

Committee on Natural Resources

Rob Bishop, Chairman
Briefing Paper

March 3, 2015

To: Natural Resource Committee Members

From: Majority Committee Staff

Hearing: “Examining the Department of the Interior’s Proposed Fiscal Year 2016 Budget”

The House Natural Resources Committee will hold a budget oversight hearing on the President’s Fiscal Year 2016 (FY16) budget request and other spending as it relates to the U.S. Department of the Interior. The hearing will take place on **March 5, 2015, at 9 a.m. in 1324 Longworth**. This hearing will consist of one panel of federal agency officials. The hearing will focus on agency priorities and accountability, appropriate use of taxpayer and ratepayer spending, as well as the future missions of the Department, its bureaus and sub-agencies.

Main Messages

- With our national debt currently exceeding ***\$18 trillion***, the Obama Administration’s overall federal budget, which includes this \$13 billion Interior Department budget proposal, continues a disappointing trend of runaway federal spending, while failing to address ongoing problems with our federal land and resources in a more creative or business-like manner.
- The Interior Department’s budget request for FY16 significantly increases federal taxes and fees and shifts federal spending in a manner that dis-incentivizes energy research, development and stable domestic supply. The proposal moves America further away from energy security and homeland security.
- The budget would seek to spend millions of new taxpayer dollars to purchase more federal lands despite massive maintenance backlogs and increasing catastrophic wildfires measuring in the billions of dollars on existing federally-owned lands.
- The Department’s ramped-up regulations and hundreds of new staff positions aren’t resulting in better federal management of or access to our lands, tribal, water or energy resources.

Invited Witness

Panel I: *The Honorable Sally Jewell, Secretary, U.S. Department of the Interior, (accompanied by Deputy Secretary Mike Connor)*

Overall Summary of Budget (including Interior, Environment & Related Agencies and Energy & Water Development)

| | |
|---------------------------------|------------------------------------|
| FY15 President's Request | \$18.40 billion |
| FY15 Enacted | \$17.76 billion |
| FY16 President's Request | \$20.31 billion¹ |

Significant Increases in Taxes, Spending and New Regulations. The Interior Department's total FY16 budget request – funding programs for Interior, Environment and Related Agencies and Energy and Water Development– represents *roughly a 16% increase (\$2.6 billion)* over the FY15 enacted levels, and about 10% (\$1.9 billion) more than was requested by the President last year. At the same time, the Department's budget proposes nearly \$17 million in increased grazing fees,² \$48 million in increased oil and gas inspection fees,³ and expanded enforcement authority by the U.S. Fish and Wildlife Service to assess and recover fees for costs to restore or replace damaged habitat.⁴ Similar to previous years, the budget proposes to eliminate a host of tax deductions for expenses associated with energy development and exploration, which some estimate would increase taxes on independent energy producers by as much as \$40 billion over the next 10 years.⁵

Over the past 6 months, the Department's bureaus and sub-agencies have also proposed or have already finalized **more than 200 new rules and regulations**,⁶ including a Bureau of Land Management (BLM) proposed rule to regulate hydraulic fracturing that, according to at least one study, could cost \$345 million annually;⁷ a potential rule that could raise royalty rates on federal onshore oil and gas leases by as much as 50%, significantly impairing future revenues;⁸ regulations that would manage 1.5 million additional acres in the Arctic National Wildlife Refuge as wilderness, shutting off energy exploration and development, and indefinitely withdraw large swaths of the Arctic to offshore drilling.⁹ These are in addition to the Obama Administration's sweeping Climate Action Plan, which spurred recently announced plans by the Environmental Protection Agency to issue methane emission regulations this year that could have significant impacts on the oil and natural gas industry.¹⁰

¹ Page A-15, *Fiscal Year 2016 Interior Budget in Brief*, February 2015. (See: <http://www.doi.gov/budget/appropriations/2016/highlights/index.cfm>)

² Page DH-65, *Fiscal Year 2016 Interior Budget in Brief*, February 2015.

³ Id.

⁴ Id.

⁵ <http://www.ogi.com/articles/2015/02/obama-s-proposed-fiscal-2016-budget-recycles-oil-tax-increases.html>

⁶

http://www.reginfo.gov/public/do/eAgendaMain?operation=OPERATION_GET_AGENCY_RULE_LIST¤tPub=true&agencyCode=&showStage=active&agencyCd=1000&Image58.x=46&Image58.y=10&Image58=Submit

⁷ Federal Register/Vol. 77, No. 92/(Friday, May 11, 2012) <http://www.gpo.gov/fdsys/pkg/FR-2012-05-11/pdf/2012-11304.pdf>; see also: <http://breakingenergy.com/2013/08/02/study-finds-blm-hydraulic-fracturing-rule-to-cost-345-million/>.

⁸ <http://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201410&RIN=1004-AE41>

⁹ http://www.regulations.gov#!documentDetail;D=BOEM_FRDOC_0001-0308;

<http://www.doi.gov/news/pressreleases/obama-administration-moves-to-protect-arctic-national-wildlife-refuge.cfm>

¹⁰ See: <http://www.epa.gov/airquality/oilandgas/>; <http://www.wsj.com/articles/oil-and-gas-regulatory-push-coming-from-obama-administration-1419890081>

Over 1,300 New Federal FTEs. The Department budget proposal includes funding for *over 1,300 new federal employees or FTEs*, including 288 new employees for the U.S. Fish and Wildlife Service, 117 new employees for the Bureau of Land Management, 207 new employees for the U.S. Geological Survey and 471 for the U.S. Park Service (see chart below).

Department of the Interior FTEs (from appendix K-1 of Interior’s Budget in Brief)

| Bureau/Office | 2014 Usage | 2015 Estimated Usage | 2016 Estimated Usage | Change |
|---|---------------|----------------------|----------------------|---------------|
| Bureau of Land Management..... | 9,711 | 9,745 | 9,862 | +117 |
| Bureau of Ocean Energy Management..... | 543 | 552 | 574 | +22 |
| Bureau of Safety and Environmental Enforcement..... | 773 | 869 | 881 | +12 |
| Office of Surface Mining Reclamation and Enforcement..... | 423 | 488 | 511 | +23 |
| Bureau of Reclamation..... | 5,062 | 5,434 | 5,454 | +20 |
| U.S. Geological Survey..... | 7,976 | 7,929 | 8,136 | +207 |
| Fish and Wildlife Service ^{2/} | 8,647 | 8,689 | 8,977 | +288 |
| National Park Service..... | 19,894 | 21,164 | 21,635 | +471 |
| Bureau of Indian Affairs..... | 7,224 | 7,505 | 7,595 | +90 |
| Departmental Offices | | | | |
| Office of the Secretary..... | 1,351 | 1,472 | 1,500 | +28 |
| Trust Land Consolidation Fund..... | 13 | 17 | 20 | +3 |
| Central Utah Project..... | 4 | 4 | 4 | 0 |
| Office of Insular Affairs..... | 33 | 40 | 42 | +2 |
| Office of the Solicitor..... | 401 | 417 | 437 | +20 |
| Office of Inspector General..... | 255 | 275 | 286 | +11 |
| Office of the Special Trustee for American Indians..... | 578 | 638 | 655 | +17 |
| Department-wide Programs | | | | |
| Wildland Fire Management..... | 23 | 26 | 26 | 0 |
| Payments in Lieu of Taxes..... | 1 | 1 | 1 | 0 |
| Central Hazardous Materials Fund..... | 4 | 5 | 5 | 0 |
| Natural Resource Damage Assessment ^{3/} | 10 | 14 | 19 | +5 |
| Working Capital Fund and Franchise Fund..... | 1,373 | 1,506 | 1,526 | +20 |
| National Indian Gaming Commission..... | 97 | 113 | 113 | 0 |
| TOTAL, DEPARTMENT OF THE INTERIOR..... | 64,396 | 66,903 | 68,259 | +1,356 |
| Utah Mitigation Commission..... | 9 | 10 | 10 | 0 |
| COMBINED TOTAL..... | 64,405 | 66,913 | 68,269 | +1,356 |

