

# CRS Report for Congress

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## **Appropriations for FY2004: Interior and Related Agencies**

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The annual consideration of appropriations bills (regular, continuing, and supplemental) by Congress is part of a complex set of budget processes that also encompasses the consideration of budget resolutions, revenue and debt-limit legislation, other spending measures, and reconciliation bills. In addition, the operation of programs and the spending of appropriated funds are subject to constraints established in authorizing statutes. Congressional action on the budget for a fiscal year usually begins following the submission of the President's budget at the beginning of the session. Congressional practices governing the consideration of appropriations and other budgetary measures are rooted in the Constitution, the standing rules of the House and Senate, and statutes, such as the Congressional Budget and Impoundment Control Act of 1974.

This report is a guide to one of the 13 regular appropriations bills that Congress considers each year. It is designed to supplement the information provided by the House and Senate Appropriations Subcommittees on Interior and Related Agencies. It summarizes the status of the bill, its scope, major issues, funding levels, and related congressional activity, and is updated as events warrant. The report lists the key CRS staff relevant to the issues covered and related CRS products.

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# Appropriations for FY2004: Interior and Related Agencies

## Summary

The Interior and related agencies appropriations bill includes funds for the Department of the Interior (DOI), except for the Bureau of Reclamation, and for some agencies or programs within three other departments — Agriculture, Energy, and Health and Human Services. It also funds numerous smaller related agencies.

President Bush's FY2004 budget for Interior and related agencies totaled \$19.89 billion, \$220.5 million (1%) less than enacted for FY2003 (\$20.11 billion). On July 17, 2003, the House passed H.R. 2691 (268-152) containing a total of \$19.60 billion for Interior and related agencies for FY2004. On September 23, 2003, the Senate passed its version of H.R. 2691 with a total of \$20.01 billion. A conference report was filed on October 28, 2003, and agreed to by the House (216-205) on October 30 and approved by the Senate (87-2) on November 3, 2003. The bill was signed into law on November 10, 2003 (P.L. 108-108).

The final FY2004 appropriation provided \$20.01 billion for the Department of Interior and Related agencies, which reflected two across-the-board cuts: a 0.646% cut in the Interior appropriations statute (P.L.108-108), and a 0.59% cut in the Consolidated Appropriations Act of 2004 (P.L. 108-199).

The FY2004 enacted level is slightly less than enacted for FY2003 (less than 1% lower). It is essentially the same as the amount approved by the Senate (less than 1% higher), and higher than the House-passed total (2% higher) and the President's request (less than 1% higher). The appropriate levels of funding for wildland firefighting and land acquisition were among the major issues debated. The FY2004 law contained \$2.76 billion for wildland fire fighting by the Forest Service and the Department of the Interior, approximately 13% less than the total enacted for FY2003. For land acquisition (and state assistance) by the four major federal land management agencies, the law contained \$263.4 million, 36% less than enacted for FY2003.

Many controversial issues arose during consideration of the FY2004 Interior and related agencies appropriations bill, and were addressed by conferees. The FY2004 law (1) continued the automatic renewal of expiring grazing permits and leases for FY2004 — FY2008; (2) extended the Recreational Fee Demonstration Program; (3) modified procedures for seeking judicial review of timber sales in Alaska, primarily in the Tongass National Forest; (4) capped funds for competitive sourcing efforts of agencies and required documentation on the initiative; and (5) led to a stay of a court decision requiring an accounting of Indian trust funds and trust asset transactions since 1887. The law dropped language barring funds from being used (1) to implement changes to regulations of the Bureau of Land Management on Recordable Disclaimers of Interest in Land, (2) for the Klamath Fishery Management Council, and (3) for Outer Continental Shelf leasing activities in the North Aleutian Basin planning area, which includes Bristol Bay, Alaska.

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# Appropriations for FY2004: Interior and Related Agencies

## Most Recent Developments

H.R. 2691, the FY2004 Interior and Related Agencies Appropriations Act, was enacted into law on November 10, 2003 (P.L. 108-108). The conference report had passed the House narrowly (216-205) on October 30, 2003, and was approved by the Senate (87-2) on November 3, 2003.

On January 23, 2004, the President signed H.R. 2673, the Consolidated Appropriations Act of 2004 (P.L. 108-199). This act contains an across-the-board cut of 0.59% for Interior and related agencies, as well as most other FY2004 appropriations laws. The FY2004 enacted numbers in this report reflect this cut.

