National Parks, 2 monuments, a historic site, a parkway, 7 refuges, 2 fish hatcheries, 18.4 million acres of public lands, 2 National Conservation Landscape System sites, over 2,300 Interior employees.
- Together these natural assets attracted 12.5 million visitors, created 17,449 jobs, and generated \$1.5 billion for local economies in 2011.
- Under the sequester, Interior operations in Wyoming stand to lose an estimated:
 - \$4.1 million at Bureau of Land Management sites like the Continental Divide National Scenic Trail and the National Historic Historic Trails System.
 - \$2.6 million at National Park Service sites:
 - Yellowstone National Parks and Fossil Butte National Monument. Yellowstone would delay spring road openings inside the park and delay visitor access to Grant Village and Yellowstone Lake by 2-3 weeks.
 - At Grand Teton National Park a sequester would close the Jenny Lake Visitor Center, the Laurence S. Rockefeller Preserve, and the Flagg Ranch Visitor Contact Station, for the summer season affecting 300,000 visitors.
 - \$1.2 million at Bureau of Reclamation facilities
 - \$1.1 million at Fish and Wildlife Service sites like the National Elk Refuge, and the Seedskaadee and Mortenson Lake National Wildlife Refuges.
 - Bureau of Indian Affairs activities will be reduced including budgets for contracted services provided by the following Tribe:
 - Arapahoe and Shoshone Tribe -\$612,900.

Within this total, major grants and direct payments to Wyoming would drop by about \$53.7 million.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Abandoned Mine Land Grants	15,000	-765	14,235
Historic Preservation Fund	689	-34	655
LWCF State Grants w/GOMESA	371	-19	352
Payments in Lieu of Taxes	26,075	-1,330	24,745
Sport Fish & Wildlife Restoration	15,429	-787	14,642
State and Wildlife Grants	539	-27	512
Mineral Revenue Payments	995,170	-50,754	944,416
Total, Wyoming	1,053,273	-53,716	999,557

Note: The sequester is an across-the-board reduction that reduces every account and activity (with few exemptions). The result will be reduced levels of direct services provided to the American public. Cut backs in visitor hours and programs will impact tourism and travel and have ripple effects on communities and economies that are reliant on these activities. Reductions in permanent and seasonal staffing and reductions in contracts will impact surrounding communities where employees live and where supplies and services are acquired. Reductions in grants and payments will impact the abilities of States, Tribes and counties to sustain ongoing services in emergency response, education, and others. As these impacts are defined we will provide details.



THE SECRETARY OF THE INTERIOR
WASHINGTON
FEB 24 2013

The Honorable Jay Inslee
Governor of Washington
Olympia, Washington

Dear Governor Inslee:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

The DOI allocates over \$4.5 billion in grants and payments to states, tribes, counties, and others each year including, for example mineral revenue payments to states and geothermal revenue payments to counties. I am aware of the importance of these payments and grants to states, tribes, and local governments trying to balance their budgets. For rural areas in particular, Interior payments make a significant difference in their ability to support local schools, provide adequate emergency response, and maintain basic infrastructure.

Our grant programs, such as the Fish and Wildlife Service's Sport Fish and Federal Aid programs, fund a wide variety of important activities including state and local preservation of natural and cultural resources, create and maintain open space and local parks, and support ongoing partnerships to maintain hunting and fishing.

In the absence of further Congressional action, the President is required to issue a sequestration order next Friday, March 1. At that time, the President will issue a report detailing the specific accounts subject to sequester and the reduction amount. These amounts will be the basis for reductions we will make to revenue payments and grants. The DOI will ensure sequester reductions for payments and grant programs are made equitably among recipients or activities.

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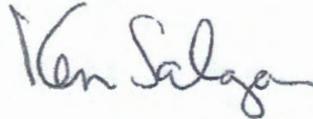
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reductions with seven months of the fiscal year remaining, monthly payments after March 1 may reflect a disproportionate share of the reduction.