Eliminates Gulf Energy Security Act Revenue Sharing Payments. In addition, the budget includes a controversial new proposal to redirect millions of dollars in offshore drilling revenues currently allocated to the states of Alabama, Louisiana, Mississippi and Texas under the Gulf of Mexico Energy Security Act of 2006 to any program that provides “broad natural resource, watershed and conservation benefits to the Nation, help the Federal government fulfill its role of being a good neighbor to local communities, and support other national priorities.”¹¹ According to the Office of Natural Resource Revenue, between 2009 and 2014, Alabama received \$10.2 million, Louisiana received \$10.7 million, Mississippi received \$9.2 million and Texas received \$3.7 million. These states have already budgeted for payments that are expected to increase significantly when the second phase of the law takes effect in fiscal 2017.¹²

Despite \$23 billion in Federal Land Maintenance Backlogs, Significantly Increases Federal Land Acquisition through the Land and Water Conservation Fund (LWCF). According to the Congressional Research Service, the total combined maintenance backlogs and deferred maintenance for the federal land management agencies under the Department of the Interior as well as the Forest Service are as much as \$23 billion.¹³ Yet, the President’s budget

¹¹ Page DH-62, *Fiscal Year 2016 Interior Budget in Brief*, February 2015.

¹² <http://www.clarionledger.com/story/news/2015/02/21/gulf-coast-lawmakers-vow-revenue-fight/23824483/>

¹³ <http://fas.org/sgp/crs/misc/R43429.pdf>

seeks \$274 million for new federal land acquisition for the Department of the Interior,¹⁴ and a total of \$900 million in combined discretionary (\$400 million) and mandatory (\$500 million) funding for the Land and Water Conservation Fund (LWCF) in FY16. Only \$20 million (5%) is proposed for sportsmen access and just \$47 million (less than 12%) for state parks grants.¹⁵ Beginning in 2017, the President proposes to convert the LWCF to an annual \$900 million mandatory program.¹⁶

Payments in Lieu of Taxes (PILT). The budget seeks a one-year, \$452 million mandatory payment for the Payments in Lieu of Taxes (PILT) program.¹⁷

Reduced BLM Forest Management While Increasing Wildland Fire and Fire Risk Management. With regard to the BLM-managed Oregon & California (O&C) forest lands, the President’s budget assumes a 15% reduction in the amount of timber volume sold, and 10% less in timber receipts.¹⁸ At the same time, the BLM and Forest Service budget for the Wildland Fire Management program charged with handling wildfire prevention and suppression on Department of the Interior lands requests \$805 million and provides an additional \$200 million under a proposed budget cap adjustment for a total of \$1 billion in funding. Assuming the budget cap adjustment (\$200 million), this is \$109 million above FY15 funding levels.¹⁹ This proposal would need to be approved by Congress. In addition, the budget requests \$178 million, an increase of \$14 million, for Fire Risk Management. Within this program is the new “Resilient Landscapes” program which was funded at \$10 million in FY15 and is requested at \$30 million in FY16.²⁰

Increased Funding to Address Litigation-Driven Endangered Species Listings and Critical Habitat. Last year, the Fish and Wildlife Service issued significant changes to its



critical habitat designation regulations that would more expansively interpret how the agency designates habitat on federal, state and private property throughout the nation.²¹ For FY15 and in the next year, the Department, through the U.S. Fish and Wildlife Service has indicated it will complete 85 new Endangered Species Act listing determinations and critical habitat designations²², including ones for the Northern Long-Eared Bat,²³ which includes portions of 40 states, and

¹⁴ Page C-9, Appendix C, *Fiscal Year 2016 Interior Budget in Brief*.

¹⁵ Page DH-15-16, *Fiscal Year 2016 Interior Budget in Brief*.

¹⁶ Id., page DH-6, *Fiscal Year 2016 Interior Budget in Brief*.

¹⁷ Id., page DH-63

¹⁸ Page IX-11,12, BLM FY 2016 Budget Justification;

http://www.doi.gov/budget/appropriations/2016/upload/FY2016_BLM_Greenbook.pdf

¹⁹ Page BH-107-8, *FY 2016 Interior Budget in Brief*.

²⁰ Id.

²¹ <https://www.federalregister.gov/articles/2014/05/12/2014-10504/listing-endangered-and-threatened-species-and-designating-critical-habitat-implementing-changes-to>.

²² Page ES-6, U.S. Fish and Wildlife Service FY 2016 Budget Justification

²³ (see U.S. Fish and Wildlife Service map, <http://www.fws.gov/news/ShowNews.cfm?ID=EE5B10EA-E897-240A-FB04B1DCEC512C96>)

the Greater Sage Grouse.²⁴ Despite entering into “mega-settlements” with two environmental groups in 2011, the Service acknowledges it has “backlogs” on 609 petitions for listing determinations.²⁵ According to the Service, it is required to make 289 listing determinations for aquatic species in Alabama, Georgia and Florida in the next few years.²⁶ At the same time, it is requesting funding to support only 10 recovery actions for species it claims are “near delisting.”²⁷

The BLM and Forest Service’s revision of 98 resource management plans for sage grouse affects approximately 245 million acres in 11 Western states, and with restrictions in areas deemed “high priority” for sage grouse, could impact a host of economic and energy-related activities if the Service lists the Greater Sage Grouse under the Endangered Species Act (ESA). To address concerns relating to the lack of justification for a listing, last December, language included in the Omnibus Appropriations Act restricted funding for the Service to issue further rules to place sage grouse on the Endangered Species list.²⁸ In January, Secretary Jewell responded that the restriction wouldn’t affect Interior’s making a decision on listing the sage grouse according to its stated settlement deadline of September 2015, in direct defiance of the law.²⁹ Meanwhile, the Service has failed to follow through on its own 2013 proposed rule to de-list the Gray Wolf throughout most of the continental U.S.³⁰



Increased Spending for Implementing Interior’s Climate Action Plan. Over the last four years, the Department, following President Obama’s 2013 Executive Order 13653, launched and has been the lead on several federal interagency plans relating to climate change, including *National Action Plan: Priorities for Managing Freshwater Resources in a Changing Climate*,³¹ the *National Fish, Wildlife and Plants Climate Adaptation Strategy*,³² and the *National Ocean Policy Implementation Plan*,³³ and *Integrated Arctic Management*.³⁴ Last year, the Department announced that it will integrate climate change adaptation literally throughout the entire agency, including “its policies, planning, programs, and operations, including, but not limited to, park, refuge, and public land management; habitat restoration; conservation of species and ecosystems; services and support for tribes and Alaska Natives; protection and restoration of cultural, archeological and tribal resources; water management; scientific research and data collection; land acquisition; management of employees and volunteers; visitor services;

²⁴ (see U.S. Fish and Wildlife Service map, http://www.fws.gov/nevada/nv_species/sage_grouse.html)

²⁵ Page ES-6, U.S. Fish and Wildlife Service FY 2016 Budget Justification.