## Introduction

The annual Interior and related agencies appropriations bill includes funding for agencies and programs in four separate federal departments, as well as numerous smaller agencies and bureaus. The bill includes funding for the Interior Department, except for the Bureau of Reclamation (funded by Energy and Water Development Appropriations laws), and funds for some agencies or programs in three other departments — Agriculture, Energy, and Health and Human Services. Title I of the bill includes agencies within the Department of the Interior which manage land and other natural resource or regulatory programs, the Bureau of Indian Affairs, and insular areas. Title II of the bill includes the Forest Service of the Department of Agriculture; several activities within the Department of Energy, including research and development programs, the Naval Petroleum and Oil Shale Reserves, and the Strategic Petroleum Reserve; and the Indian Health Service in the Department of Health and Human Services. In addition, Title II includes a variety of related agencies, such as the Smithsonian Institution, National Gallery of Art, John F. Kennedy Center for the Performing Arts, the National Endowment for the Arts, the National Endowment for the Humanities, and the Holocaust Memorial Council.

In this report, the term “appropriations” generally represents total funds available, including regular annual and supplemental appropriations, as well as rescissions, transfers, and deferrals, but excludes permanent budget authorities. Increases and decreases generally are calculated on comparisons between the funding levels appropriated for FY2003 and requested by the President or recommended by Congress for FY2004.



## **FY2003 Regular and Supplemental Appropriations**

For FY2003, Congress enacted (P.L.108-7) which appropriated \$18.96 billion for Interior and related agencies, plus \$825.0 million for wildland fire fighting efforts in FY2002, for a total of \$19.79 billion. Congress subsequently enacted P.L. 108-83 containing an additional \$324.0 million in FY2003 emergency funding, consisting of: \$5.0 million for the Fish and Wildlife Service for Resource Management, \$36.0 million for the Bureau of Land Management for wildland firefighting, and \$283.0 million for the Forest Service for wildland firefighting. With the emergency funding, the FY2003 total was \$20.11 billion.

On July 7, 2003, the Administration requested emergency FY2003 supplemental funding that included \$289.0 million for firefighting efforts. The request consisted of \$253.0 million for the Forest Service, and \$36.0 million for the Bureau of Land Management (BLM) for fighting fires on lands of the Department of the Interior (DOI). The President stated that the monies were needed to ensure sufficient funding for the 2003 fire season, as large portions of the West are at risk of catastrophic fire this summer. The money was intended for fire suppression and emergency rehabilitation activities. The President stated that with the supplemental money, funding for wildland fire suppression would be at the 10-year average.

On July 11, 2003, the Senate passed H.R. 2657 containing the requested level (\$289.0 million) of supplemental funding for wildfires. The Senate also adopted an amendment adding another \$25.0 million to remove dead trees in forests devastated by insects, which could exacerbate fire threats. On July 21, 2003, the House Committee on Appropriations ordered reported a draft measure containing \$319.0 million in FY2003 supplemental funds for fire fighting, reflecting a \$30.0 million increase over the President's request. However, the House passed H.R. 2859 on July 25, 2003, without supplemental funds for wildland fire fighting. On July 31 the Senate passed the bill without amendment, clearing it for action by the President. The law (P.L.108-69) did not contain supplemental funds for wildland fire fighting.

Congress subsequently included FY2003 emergency supplemental funding for wildfire fighting in the FY2004 Legislative Branch Appropriations Act. As enacted, P.L. 108-83 contained \$319.0 million for wildland firefighting efforts in FY2003, comprised of \$36.0 million for the Bureau of Land Management and \$283.0 million for the Forest Service, plus \$5.0 million for Resource Management of the Fish and Wildlife Service.

The Senate-passed version of the FY2004 Interior and related agencies appropriations bill, H.R. 2691, contained an additional \$400.0 million in emergency funding for wildfire fighting, comprised of \$75.0 million for the BLM and \$325.0 million for the Forest Service. The President subsequently submitted a \$400.0 million supplemental request for fire funding, consisting of \$99.0 million for BLM and \$301.0 million for the Forest Service. While the House-passed bill did not contain emergency monies, the House conferees were instructed to support the Senate funding level in conference. The FY2004 law contained \$98.4 million in emergency funding for BLM firefighting efforts, and \$299.2 million for the Forest Service, for a total of \$397.6 million in emergency funds. The money was appropriated to replace funds borrowed from other accounts for wildland fire fighting.