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To assist in your planning preparation, I am enclosing a list of DOI grant and payment programs subject to sequester illustrating the impact of a five percent reduction.

Sincerely,

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Ken Salazar

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Washington
(Dollars in Thousands)

Washington	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	379,938	-18,171	361,767

Interior funding in the State of Washington totaled about \$380 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$18 million.

- Washington is home to 29 American Indian Tribes, 10 National Park units and shares three units with adjoining states, 23 refuges, 10 fish hatcheries, a fish technology center and a fish health center, several hundred thousand acres of public lands, and over 2,700 employees.
- Together these natural assets attracted 10.6 million visitors, created 7,059 jobs, and generated \$532 million for local economies in 2011.
- Under the sequester, Interior operations in Washington stand to lose an estimated:
 - \$8.8 million from Bureau of Indian Affairs activities including reductions to Tribes that provide contracted services including:
 - Confederated Tribes of the Chehalis Reservation -\$117,300;
 - Confederated Tribes of the Colville Reservation -\$334,300;
 - Confederated Tribes and Bands of the Yakama Nation -\$311,300;
 - Cowlitz Indian Tribe -\$59,000;
 - Hoh Indian Tribe of the Hoh Indian Reservation -\$78,000;
 - Jamestown S'Klallam Tribe -\$164,900;
 - Kalispel Indian Community of the Kalispel Reservation -\$142,500;
 - Lower Elwha Tribal Community of the Lower Elwha Reservation -\$135,200;
 - Lummi Tribe of the Lummi Reservation -\$864,800;
 - Makah Indian Tribe of the Makah Indian Reservation -\$297,100;
 - Muckleshoot Indian Tribe of the Muckleshoot Reservation -\$314,400;
 - Nisqually Indian Tribe of the Nisqually Reservation -\$235,100;
 - Nooksack Indian Tribe -\$97,200;
 - Port Gamble Indian Community of the Port Gamble Reservation -\$226,500;
 - Puyallup Tribe of the Puyallup Reservation, -\$200,900;
 - Quileute Tribe of the Quileute Reservation -\$290,900;
 - Quinault Tribe of the Quinault Reservation -\$743,900;
 - Samish Indian Tribe -\$38,600;
 - Sauk-Suiattle Indian Tribe -\$71,200;

- Shoalwater Bay Tribe of the Shoalwater Bay Indian Reservation -\$60,600;
 - Skokomish Indian Tribe of the Skokomish Reservation -\$164,400;
 - Snoqualmie Tribe -\$40,800;
 - Spokane Tribe of the Spokane Reservation -\$780,200;
 - Squaxin Island Tribe of the Squaxin Island Reservation -\$160,500;
 - Stillaguamish Tribe -\$100,900;
 - Suquamish Indian Tribe of the Port Madison Reservation -210,400;
 - Swinomish Indians of the Swinomish Reservation -\$101,800;
 - Tulalip Tribes of the Tulalip Reservation -\$1,700;
 - Upper Skagit Indian Tribe -\$168,400.
- \$2.8 million at Fish and Wildlife Service sites like Nisqually, Umatilla, and Conboy Lake National Wildlife Refuges.
 - \$2.9 million at National Park Service sites like Olympic and Mount Rainier National Parks and Ebey's Landing National Historical Reserve.
 - \$1.6 million from Bureau of Reclamation activities.

Within this total, major grants and direct payments to Washington would drop by about \$2.1 million under the sequester.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Cooperative Endangered Species Cons. Fund Grants	4,450	-223	4,228
Historic Preservation Fund	923	-46	877
LWCF State Grants w/GOMESA	869	-43	826
Payments in Lieu of Taxes	15,800	-806	14,994
Sport Fish & Wildlife Restoration	18,112	-924	17,188
State and Wildlife Grants	1,012	-51	961
Mineral Revenue Payments	13	-1	12
Total, Washington	41,179	-2,093	39,086

Note: The sequester is an across-the-board reduction that reduces every account and activity (with few exemptions). The result will be reduced levels of direct services provided to the American public. Cut backs in visitor hours and programs will impact tourism and travel and have ripple effects on communities and economies that are reliant on these activities. Reductions in permanent and seasonal staffing and reductions in contracts will impact surrounding communities where employees live and where supplies and services are acquired. Reductions in grants and payments will impact the abilities of States, Tribes and counties to sustain ongoing services in emergency response, education, and others. As these impacts are defined we will provide details.