²⁶ Id., page ES-17.

²⁷ Id.

²⁸ http://appropriations.house.gov/UploadedFiles/Interior_Press_Summary.pdf

²⁹ <http://www.fws.gov/news/ShowNews.cfm?ID=59D5150F-A05D-A1AD-9E69AE3066E2183E>

³⁰ <http://www.regulations.gov/#!documentDetail;D=FWS-HQ-ES-2013-0073-0001>

³¹ http://www.whitehouse.gov/sites/default/files/microsites/ceq/2011_national_action_plan.pdf

³² <http://www.wildlifeadaptationstrategy.gov/>

³³ <http://www.whitehouse.gov/administration/eop/oceans/implementationplan>

³⁴ <http://www.doi.gov/news/pressreleases/interagency-working-group-calls-for-integrated-management-and-planning-for-a-rapidly-changing-arctic.cfm>

construction; use authorizations; and facilities maintenance.”³⁵ The Plan’s activities, such as initiating National Environmental Policy Act (NEPA) training and revising NEPA handbooks to “incorporate climate change”³⁶ and ensuring agency officials demonstrate commitment to climate adaptation³⁷ are reflected in the FY 2016 budget request for \$195 million for climate “resilience” and \$100 million for permitting and review of renewable energy projects on public lands and offshore waters.³⁸

Highlights of Bureaus’ and Sub-agencies’ Proposed FY Budgets

Bureau of Land Management (BLM)

| | |
|---------------------------------|-----------------------|
| FY15 President’s Request | \$1.11 billion |
| FY15 Enacted | \$1.21 billion |
| FY16 President’s Request | \$1.35 billion |

The President’s FY16 discretionary budget request for BLM is \$1.2 billion, an increase of \$107.6 million over FY15 enacted levels. This would provide for an increase of 117 FTE and total FTE of 9,862 for FY16.

373% increase in Federal Land Acquisition.

The budget requests a total of \$93 million for BLM land acquisition (\$38 million in discretionary funding and \$55.4 million in mandatory funding). This is \$73.7 million, or 373 percent more than the \$19.7 million enacted in FY15. Specifically, in 2016 BLM plans to acquire approximately 90,000 acres in 33 different areas. Going forward, however, BLM is interested in acquiring another 647,000 acres at an estimated cost of nearly \$630 million.³⁹

20 new FTEs for Sage Grouse “Conservation”

BLM requests an additional \$45 million for sage grouse conservation, of which \$37 million will go to the hiring of 20 additional employees (in addition to the current 250) to implement sage grouse conservation efforts in 27 priority areas across 11 states. An additional \$8 million is proposed solely for monitoring and studying of the sage grouse to provide “nationally consistent and scientifically defensible information.”

Increased National Landscape Conservation System (NLCS) Spending.

The budget proposes \$48.5 million for the National Landscape Conservation System, an increase of \$16.7 million or a 52 percent increase over the prior year enacted level.

³⁵Page 3, DOI Climate Adaptation Plan, <http://www.fws.gov/home/climatechange/pdf/2014-DOI-Climate-Change-Adaptation-Plan-INTERIM.pdf>

³⁶ Id., Page 38

³⁷ Id., Page 13.

³⁸ Page DH-7, *Fiscal Year 2016 Interior Budget in Brief*

³⁹ *Tallied from the Bureau of Land Management 2016 Budget Justification, Chapter VIII – Land Acquisition “Pending Future Action” tables on pages VIII 17-49.

Increased Grazing Fees.

Like the past two budget proposals, the President calls for a three-year pilot program of an administrative grazing fee to accompany current grazing fees. Unlike the \$1.00 per animal unit month (AUM) additional fee rejected by Congress the past two years, the administration is now requesting a \$2.50 per AUM fee.

Increased Oil and Gas Inspection Fees.

BLM seeks \$48 million for its inspection program, an increase of \$6.874 million over the FY15 enacted amount. Proposed legislation in BLM's budget would institute a new regime for oil and gas inspection activities in which the BLM would collect an inspection fee from lessees. The fee would depend on the number of active or inactive wells found on the leased unit. It would start at \$700 for each lease or unit of land with *no* active or inactive wells, but with mere surface use, and increase to \$9,800 for lands or units that have 50+ active or inactive wells.⁴⁰ For the management of oil and gas, BLM requests \$115 million in discretionary funding – a decrease of \$12 million from the FY15 enacted amount. This decrease is brought about through the 85 percent offset of Application for Permit to Drill (APD) fees permanently appropriated which is estimated at \$40.4 million.⁴¹

Proposed Increases to Royalty Rates; Restrictions on Leases.

At a time when crude oil is at a five-year low and lessees are disincentivized from production, the Department seeks to enact the following legislative proposals in three key areas, which will increase the cost of production and will rush lessees to financially unsound actions on federal land:

- Royalty Reforms: DOI wishes to reevaluate minimum royalty rates for oil, gas and similar products, raise the onshore royalty rate, analyze a price-based tiered royalty rate, and repeal legislatively mandated royalty relief.
- Oil and Gas Leases: DOI seeks to increase enforcement of lease terms and to shorten the length of primary leases, while instituting a new per-acre fee on nonproducing lands. In 2016, BLM estimates receiving \$241 million in rents and bonuses payments from oil and gas leases, an increase of \$40 million from the actual amount received in 2014, and \$2.303 billion in royalties, a decrease of \$984 million from the actual amount received in 2014.⁴²
- Revenue Collection Processes: DOI proposes to readdress the royalty valuation process, to eliminate interest accruals if companies overpay on royalties, and to repeal Interior's authority to accept in-kind royalty payments.⁴³

Decreased Processing of Applications/Permits to Drill.

BLM estimates to have 4,021 APDs pending at the start of FY16, and to receive an additional 5,000 as the year progresses; however, BLM anticipates *processing* only 5,400 of those 9,021 APDs over the course of the year. For comparison, the previous administration from

⁴⁰ BLM 2016 Budget Justification at VII – 98, 99.

⁴¹ BLM 2016 Budget Justification at VII – 95, 96.

⁴² Compare BLM 2016 Budget Justification at VII – 95 with 2016 Department of the Interior, Budget in Brief, Appendix I.

⁴³ BLM 2016 Budget Justification at VII – 99.