## FY2004 Budget and Appropriations

President Bush's FY2004 budget for Interior and related agencies totaled \$19.89 billion. On July 10, 2003, the House Committee on Appropriations reported a bill (H.R. 2691, H.Rept. 108-195) for Interior and related agencies containing a total of \$19.60 billion for FY2004. On the same date, the Senate Committee on Appropriations reported a companion bill (S. 1391, S.Rept. 108-89) containing \$19.61 billion for FY2004.

On July 17, 2003, the House passed H.R. 2691 (268-152) containing a total of \$19.60 billion for Interior and related agencies for FY2004. On September 23, 2003, the Senate passed its version with \$19.61 billion, plus \$400.0 million in emergency funding for wildland fire management to repay transfers from other accounts for fire fighting efforts in FY2003, for a bill total of \$20.01 billion. With the additional fire funds, the Senate total was \$411.2 million more than passed by the House and \$121.3 million more than requested by the Administration. However, the Senate-passed level for FY2004 was \$99.2 million less than the total appropriated for FY2003, including the emergency supplemental in P.L. 108-83.

Following passage of the bill, the Senate appointed conferees on H.R. 2691 on September 23, 2003. The House subsequently appointed its conferees on October 1. Before appointing its conferees, the House agreed to a motion to instruct its conferees to support the additional \$400.0 million in emergency firefighting funds included in the Senate-passed version of the bill. On October 27, 2003, a brief formal conference committee meeting was held. A conference report (H.Rept. 108-330) was filed on October 28, 2003, and narrowly passed the House (216-205) on October 30 and was approved by the Senate (87-2) on November 3. The narrow passage in the House has been attributed to the inclusion in the bill of a provision that led to a stay — a temporary suspension — of a court decision requiring an exhaustive, expensive accounting of Indian trust lands and trust asset transactions since 1887.

The President signed H.R. 2691 into law on November 10, 2003, as P.L. 108-108. From the start of FY2004 on October 1, 2003 until the enactment of the bill, Interior and related agencies were funded under the provisions of a continuing resolution.

The FY2004 Interior and Related Agencies Appropriations Act contained \$20.01 billion for FY2004, which reflected an across-the-board cut in the law of 0.646%. This figure, and figures throughout this report, reflect an additional across-the-board cut of 0.59%, which was included in the Consolidated Appropriations Act of 2004 (P.L. 108-199). This across-the-board cut also applies to most other FY2004 appropriations laws.

The FY2004 enacted level was slightly less than enacted for FY2003 (less than 1% lower). See **Table 21** below for a comparison of FY2003-FY2004 Interior Appropriations. The FY2004 level was essentially the same as the amount approved by the Senate (less than 1% higher), and higher than the House-passed total (2% higher) and the President's request (less than 1% higher). The appropriate levels of funding for wildland firefighting and land acquisition were among the major issues debated. The FY2004 law contained \$2.76 billion for wildland fire fighting by the

Forest Service and the Department of the Interior, approximately 13% less than the total enacted for FY2003. This figure includes an additional \$49.7 million provided for Forest Service wildland firefighting ion P.L.108-199. (For further information, see “Bureau of Land Management” and “Forest Service” sections below.) For land acquisition (and state assistance) by the four major federal land management agencies, the FY2004 law contained \$263.4 million, 36% less than enacted for FY2003. (For further information, see “The Land and Water Conservation Fund (LWCF)” and “Conservation Spending Category” sections below.)

Many controversial issues arose during consideration of the FY2004 Interior and related agencies appropriations bill, and were addressed by conferees. The FY2004 law (1) continued the automatic renewal of expiring grazing permits and leases for FY2004 — FY2008 (see “Bureau of Land Management” section below); (2) extended the Recreational Fee Demonstration Program (see “National Park Service” section below); (3) modified procedures for seeking judicial review of timber sales in Alaska, primarily in the Tongass National Forest (see “Forest Service” section below); (4) capped funds for competitive sourcing efforts of agencies and required documentation on the initiative (see the “Competitive Sourcing of Government Jobs” section below); and (5) led to a stay of a court decision requiring an accounting of Indian trust funds and trust asset transactions since 1887 (see *Litigation* in the “Office of Special Trustee for American Indians” section below ).

The FY2004 law dropped language barring funds from being used (1) to implement changes to BLM regulations on Recordable Disclaimers of Interest in Land, (see “Bureau of Land Management” section below) (2) for the Klamath Fishery Management Council (see “Klamath River Basin” section below), and (3) for Outer Continental Shelf leasing activities in the North Aleutian Basin planning area, which includes Bristol Bay, Alaska (see “Minerals Management Service” section below).