THE SECRETARY OF THE INTERIOR
WASHINGTON

FEB 24 2013

The Honorable Steve Bullock
Governor of Montana
Helena, Montana

Dear Governor Bullock:

I am writing to make you aware of potential impacts to state and local governments expecting to receive payments from the Department of the Interior (DOI). The impending sequester, which is likely to take place on March 1, 2013, would impact the payments with reductions of about 5 percent. As a recipient of DOI grants and payments, I believe you should be aware of the payments that would be impacted by a sequester and how reductions would be implemented.

The DOI allocates over \$4.5 billion in grants and payments to states, tribes, counties, and others each year including, for example mineral revenue payments to states and geothermal revenue payments to counties. I am aware of the importance of these payments and grants to states, tribes, and local governments trying to balance their budgets. For rural areas in particular, Interior payments make a significant difference in their ability to support local schools, provide adequate emergency response, and maintain basic infrastructure.

Our grant programs, such as the Fish and Wildlife Service's Sport Fish and Federal Aid programs, fund a wide variety of important activities including state and local preservation of natural and cultural resources, create and maintain open space and local parks, and support ongoing partnerships to maintain hunting and fishing.

In the absence of further Congressional action, the President is required to issue a sequestration order next Friday, March 1. At that time, the President will issue a report detailing the specific accounts subject to sequester and the reduction amount. These amounts will be the basis for reductions we will make to revenue payments and grants. The DOI will ensure sequester reductions for payments and grant programs are made equitably among recipients or activities.

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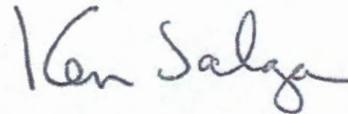
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reductions with seven months of the fiscal year remaining, monthly payments after March 1 may reflect a disproportionate share of the reduction.

I am keenly aware of DOI's responsibility to local governments to ensure the timely issuance of these grants and payments. States, tribes, and local governments depend upon these payments to sustain critical services and this responsibility continues to be of paramount importance. We will revisit the payments to states, tribes, and local governments if sequestration is subsequently corrected. We will also continue to keep you informed as additional information becomes available.

To assist in your planning preparation, I am enclosing a list of DOI grant and payment programs subject to sequester illustrating the impact of a five percent reduction.

Sincerely,

A handwritten signature in black ink that reads "Ken Salazar". The signature is written in a cursive, slightly slanted style.

Ken Salazar

Enclosure

U.S. Department of the Interior

Mandatory and Receipt Payments

- Payments in Lieu of Taxes
- Abandoned Mine Reclamation Grants
- Federal Aid in Wildlife Restoration Payments to States
- Sport Fish Restoration, Apportionment to States
- National Wildlife Refuge Fund Payments
- Secure Rural Schools Payments to Counties
- Coastal Wetlands Conservation
- Minerals Leasing and Associated (MLAP) Payments
- Forest Service Lands State Share
- Payments to States from Lands Acquired for Flood Control, Navigation, and Allied Purposes
- National Petroleum Reserve – Alaska
- Alaska Settlement Agreement Payments
- Royalty Payments to Oklahoma
- South Half of the Red River Payments
- Geothermal Lease Revenue Payments to Counties
- Grazing receipt payments to States
- SNPLMA payments to Nevada
- National Grasslands Payments to Counties
- Rights of Way Payments to Counties
- Boulder Canyon Project Payments to Arizona and Nevada