2005 to 2008 averaged over 7,000 *approvals* of APDs per year.⁴⁴ BLM requests the addition of 25 FTE and \$3 million to the budget of Oil and Gas Pilot/Project Offices to “reduce the backlog of APDs, *address stronger wellbore integrity needs through implementation of the hydraulic fracturing regulation*, and allow the BLM to address the complexities related to longer horizontal well completions.”⁴⁵ [emphasis added]

Increased Inspections and Tracking of Coal Leases and Permits.

The request includes \$10,868,000 and 66 FTEs, a program change of +\$1.1 million with no change in FTE from the 2015 enacted level. The increase is to fully deploy the Mineral Tracking System which tracks licenses, leases, permitting, inspections and production.⁴⁶ BLM in cooperation with Office of Natural Resources Revenue (ONRR) is in the process of updating its valuation practices for coal leasing. A draft rule was issued on January 7, 2015.

Other Mineral Resources.

Other Mineral Resources funds two distinct programs: the non-energy solid leasable minerals program for potash, phosphate, sodium, gilsonite, and metallic minerals on acquired lands; and mineral materials such as ordinary clay, sand, gravel, and building stone. BLM in cooperation with ONRR is in the process of updating its valuation practices for these mineral materials as well.

Emphasis on Renewable Energy on Federal Lands.

The budget includes a request of \$29 million and 144 FTEs for the Renewable Energy Management Program that includes solar, wind and geothermal energy.⁴⁷ Last fall, Secretary Jewell announced a competitive leasing program to “encourage solar and wind on public lands.”⁴⁸

The budget also contains a legislative proposal to eliminate royalty payments from geothermal leases to counties.⁴⁹

Increased Mining Claim Fees and Royalties and Other Mining Restrictions.

The FY16 budget request for Mining Law Administration is \$39,696,000 and 319 FTE. The budget assumes the program’s operating cost will be fully offset by revenue from mining claim maintenance and location fees. Between the FY13 and FY14 Assessment year, approximately 48,867 claims were dropped for a loss of more than \$8.5 million in revenue. Claim location and maintenance fees were adjusted per law according to the Consumer Price Index for the assessment year beginning September 1, 2014, from \$34 - \$37 (location) and \$140 - \$155 (maintenance) per claim. The budget includes several legislative proposals that would be detrimental to the domestic mining industry, including increasing the Claim Location and Maintenance Fees, placing new hard rock exploration and mining activities under the Mineral Leasing Act, imposing a 5 percent gross royalty, and instituting an abandoned mined land

⁴⁴ BLM 2016 Budget Justification at VII – 106 (chart).

⁴⁵ BLM 2016 Budget Justification at VII – 97.

⁴⁶ BLM 2016 Budget Justification VII-109 - 113

⁴⁷ BLM 2016 Budget Justification VII-118 - 121

⁴⁸ http://www.blm.gov/wo/st/en/info/newsroom/2014/september/nr_09_25_2014.html

⁴⁹ <http://www.doi.gov/budget/appropriations/2016/highlights/upload/DH061.pdf> (DH-64)

(AML) fee on each ton of dirt moved regardless of mineral value or land ownership status. The AML program would be administered by the Office of Surface Mining (OSM).⁵⁰

Bureau of Ocean Energy Management (BOEM)

| | |
|---------------------------------|----------------------|
| FY15 President’s Request | \$170 million |
| FY15 Enacted | \$170 million |
| FY16 President’s Request | \$171 million |

BOEM is charged with overseeing the planning for development of our nation’s outer continental shelf resources. Its duties include leasing activities, review and approval of exploration and development plans, seismic permitting, environmental studies including NEPA analysis, and resource evaluation. As of February 2015, BOEM oversees 5,961 active leases in the OCS - 5,311 in the Gulf of Mexico, 43 in the Pacific, and 607 in Alaska. This total leased acreage represents less than 2% of our nation’s 1.71 billion OCS acreage.

BOEM has requested \$170.9 million for FY16, an increase of \$1.1 million over FY15’s enacted amount; \$97 million of this request is from offsetting collections from rental receipts and cost recovery fees. This includes:

- \$500,000 (+2 FTEs) for collaborative efforts on ecosystem science to support engagement in the Arctic Council and to increase expertise on climate change resilience and adaptation.
- \$1.1 million (+7 FTEs) for increased OCS activity, citing a 36% increase in deepwater rigs since 2010; however recent rig count reports from Baker Hughes cite a loss of three offshore rigs since February 2014.
- \$2.5 million (+13 FTEs) for development of a Risk Management Program and to acquire subject matter expertise in insurance risk, legal and credit analysis areas.

Lower Forecasts for OCS Exploration.

Despite the agency calling for increases in hiring and funding to prepare for increased OCS activity, its expecting its workload in the Gulf of Mexico, the only area where new drilling may occur, to stay roughly the same.⁵¹ In fact, the bureau’s budget forecasts that the number of Exploration Plans or Development Operation Coordination Documents will dip slightly below 2014 levels (see chart).

| Calendar Year | # EPs | # DOCDs |
|---------------|-------|---------|
| 2008 | 516 | 444 |
| 2009 | 619 | 350 |
| 2010 | 408 | 431 |
| 2011* | 907 | 837 |
| 2012 | 170 | 327 |
| 2013 | 504 | 616 |
| 2014 | 509 | 601 |
| 2015** | 500 | 600 |
| 2016** | 500 | 600 |

Increased Spending for Renewable Energy; No Wind Yet in Federal OCS

BOEM also requests a net increase of \$1.2 million for its renewable energy programs. Since 2009, BOEM has issued seven offshore commercial wind energy leases. While promoting