**Table 1** below contains information on congressional consideration of the FY2004 Interior appropriations bill.

**Table 1. Status of Department of the Interior and Related Agencies Appropriations, FY2004**

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
6/18/03	7/9/03	7/10/03 (H.Rept. 108-195)	7/17/03 (268-152)	7/10/03 (S.Rept. 108-89)	9/23/03 (Unan. Consent)	10/28/03	10/30/03 (216-205)	11/03/03 (87-2)	11/10/03 108-108

## Major Funding Trends

During the ten-year period from FY1994 to FY2003, Interior and related agencies appropriations increased by 50% in current dollars, from \$13.39 billion to \$20.11 billion including supplemental funds for FY2003. The change in constant FY2003 dollars is an increase of 21%. Most of the growth occurred during the latter years. For instance, during the five-year period from FY1994 to FY1998, appropriations increased by 3% in current dollars, from \$13.39 billion to \$13.79 billion, but decreased by 7% in constant dollars. By contrast, during the most recent five years, from FY1999 to FY2003, funding increased by 41% in current dollars, from \$14.30 billion to \$20.11 billion, or 27% in constant dollars. See **Table 2** below. The single biggest increase during the decade occurred from FY2000 to FY2001, when the total appropriation rose 27% in current dollars, from \$14.91 billion to \$18.89 billion, or 23% in constant dollars. Much of the increase was provided to land management agencies for land conservation and wildland fire management. See **Table 22** below for a budgetary history of each agency, bureau, and program from FY2000 to FY2003.

**Table 2. Interior and Related Agencies Appropriations, FY1999 to FY2003**

(budget authority in billions of current dollars)

FY1999	FY2000	FY2001	FY2002	FY2003
\$14.3	\$14.9	\$18.9	\$19.2	\$20.11

**Note:** These figures exclude permanent budget authorities, and generally do not reflect scorekeeping adjustments. However, they reflect rescissions.

## Title I: Department of the Interior

### Bureau of Land Management

The Bureau of Land Management (BLM) manages 261.5 million acres of public land for diverse, and, at times, conflicting uses, such as energy and minerals development, livestock grazing, recreation, and preservation. The agency also is responsible for about 700 million acres of federal subsurface mineral resources throughout the nation, and supervises the mineral operations on an estimated 56 million acres of Indian Trust lands. Another key BLM function is wildland fire management on about 370 million acres of DOI, other federal, and certain non-federal land.

The FY2004 appropriations law contained \$1.79 billion for the BLM, less (\$84.7 million, or 5%) than the FY2003 level (\$1.88 billion). The enacted level is roughly the same as that passed by the Senate and requested by the Administration, while significantly higher than the House-passed amount. See **Table 3** below.

**Management of Lands and Resources.** For Management of Lands and Resources, the FY2004 law provided \$839.8 million, a \$19.5 million (2%) increase over FY2003, when \$820.3 million was appropriated. The enacted level was also

an increase over the President's request and the House-passed level but a decrease from the Senate-passed amount. This line item funds an array of BLM land programs, including protection, recreational use, improvement, development, disposal, and general BLM administration.

Some of the increase for FY2004 is targeted for realty and ownership management as well as recreation management. For realty and ownership management, the FY2004 law provided \$93.2 million, a \$4.6 million (5%) increase over FY2003 (\$88.6 million). While the Administration and House had sought to reduce funds for this program (\$80.9 million), the Senate had sought more funds (\$101.9 million) primarily to expedite the processing of native allotment applications and land selections under the Alaska Statehood Act. For managing recreation on BLM lands, the FY2004 law contained \$66.4 million, a \$6.5 million (11%) increase over FY2003 (\$59.8 million). The Administration, House, and Senate had sought increases. The House Appropriations Committee charged the BLM to report on efforts to develop a unified strategy for recreation management, asserted that BLM and the Forest Service should take measures to provide adequate public access for recreation, and directed the agencies to submit a strategy for developing recreational access plans for individual forests and public land units.

The FY2004 appropriation law provided \$80.3 million for transportation and facilities maintenance, which funds annual and deferred maintenance and infrastructure improvement. This was a reduction (\$2.4 million, or 3%) from FY2003 (\$82.8 million). The Administration, House, and Senate had sought to reduce funding.