Grant Awards

- Boating Infrastructure Grants
- Clean Vessel Act Grants
- Historic Preservation Fund Grants
- State Land and Water Conservation Fund Grants
- American Battlefield Protection Grants
- National Heritage Partnership Program Grants
- Chesapeake Bay Gateway Grants
- Japanese-American Confinement Site Grants
- Native-American Graves Protection Act Grants
- Multinational Species Conservation Fund Grants
- Cooperative Endangered Species Conservation Fund Grants
- Hunter Education and Safety Grant Program
- Multi-State Conservation Grant Program
- North American Wetlands Conservation Fund Grants
- Neotropical Migratory Bird Conservation Grants
- State and Tribal Wildlife Grants

Montana
(Dollars in Thousands)

Montana	2012 Total	5% Sequester	Revised Total
Estimate of Total Interior Funding	527,455	-20,521	506,934

Interior funding in the State of Montana totaled about \$527 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$20 million.

- Montana is home to 7 American Indian Tribes, 1 National Park, a battlefield, a historic site, and a monument and shares a national park, two historic sites, a national recreation area with adjoining states, 12 refuges, 2 wetland management districts and the National Bison Range, 8.3 millions of acres of public lands and a 47 million acre mineral estate shared with the States of North Dakota and South Dakota and over 2,500 Interior employees.
- Together these natural assets attracted 9.2 million visitors, created 6,272 jobs, and generated \$486 million for local economies in 2011.
- Under the sequester, Interior operations in Montana stand to lose an estimated:
 - \$6.2 million from Bureau of Indian Affairs activities including cuts to the budgets of Tribes that provide contract services including:
 - Assiniboine and Sioux Tribes of the Fort Peck Indian Reservation -\$130,000;
 - Blackfeet Tribe of the Blackfeet Indian Reservation -\$189,800;
 - Chippewa-Cree Indians of the Rocky Boy's Reservation -\$673,200;
 - Confederated Salish & Kootenai Tribes of the Flathead Reservation -\$2.5 million;
 - Crow Tribe -\$437,000;
 - Fort Belknap Indian Community of the Fort Belknap Reservation -\$572,800;
 - Northern Cheyenne Tribe of the Northern Cheyenne Indian Reservation -\$473,600; and
 - Turtle Mountain Band of Chippewa Indians -\$937,400.
 - \$3.8 million at Bureau of Land Management sites like Pompeys Pillar National Monument and Upper Missouri River Breaks National Monument.
 - \$2.5 million from Bureau of Reclamation activities including Rural Water projects.
 - \$2.5 million at Fish and Wildlife Service sites like Charles Russell and Benton Lake National Wildlife Refuge, and the National Bison Range.
 - \$1.2 million at National Park Service sites like Glacier National Park and Little Bighorn Battlefield National Monument, and Yellowstone National Park.

Within this total, major grants and direct payments to Montana would drop by about \$5.7 million under the sequester.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Abandoned Mine Land Grants	13,044	-665	12,379
Historic Preservation Fund	786	-39	747
LWCF State Grants w/GOMESA	397	-20	377
Payments in Lieu of Taxes	26,937	-1,374	25,563
Sport Fish & Wildlife Restoration	23,253	-1,186	22,067
State and Wildlife Grants	824	-41	783
Mineral Revenue Payments	47,258	-2,363	44,895
Total, Montana	112,499	-5,688	106,811

Note: The sequester is an across-the-board reduction that reduces every account and activity (with few exemptions). The result will be reduced levels of direct services provided to the American public. Cut backs in visitor hours and programs will impact tourism and travel and have ripple effects on communities and economies that are reliant on these activities. Reductions in permanent and seasonal staffing and reductions in contracts will impact surrounding communities where employees live and where supplies and services are acquired. Reductions in grants and payments will impact the abilities of States, Tribes and counties to sustain ongoing services in emergency response, education, and others. As these impacts are defined we will provide details.