⁵⁰ BLM 2016 Budget Justification VII-195 - 200

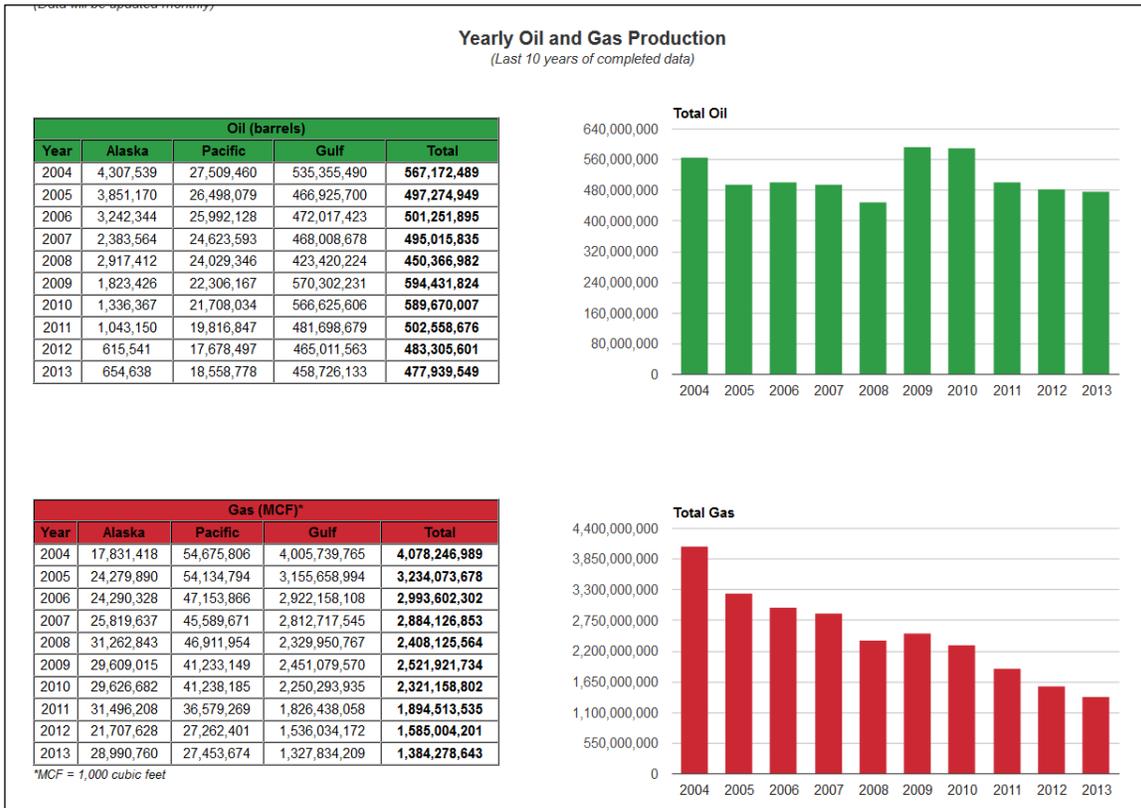
⁵¹ FY2016 Bureau of Ocean Energy Management Budget Justification, page 71.

renewable energy has been a fixed priority of this Administration, six years later taxpayers have yet to see a commercial wind installation in the federal OCS.

FY14 offshore energy leasing activities by BOEM generated revenue to the federal treasury in the form of bonus bids, with oil and gas leasing activities generated \$967,365,328 and wind leasing activities generated \$4,689,461.

Bureau of Safety and Environmental Enforcement (BSEE)

FY15 President’s Request \$204.6 million
 FY15 Enacted \$204.6 million
 FY16 President’s Request **\$204.7 million**



BSEE is charged with enforcing the safety and environmental regulations which govern production of resources from the OCS. Its duties include permitting review and approvals, research, inspections, and oil spill response. In 2014, BSEE approved 65 applications for permits to drill new wells in shallow water and 68 in deepwater in the Gulf of Mexico.⁵² Existing production from the 5,961 active leases in our nation’s OCS accounts for 18% of total U.S. crude oil production and 5% of total U.S. natural gas production.⁵³

The BSEE request reflects a net increase of \$47,000 over FY15 levels. This nominal increase is offset, in part, by rental receipts and \$65 million from inspection fees, which are

⁵² <http://www.bsee.gov/Exploration-and-Production/Permits/Status-of-Gulf-of-Mexico-Well-Permits/>

⁵³ FY16 Bureau of Safety and Environmental Enforcement Budget Justification, page 3.

expected to generate \$122 million in FY16. Funding priorities include: \$1.7 million (+9 FTEs) to establish an Engineering Technology Assessment Center in Houston to both recruit and retain appropriate engineering skills needed to facilitate its safety mission; \$750,000 (+3 FTEs) to establish a Renewable Energy Inspection Program to prepare for potential offshore wind installations in the future, primarily off the Atlantic Coast, and \$15 million for continued oil spill research conducted at the National Oil Spill Response Research and Renewable Energy Test Facility in New Jersey, which is appropriated from the Oil Spill Liability Trust Fund.

Technical Expertise for National Ocean Council and Climate Change Implementation

To respond to the Department’s overall goal of Climate Change Adaptation, BSEE notes that it will continue to support this initiative through the National Ocean Council, Climate Change Taskforce and other related panels to further the Department-wide strategy but fails to include specific figures that account for BSEE expenditures on these efforts.⁵⁴

New Regulations on Future Offshore Drilling, Proposals to Eliminate Gulf Revenue Sharing

BSEE continues to promulgate new rules and regulations related to offshore energy production (such as the Arctic Rule, Well-Containment Rule); however, little in the budget explains how this agency intends to appropriately plan for costs associated with these added regulatory layers for future offshore drilling, and how such regulation could potentially contribute to continuing offshore production declines. Additionally, the overall Department budget includes onerous legislative reforms that would eliminate revenue sharing currently provided to four Gulf states under the Gulf of Mexico Energy Security Act.

Office of Surface Mining, Reclamation, and Enforcement (OSM)

| | |
|---------------------------------|------------------------|
| FY15 President’s Request | \$144.8 million |
| FY15 Enacted | \$150 million |
| FY16 President’s Request | \$160.5 million |

The FY16 budget for OSM is \$160.5 million, \$10.4 million above the 2015 enacted level. OSM estimates staffing will equal 511 FTEs in 2016, an increase of 23 FTE from the 2015 level.⁵⁵ The Surface Mining Control and Reclamation Act of 1977 (SMCRA) is designed as a state primacy program. As such, states and tribes regulate 97 percent of the nation’s coal production and complete 90 percent of the abandoned mine lands abatement work.⁵⁶

Raises Fees, Undermines the Abandoned Mine Land Program.

The President’s budget includes several proposals that would require legislative changes to SMCRA that further undermine the compromise reached in 2006 that allowed for the collection of the Abandoned Mine Land (AML) fees through FY21. The proposed legislative changes, if enacted, would make it extremely difficult to reauthorize the AML fee beyond FY21.⁵⁷ The POWER + Plan proposes to take \$1 billion from the “remaining unappropriated balance” of OSM’s AML Fund to facilitate the revitalization of economically depressed coalfield

⁵⁴ p. 21, BSEE FY 2016 Budget Justification

⁵⁵ <http://www.doi.gov/budget/appropriations/2016/highlights/upload/BH029.pdf> (Pg. BH-29)

⁵⁶ OSM 2016 Budget Justifications (Pg. 1)

⁵⁷ <http://www.doi.gov/budget/appropriations/2016/highlights/upload/BH029.pdf> (Pg. BH-30, 31)

communities.⁵⁸ The unappropriated \$1 billion will most likely come from the reallocated prior balance money that is designated by SMCRA for payout to uncertified states starting in 2022. The Power + Plan upends the AML program laid out in SMCRA which is designed to address those abandoned mine sites that pose an imminent or serious threat to human health and safety.

This proposal would end permanent appropriations payments to certified states providing a savings of \$224 million over the next ten years (this would affect four states and three tribes). Wyoming would be impacted the most by this proposal. Currently Wyoming coal operations contribute more than half of all the AML fees collected (54%). If payments to Wyoming and the other certified states were eliminated, it would be highly unlikely that the AML program would be reauthorized beyond FY21.

The budget also proposes to distribute \$540.8 million in permanent appropriations to the United Mine Workers of America retiree health and pension plans.

Finally, the budget would seek to increase the AML fees by reinstating the fee structure established in 1977. The fee structure was amended in 2006.