**Energy and Minerals.** The FY2004 appropriations law provided \$110.0 million for the energy and minerals program, including Alaska minerals, an increase over FY2003 and the President's request. Both the House and Senate had recommended increases over FY2003, with processing of energy permits a focus. The House sought an increase to address the backlog in processing permits for development of coalbed methane. In report language, the Senate Committee on Appropriations expressed concern with the backlog in processing oil and gas permits, and suggested that the BLM Director establish a pilot program in 5 states to eliminate the backlog and create a best practices program for permitting on federal lands. In the joint explanatory statement, the conferees modified the Senate report language to make the pilot program optional, on the grounds that BLM has made progress in addressing the backlog of oil and gas permits.

The FY2004 law continued to bar funds included in the bill from being used for energy leasing activities within the boundaries of national monuments, as they were on January 20, 2001, except where allowed by the presidential proclamations that created the monuments. The law also continued the moratorium on accepting and processing applications for patents for mining and mill site claims on federal lands. However, applications meeting certain requirements that were filed on or before September 30, 1994, would be allowed to proceed, and third party contractors would be authorized to process the mineral examinations on those applications.

**Disclaimers of Interest.** The FY2004 law did not include House-passed language with regard to disclaimers of interest, whereby the United States declares

that it has no property interest in a parcel of land. A House floor amendment had originally sought to prohibit funds in the bill from being used to implement revised DOI regulations on disclaimers, which allow states, state political subdivisions, and others to apply for disclaimers regardless of whether they are the property owners of record. The House instead adopted a revision limiting the application of the amendment to certain lands — national monuments, wilderness and wilderness study areas, park units, and national wildlife refuges. Opponents of the new regulation feared that it will be used to confirm “RS2477” highway rights of way, despite provisions of law barring new rules pertaining to recognition or validity of such rights of way unless authorized by Congress. Supporters welcomed the new regulations as a way to resolve ownership of property, including private property interests, thus allowing the potential for development.

**Grazing and Wild Horses and Burros Issues.** The FY2004 law kept Senate language to continue the automatic renewal of grazing permits and leases that expire, are transferred, or waived during FY2004-FY2008 and that were issued by the Secretary of the Interior or the Secretary of Agriculture. The automatic renewal would continue until the permit renewal process is completed under applicable laws and regulations, including any necessary environmental analyses. The terms and conditions in expiring permits or leases would continue under the new permit or lease until the renewal process is completed. The Secretaries are to report annually on the extent to which they are completing required analyses before permits expire, and biennially on recommendations for ensuring the timely completion of permit renewals. The language also accorded the Secretaries discretion to determine the priority and timing for completing the environmental analysis of grazing allotments. The House bill had a similar provision, but was limited to permits and leases expiring in FY2004.

In its report, the Senate Committee on Appropriations expressed “frustration” with the “escalating problems” in the Wild Horse and Burro Program. The Committee asked BLM to provide the results of a program audit and to prepare a cost analysis of alternatives to adoption for reducing animals on the range.

**Wildland Fire Management.** For Wildland Fire Management for FY2004, the FY2004 appropriations law contained \$783.6 million, a significant reduction (\$91.6 million, or 10%) from the FY2003 enacted level (\$875.2 million). The major difference is with regard to the amount of funds provided to replace money borrowed from other accounts for fire fighting during the previous fiscal year. During FY2003, \$189.0 million was appropriated to the BLM to repay advances from other accounts for fire fighting during the prior year,<sup>1</sup> whereas the FY2004 law contained \$98.4 million for this purpose. The FY2004 law provided a substantial increase over the House-passed amount (\$698.7 million), a slight increase over the Senate-passed level (\$773.7 million), and a slight decrease from the Administration’s request (\$797.7 million). The wildland fire funds appropriated to BLM are used for fire fighting on all Interior Department lands. Interior appropriations laws also provide funds for wildland fire management to the Forest Service (Department of Agriculture) for fire

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<sup>1</sup> P.L.108-83 contained an additional \$36.0 million in FY2003 appropriations to repay advances from other accounts.

programs primarily on its lands. A focus of both departments is the National Fire Plan, developed after the 2000 fire season, which emphasizes reducing hazardous fuels which can contribute to catastrophic fires, among other provisions. (For more information, see the “Forest Service” section below.)

In earlier action, the House Appropriations Committee expressed concern that funding may not achieve the level of readiness needed for public safety, and directed DOI to analyze readiness levels. The Senate Committee on Appropriations cited deteriorating forest health as an underlying cause of wildland fire and encouraged BLM to implement Stewardship Contracting as quickly as possible and to report on its progress. Both the House and Senate had supported the President’s request of \$186.2 million for hazardous fuels reduction, including the wildland-urban interface.

**Payments in Lieu of Taxes Program (PILT).** The PILT program compensates local governments for federal land within their jurisdictions because federally-owned land is not taxed. The PILT program has been controversial because in recent years appropriations have been substantially less than authorized amounts. For FY2004, the Administration proposed to shift the program from the BLM budget to Departmental Management in DOI because PILT payments are made for lands of the Fish and Wildlife Service, National Park Service, and Forest Service, and certain other federal lands, in addition to BLM lands. The FY2004 law reflected the move to Departmental Management, and funded the program at \$224.7 million, an increase over the President’s request (\$200.0 million) and FY2003 (\$218.6 million). This level would fund the program at approximately 65-70% of the level authorized in the complex PILT formula. In proposing a reduction, the Administration expressed an intent to examine the PILT distribution formula to determine if changes would achieve a distribution of payments to local governments that would, in their view, be more equitable.

**Land Acquisition.** For Land Acquisition, the FY2004 law appropriated \$18.4 million, most of which was earmarked for 12 acquisitions. This is a \$14.9 million (45%) reduction from FY2003 (\$33.2 million). The Administration, House, and Senate, had sought to reduce funding for land acquisition, with the House seeking the largest cut. In its report, the House Appropriations Committee had expressed concern about “the unfocused direction” in the land acquisition program of the agencies, and had directed the Secretaries of DOI and Agriculture to develop a plan outlining the acreage goals and conservation objectives of federal land acquisition (H.Rept. 108-195, p. 10). It sought alternatives to fee title land purchases, such as land exchanges and purchase of conservation easements, which often are less expensive approaches. Money for land acquisition is appropriated from the Land and Water Conservation Fund. (For more information, see the “Land and Water Conservation Fund (LWCF)” section below.)

**Table 3. Appropriations for BLM, FY2003-FY2004**  
(\$ in millions)

<b>Bureau of Land Management</b>	<b>FY2003 Approp.</b>	<b>FY2004 Request</b>	<b>FY2004 House Passed</b>	<b>FY2004 Senate Passed</b>	<b>FY2004 Approp.</b>
Management of Lands and Resources	\$820.3	\$828.1	\$834.1	\$847.1	\$839.8
Wildland Fire Management	875.2 <sup>c</sup>	797.7 <sup>d</sup>	698.7	773.7 <sup>e</sup>	783.6 <sup>f</sup>
Central Hazardous Materials Fund	9.9	10.0	10.0	10.0	9.9
Construction	11.9	11.0	11.0	12.5	13.8
Payments in Lieu of Taxes <sup>a</sup>	[218.6]	[200.0]	[225.0]	[230.0]	[224.7]
Land Acquisition	33.2	23.7	14.0	25.6	18.4
Oregon and California Grant Lands	104.9	106.7	106.7	106.7	105.4
Range Improvements	10.0	10.0	10.0	10.0	10.0
Service Charges, Deposits, and Forfeitures <sup>b</sup>	0	0	0	0	0
Miscellaneous Trust Funds	12.4	12.4	12.4	12.4	12.4
<b>Total Appropriations<sup>a</sup></b>	<b>1,878<sup>c</sup></b>	<b>1,800<sup>d</sup></b>	<b>1,697</b>	<b>1,798<sup>e</sup></b>	<b>1,793<sup>f</sup></b>

**Notes:** <sup>a</sup> Funds for the PILT program are not reflected in column totals because the program has been transferred out of BLM to DOI Departmental Management.

<sup>b</sup> The figures of "0" are a result of an appropriation matched by offsetting fees.

<sup>c</sup> Includes \$189.0 million to replace monies borrowed from other accounts in FY2002 for fire fighting and a \$36.0 million supplemental appropriation.

<sup>d</sup> Includes \$99.0 million in supplemental emergency funds to replace monies borrowed from other accounts in FY2003 for fire fighting.

<sup>e</sup> Includes \$75.0 million to replace monies borrowed from other accounts in FY2003 for fire fighting.

<sup>f</sup> Includes \$98.4 million to replace monies borrowed from other accounts in FY2003 for fire fighting.

For further information on the *Department of the Interior*, see its website at [<http://www.doi.gov>].

For further information on the *Bureau of Land Management*, see its website at [<http://www.blm.gov/nhp/index.htm>].

CRS Report RS21402. *Federal Lands, "Disclaimers of Interest," and RS2477*, by (name redacted).