United States Geological Survey (USGS)

| | |
|---------------------------------|----------------------|
| FY15 President's Request | \$1.07 billion |
| FY15 Enacted | \$1.08 billion |
| FY16 President's Request | \$1.2 billion |

The 2016 USGS budget is \$1.2 billion, an increase of \$149.8 million above the 2015 enacted level. The USGS estimates staffing will equal 8,136 FTEs in 2016, an increase of 207 FTE from 2015.⁵⁹ Only one program at USGS is currently authorized.

Continued National Ocean Policy Implementation.

The USGS intends to continue supporting implementation of the National Ocean Policy in its FY16 budget, explaining that its ocean and coastal work is intertwined with the milestones of the National Ocean Policy Implementation Plan, and cannot be separated from those goals. The specific amount of funding it is directing towards this goal is not provided.⁶⁰

Increases for Climate/Land Use Change Research Requests.

Climate and Land Use Change requests an increase of \$55.8 + million over 2015 enacted. The increase is in part to upgrade the Landsat facility in South Dakota to accommodate upgrades to the Landsat satellite system.⁶¹

Less Focus on Core Missions.

Less than 20% of the USGS budget is dedicated to the Energy and Minerals and Core Science Systems accounts - which directly speak to the core mission of the USGS. Significant funding is being directed towards ecosystem and climate research.

⁵⁸ <http://www.doi.gov/budget/appropriations/2016/highlights/upload/DH029.pdf> (DH-35)

⁵⁹ <http://www.doi.gov/budget/appropriations/2016/highlights/upload/BH051.pdf>

⁶⁰ Page A-7, U.S. Geological Survey FY 2016 Budget Justification

⁶¹ Id., page A-11.

The budget proposes a new structure for Energy, Minerals and Environmental Health from four subcategories to two:⁶² Mineral and Energy Resources (was separate) requests an increase of \$75,785,000 over 2015 enacted. USGS plans for a more robust program for critical and strategic minerals: Environmental Health (was Contaminant Biology and Toxic Substances Hydrology) requests an increase of \$27,517,000.

In addition, the Natural Hazards program (Earthquake Hazards, Volcano Hazards, Landslide Hazards, Global Seismographic Network, Geomagnetism and Coastal and Marine Geology) requests \$11,167,000 over 2015 enacted, Core Science Systems (includes the National Cooperative Geologic Mapping Program and the National Geospatial Program) requests \$19,739,000 over 2015 enacted. Science Support (administration, management and information services) requests an increase of \$7,217,000 over 2015 enacted. Facilities requests \$13,906,000 over 2015 enacted.

U.S. Bureau of Reclamation (BOR)

| | |
|--|-------------------------------------|
| FY15 President’s Request (net current authority) | \$1.051 billion ⁶³ |
| FY15 Enacted | \$1.073 billion ⁶⁴ |
| FY16 President’s Request | \$1.049 billion⁶⁵ |

The Bureau of Reclamation is the nation's largest wholesale water supplier, operating 337 reservoirs. The waters from these reservoirs provide 1 out of 5 (or 140,000) Western farmers with irrigation water for 10 million farmland acres that produce 60 percent of the nation's vegetables and one quarter of its fresh fruit and nut crops. It also delivers water to 31 million people for municipal, rural, industrial purposes. The agency, created in 1902, is the second largest producer of hydropower in the United States and operates 53 hydroelectric power plants that annually produced, on average, 40 billion kilowatt-hours for the last 10 years. The agency also participates with federal, state and local partners in the management of 289 recreation sites that have 90 million visits annually.⁶⁶

The President’s FY16 net budget request for Reclamation is \$1.049 billion, a decrease from the FY15 enacted and requested levels.⁶⁷ The majority of Reclamation’s funding is contained within the “Water and Related Resources” account. The Administration proposes to restructure this account in the FY16 budget by excluding two subaccounts (Indian Water Rights and San Joaquin Restoration Funds). If these two accounts were kept in the main account, the budget request would add up to \$952.6 million compared to the FY15 enacted level of \$978.1 million.⁶⁸

Still included in this main account are the following sub-accounts:⁶⁹

⁶² Id., page B-8.

⁶³ <http://www.usbr.gov/budget/index.html> ; found at FY 2016 President’s Budget Stakeholders Briefing, p. 10

⁶⁴ Id

⁶⁵ Id

⁶⁶ <http://www.usbr.gov/main/about/fact.html>

⁶⁷ <http://www.usbr.gov/budget/index.html> ; found at FY 2016 President’s Budget Stakeholders Briefing, p. 10

⁶⁸ <http://www.usbr.gov/budget/index.html> ; found at FY 2016 Budget Justifications, p. 29

⁶⁹ Id

- Water and Energy Management and Development (FY16 \$317.3 million)
- Land Management and Development (FY16 \$46 million)
- Fish and Wildlife Management and Development (FY16 \$151.4 million)
- Facility Operations (FY16 \$249.7 million)
- Facility Maintenance and Rehabilitation (FY16 \$188 million)

The Indian Water Rights Settlements Account is proposed for \$112.4 million, an increase from \$90 million in the FY15 enacted level.⁷⁰ The San Joaquin Restoration Fund accounts for \$35 million.⁷¹ Other main accounts under the FY16 proposed budget include:⁷²

- \$59.5 million for Policy and Administration (mainly for staff in Denver and Washington, DC headquarters)
- \$49.5 million for the Central Valley Project Restoration Fund (California)
- \$37 million for CALFED (California)

Reclamation budget request uses some of the above and other amounts to include in justifications for the following “Secretarial Initiatives”:

- Strengthening Tribal Initiatives⁷³
- Enhancing and Preserving America’s Great Outdoors⁷⁴
- Sustainable, Secure Water Supplies and Water Resiliency (including WaterSMART)⁷⁵
- Building a Landscape Level Understanding of Our Resources⁷⁶
- Powering Our Future – Renewable Energy⁷⁷
- Engaging the Next Generation⁷⁸

U.S. Fish and Wildlife Service (FWS)

| | |
|---------------------------------|------------------------------|
| FY15 President’s Request | \$2.82 billion ⁷⁹ |
| FY15 Enacted | \$2.88 billion ⁸⁰ |
| FY16 President’s Request | \$2.97 billion |

FWS is responsible for implementing the Endangered Species Act (ESA) and overseeing the National Wildlife Refuge System, the National Fish Hatchery System, the Federal Duck Stamp program, and distribution of funds to states’ fish and wildlife agencies. FWS manages 562 national wildlife refuges and 73 national fish hatcheries.⁸¹ The President’s FY16 budget request

⁷⁰ <http://www.usbr.gov/budget/index.html> ; found at FY 2016 President’s Budget Stakeholders Briefing, p. 14

⁷¹ Id, p. 24

⁷² Id, p. 11

⁷³ Id, p. 13

⁷⁴ Id, p. 15

⁷⁵ Id, pp. 16-18

⁷⁶ Id, pp.19-20

⁷⁷ Id, p. 21

⁷⁸ Id, p. 22

⁷⁹ [FWS FY 2015 Budget Justification, p. EX-5](#)

⁸⁰ [FWS FY 2016 Budget Justification, p. EX-5](#)

⁸¹ [FWS FY 2016 Budget Justification, p. EX-3](#)

for the FWS is a 3 percent increase (\$84 million) over the FY15 enacted level. The request provides an increase of 288 FTE for a total of 8,977 FTE for FY16.