CRS Report RS21634. *Grazing Regulations and Policies: Consideration of Changes by the Bureau of Land Management*, by (name redacted).

CRS Issue Brief IB89130. *Mining on Federal Lands*, by (name redacted).

CRS Report RS20902. *National Monument Issues*, by (name redacted).



CRS Report RL31392. *PILT (Payments in Lieu of Taxes): Somewhat Simplified*, by (name redacted).

CRS Issue Brief IB10076. *Public (BLM) Lands and National Forests*, by (name redacted) and (name redacted), coordinators.

## Fish and Wildlife Service

For FY2004, the Administration requested \$1.29 billion for the Fish and Wildlife Service (FWS), a 3% increase over FY2003. The House approved \$1.30 billion, and the Senate, \$1.34 billion. The conference approved \$1.31 billion, a 5% increase, and this funding level was enacted into law for FY2004.

By far the largest portion of the FWS annual appropriation is for the Resources Management account. The President's FY2004 request was \$941.5 million. The FY2003 appropriation was \$911.5 million plus a \$5.0 million emergency supplemental appropriation. The House approved \$959.9 million, while the Senate's figure was \$942.2 million. Counting subsequent rescissions, the FY2004 level was \$956.5 million, a 4% increase. Included in Resources Management are the Endangered Species Program, the Refuge System, and Law Enforcement, among other things.

**Endangered Species Funding.** Funding for the Endangered Species program is one of the perennially controversial portions of the FWS budget. For FY2004, the Administration proposed to reduce the program from \$131.8 million to \$128.7 million. See **Table 4** below. The House approved \$134.5 million, and the Senate approved \$135.2 million. The final appropriations was \$137.0 million, a 4% increase, and this level was enacted into law.

A number of related programs also benefit conservation of species that are listed, or proposed for listing, under the Endangered Species Act. The Cooperative Endangered Species Conservation Fund (for grants to states and territories) would increase from \$80.5 million to \$86.6 million under the President's request. Congress enacted \$81.6 million, a 1% increase. The Landowner Incentive Program would increase from a *minus* \$260,000 (due to a net decrease resulting from a \$40.0 million rescission of FY2002 funds in the FY2003 law) to \$40.0 million under the President's proposal. The House and Senate initially approved \$40.0 million, but the FY2004 enacted level was \$29.6 million. Stewardship Grants would increase from a *minus* \$65,000 (due to a rescission of \$10.0 million in FY2002 funds in the FY2003 law) to \$10.0 million under the President's proposal, which was likewise approved by the House and Senate.<sup>2</sup> The FY2004 enacted level was \$7.4 million.

Under the President's request, overall FY2004 funding for the endangered species program and related programs would increase from FY2003 by \$53.4 million

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<sup>2</sup> The rescissions resulted from criticism of the amount of time it took to issue regulations for these two new programs. The extent to which this interval was substantially longer than that for other new programs is unclear, however. There was also a concern that the two programs may overlap existing programs.

(25%), largely due to increases in related programs rather than in the endangered species program itself. However, this increase primarily reflects the FY2003 rescission of prior year funding. The conference approved \$255.6 million, an overall increase of 21% — less than either body approved separately and less than the President’s request for this package of programs. This level was enacted into law.

**Table 4. Funding for Endangered Species Programs,  
FY2003-FY2004**  
(\$ in thousands)

	<b>FY2003 Approp.</b>	<b>FY2004 Request</b>	<b>FY2004 House Passed</b>	<b>FY2004 Senate Passed</b>	<b>Final FY2004 Approp.</b>
<b>Endangered Species Program</b>					
Candidate Conservation	\$9,867	\$8,670	\$9,920	\$10,130	\$9,808
Listing	9,018	12,286	12,286	12,286	12,135
Consultation	47,459	45,734	47,734	46,034	47,146
Recovery	65,412	62,029	64,529	66,739	67,907
<i>Subtotal</i>	<i>131,756</i>	<i>128,719</i>	<i>134,469</i>	<i>135,189</i>	<i>136,996</i>
<b>Related Programs</b>					
Cooperative Endangered Species Conservation Fund	80,473	86,614	86,614	86,614	81,596
Landowner Incentive Program	-260	40,000	40,000	40,000	29,630
Stewardship Grants	-65	10,000	10,000	10,000	7,408
<b>Total</b>	<b>211,904</b>	<b>265,333</b>	<b>271,083</b>	<b>271,803</b>	<b>255,630</b>

**National Wildlife Refuge System and Law Enforcement.** On March 14, 2003, the nation observed the centennial of the creation by President Theodore Roosevelt of the first National Wildlife Refuge on Pelican Island in Florida. Accordingly, Congress appropriated funding in FY2003 for various renovations, improvements, and activities to celebrate the event; it included all of this funding under operations and maintenance for the National Wildlife Refuge System (NWRS). For operations and maintenance, the President proposed a decrease of 9% for FY2004 while the House approved an increase of 8%, and the Senate supported a 5% increase. The final FY2004 level was \$391.5 million, a 7% increase. For infrastructure improvements in the system, the Administration requested \$53.4 million but the House, the Senate, and the conference rejected the proposal.