Increased FWS Land Acquisition.

The request includes \$164.8 million for land acquisition, composed of \$58.5 million in discretionary funding and \$106.3 million in mandatory funding. The funds would be used for 34 proposed land acquisition projects totaling almost 108,000 acres funded from both discretionary and mandatory sources.

Increases for Landscape Conservation Cooperatives

The request includes \$69.7 million for landscape level science and conservation initiatives, including Landscape Conservation Cooperatives, an increase of \$12.2 million above the 2015 enacted level. These funds are for 50 studies focused on climate change.⁸²

Cooperative Endangered Species Conservation Fund

The budget requests \$100 million for the Cooperative Endangered Species Conservation Fund, of which \$50 million is new permanent funding that would be derived from the Land and Water Conservation Fund and require six new FTEs.

Increases for "Ecological Services" ESA Listings

The Service is proposing to restructure the budget according to Listing, Planning and Consultation, and Conservation and Restoration functions. The Habitat Conservation activity will now only contain the Partners for Fish and Wildlife and Coastal Programs sub-activities. Marine Mammals formerly in Fish and Aquatic Conservation is now incorporated into Ecological Services, Conservation and Restoration. The budget requests \$258 million for ecological services, an increase of \$32.3 million compared with the 2015 enacted level.

The budget also includes a \$4 million program to support sagebrush steppe ecosystems and greater sage grouse habitat that requires 20 new FTEs. In a recently released October 2014 memo to the BLM and Forest Service, the Director of the Fish and Wildlife Service advised imposing the most stringent protections on roughly 16.5 million acres in areas of six Western states to protect high value sage grouse habitat.⁸³

Increases for FWS Law Enforcement

The budget includes a request for \$75.4 million for law enforcement, an increase of \$8 million from the FY15 enacted level, and includes \$8 million to combat wildlife trafficking, expand wildlife forensics capability, and investigate and prosecute criminal activity under the Lacey Act and other laws.

Increases for the National Wildlife Refuge System

The budget requests \$508.2 million for the operation and maintenance of the National Wildlife Refuge System, an increase of \$34 million above the FY15 level.

⁸² <http://www.doi.gov/news/pressreleases/interior-department-announces-funding-for-climate-change-studies.cfm>

⁸³ http://www.eenews.net/assets/2015/02/10/document_gw_01.pdf

86% Increase for FWS “Science Support”

Acknowledging concerns raised about the gaps in data and science, the budget requests \$31.7 million for “science support”, an 86 percent increase (\$14.7 million) above the 2015 enacted level.

Increases for National Fish Hatcheries.

After last year’s proposal to cut hatcheries, this year’s requests are for \$53.4 million for operation of the National Fish Hatchery System, an increase of \$558,000 above the FY15 level. FWS also requests a \$1 million increase for “fish passage improvements,” and a \$2 million increase to address the “deferred maintenance” backlog.⁸⁴

Increases for Asian Carp Management.

The budget also requests an increase of \$2.4 million to address the threat of Asian Carp in the Great Lakes and in the Mississippi River and its tributaries, which is roughly 44 percent greater than the FY15 enacted level of \$5.5 million, and requests 10 new FTEs.⁸⁵

National Park Service (NPS)

| | |
|---|-----------------------|
| FY15 President’s Request (discretionary) | \$2.6 billion |
| FY15 Enacted | \$2.6 billion |
| FY16 President’s Request (discretionary) | \$3.05 billion |

The President’s total FY16 discretionary request is \$3.047 billion, an increase of \$433 million from FY15 enacted. The budget requests an additional \$579 million in new mandatory spending. This would provide an increase of 471 FTE for a total of 21,635 FTE, of which 17,844 would be funded from discretionary funds.

\$240 Million Increase for National Parks.

The request includes \$2.5 billion for the operation of national parks, an increase of \$240 million from FY15 enacted. This includes an increase of \$174 million for the “Centennial Initiative,” to support an expected influx of visitors during the 2016 Centennial celebrations and to support a “second century of preserving the parks”.

Centennial Challenge.

The President’s budget requests \$150 million in combined discretionary (\$50 million) and mandatory (\$100 million) funding for the Centennial Challenge. The budget requests an additional \$100 million each year for three years for “centennial projects”.

Historic Preservation Fund

The President’s budget requests \$89.9 million, an increase of \$34 million over FY15 enacted. The request also includes an increase of \$30 million to support competitive grants to document, interpret and preserve sites and stories related to the Civil Rights movement.

⁸⁴ [FWS FY 2016 Budget Justification, p. BG-3](#)

⁸⁵ [FWS FY 2016 Budget Justification, p. FAC-15](#)

Construction

The President's budget includes \$551 million in combined discretionary (\$251 million) and mandatory (\$300 million) funding for construction projects and deferred maintenance, an increase of \$512 million from FY15 enacted. The NPS estimates that at the end of fiscal year 2014, the deferred maintenance backlog stood at \$11.5 billion.

Increased Land Acquisition and State Assistance

The President's budget requests \$117.5 million in discretionary spending for federal land acquisition and state conservation grants, an increase of \$18.5 million from FY15 enacted. The request also includes \$178.7 million in mandatory funding for NPS land acquisition and grants.

Bureau of Indian Affairs (BIA)

| | |
|---------------------------------|----------------------|
| FY15 President's Request | \$2.68 billion |
| FY15 Enacted | \$2.6 billion |
| FY16 President's Request | \$2.9 billion |

The President's FY16 budget request is \$2.9 billion for the Bureau of Indian Affairs (BIA). The BIA provides a variety of services for Indian country including law enforcement, housing, trust and realty services, irrigation, and energy and economic development assistance. BIA estimates staffing will equal 7,595 FTEs in FY16, an increase of 90 employees from FY15.

Increased Tribal Law Enforcement/Public Safety and Justice.

The President requests \$364.4 million, an increase of \$11.5 million over the FY15 enacted level. The increases are primarily for BIA and tribal law enforcement and detention personnel hires.

Trust - Natural Resources.

The Trust – Natural Resources Management program assists tribes in the management, development, and protection of Indian trust land and natural resource assets. The FY16 budget includes \$232.79 million, an increase of \$46.95 million over the FY15 enacted amount, one of the larger increases for the BIA.

Contract Support Costs (CSC).

The President requests \$272 million (an increase of \$26 million) to fully fund contract support costs. Contract Support Costs are administrative costs (or overhead) incurred by a tribe that has contracted with a federal agency (usually the BIA or Indian Health Service) to administer benefits and services for Indians under Public Law 93-638.

The Indian Self-Determination and Education Assistance Act of 1975 (25 U.S.C. 450 et seq.) In addition, the FY16 budget includes a legislative proposal which would reclassify CSC from discretionary to mandatory spending beginning in FY17. The Committee is very concerned with this approach, especially given that this Administration has not consulted Congress and appears to be circumventing the intent of the *Salazar v. Ramah* Supreme Court decision in 2012. Additionally, the Administration has not proposed any offsets for this proposed mandatory spending, or provided other options to resolve CSC besides creating a new entitlement.

Trust—“Climate Resilience”/Natural Resources Management.

The budget provides a total of \$50.4 million, a \$40.4 million increase over 2015, proposed across nine natural resource programs, to support tribal communities in sustainable resource management and for vaguely defined “climate resilience.”

Tribal Forestry.

The BIA proposes \$51.91 million (an increase of \$4.18 million) for tribal forest management. For close to a decade, the BIA has requested program decreases for tribal forest management, even as Congress has appropriated level funding. Tribal management provides significant employment, wildfire prevention, production of timber, and habitat protection. Even with the proposed increase, tribal forest management programs are underfunded as reported in 2013 by the Indian Forest Management Assessment Team, by as much as \$100 million.

Indian Irrigation Projects.

The BIA has proposed \$2.61 million for Indian Irrigation Project Rehabilitation. This is concerning given that the BIA has estimated that the 15 revenue generating irrigation systems, which are close to 100 years old, have a combined deferred maintenance total close to \$600 million.

Office of the Special Trustee

| | |
|---------------------------------|----------------------|
| FY15 President’s Request | \$139 million |
| FY15 Enacted | \$139 million |
| FY16 President’s Request | \$143 million |

The President requests \$142.97 million (an increase of \$3.9 million) for the Office of the Special Trustee for American Indians (OST). This office is the financial manager of funds held in trust by the United States for the benefit of approximately 397,000 individual Indians and more than 250 Indian tribes. These monies, currently totaling a \$4.9 billion, are mostly proceeds from the use and leasing of Indian trust lands managed by the Bureau of Indian Affairs (e.g., timber development and mineral leasing), and from judgment funds and special payments by the United States.

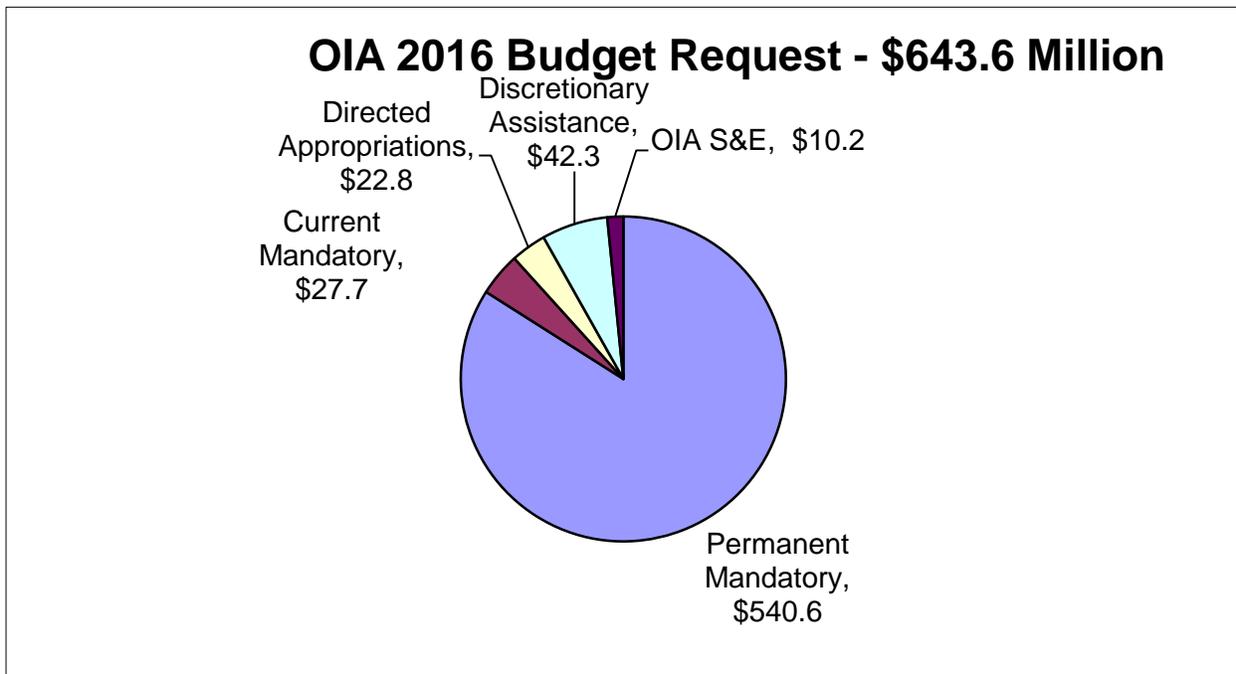
The 1994 statute establishing OST contemplates the eventual sunset of the Office when certain trust fund accounting goals are met. There is no indication the Department plans to terminate OST in the foreseeable future.

Office of Insular Affairs

| | |
|---------------------------------|------------------------|
| FY15 President's Request | \$678 million |
| FY15 Enacted | \$596.8 million |
| FY16 President's Request | \$643.6 million |

The proposed budget for the Office of Insular Affairs (OIA) is \$643.60 million, an increase of \$46.76 million from the FY15 enacted level. The request for discretionary assistance is \$102.97 million, an increase of \$537,000 above the enacted FY15 level. Mandatory commitments include \$282 million for Guam and the U.S. Virgin Islands, and \$258.62 million for payments under the Compacts of Free Association.

The discretionary funds for OIA are composed of assistance to the territories of the United States (American Samoa, Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico and the U.S. Virgin Islands) and discretionary funding for Compacts of Free Association. The request for assistance is \$99.66 million (an increase of \$13.61 million), and would support the following primary items: American Samoa Operations (\$22.75 million); Covenant Grants (\$27.72 million); Office of Insular Affairs (\$10.18 million); General Technical Assistance (\$24.23 million).



The Compact of Free Association⁸⁶ request is \$3.31 million, a decrease of \$13.14 million. The decrease is attributed to moving the extension of the Palau Compact from discretionary to mandatory. In 2010, an updated agreement between the U.S. and Palau was reached and is currently awaiting Congressional action. No bill regarding this agreement has been introduced in the 114th Congress.

⁸⁶ Compacts of Free Association provides grant money to: the Republic of Palau, Republic of the Marshall Islands, and the Federated States of Micronesia. Public Law 108-188 and Public Law 111-88.

The proposed mandatory proposal is \$540.62 million which includes \$258 million for Compact of Free Association payments to:

- Marshall Islands (\$76.53 million, increase of \$2.20 million)
- Federated States of Micronesia (\$110.90 million, increase of \$3.19 million)
- The Republic of Palau (\$40.82 million, increase of \$40.82 million)
- Compact Impact (\$30 million, no change)
- Judicial Training (\$359,000, increase of \$10,000)

The remaining \$282 million in mandatory appropriations are fiscal payments which reimburse the Virgin Islands for federal excise taxes collected on rum sales (\$211 million) and reimbursement to Guam for the income taxes collected from federal employees and military personnel residing in Guam (\$71 million).