Spending for the NWRS is under the “Refuges and Wildlife” budget activity, which includes programs which are not directly tied to the NWRS: recovery of the Salton Sea (in California), management of migratory birds throughout the country and in cooperation with other nations, and law enforcement operations around the country. These programs are not included here, but are contained in tables in Appropriations Committee reports. See **Table 5** below.

**Table 5. Funding for National Wildlife Refuge System,  
FY2003-FY2004**  
(\$ in millions)

Refuge Program	FY2003 Approp.	FY2004 Request	FY2004 House Passed	FY2004 Senate Passed	FY2004 Approp.
Operations and Maintenance	\$367.4	\$334.7	\$397.3	\$387.0	\$391.5
Cooperative Conservation Initiative	0.0	11.9	0.0	0.0	0.0
Infrastructure Improvement	0.0	53.4	0.0	0.0	0.0
Youth Conservation Corps (YCC)	0.0	2.0	0.0	[2.0]	[2.0]
<b>Total</b>	<b>367.4</b>	<b>402.0</b>	<b>397.3</b>	<b>387.0</b>	<b>391.5</b>

**Note:** Funds for the YCC contained in brackets are included in the total for operations and maintenance.

The President proposed \$52.7 million for Law Enforcement — up \$1.1 million from FY2003 (\$51.6 million). The House approved a larger increase, to \$54.4 million. The Senate-passed bill contained \$53.4 million, and the final FY2004 level was \$53.7 million.

**Land Acquisition.** For FY2004, the Administration proposed \$40.7 million, a 44% decrease from the FY2003 level of \$72.9 million. The FY2004 level was \$43.1 million, a 41% cut. The bulk of this program has been for acquisition of federal refuge land, but a portion is used for closely related functions such as acquisition management, land exchanges, and emergency acquisitions. In FY2003, 24% of Land Acquisition funding was allocated to these related functions; the FY2004 request would have allocated 39% to them. These related functions constituted 31% of the enacted appropriation; the remainder was for direct land acquisition. (For more information, see the “Land and Water Conservation Fund (LWCF)” section below.)

**Wildlife Refuge Fund.** The National Wildlife Refuge Fund (also called the Refuge Revenue Sharing Fund) compensates counties for the presence of the non-taxable federal lands of the NWRS. A portion of the fund is supported by the permanent appropriation of receipts from various activities carried out on the NWRS. However, these receipts are not sufficient for full funding of authorized amounts. Congress generally makes up some of the difference in annual appropriations. The Administration requested \$14.4 million for FY2004, up slightly from FY2003, and the FY2004 enacted level was \$14.2 million. When combined with the estimated receipts, this appropriation level would cover 49% of the authorized full payment.

**Multinational Species Conservation Fund (MSCF).** The MSCF has generated considerable constituent interest despite the small size of the program. It

benefits Asian and African elephants, tigers, the six species of rhinoceroses, and great apes. The President's budget again proposes to move funding for the Neotropical Migratory Bird Conservation Fund (NMBCF) into the MSCF. For FY2004, the President proposed \$7.0 million for the MSCF (including the proposed addition of the NMBCF within this program). Congress rejected the proposed transfer in FY2002, FY2003, and FY2004. The FY2004 enacted level for the MSCF represents a 16% increase over the previous year. See **Table 6** below.

**Table 6. Funding for Multinational Species Conservation Fund and Migratory Bird Fund, FY2003-FY2004**

(\$ in thousands)

Multinational Species Conservation Fund	FY2003 Approp.	FY2004 Request	FY2004 House Passed	FY2004 Senate Passed	FY2004 Approp.
African elephant	\$1,192	\$1,000	\$1,200	\$1,500	\$1,383
Tiger and Rhinos	1,192	1,000	1,400	1,500	1,383
Asian elephant	1,192	1,000	1,200	1,500	1,383
Great Apes	1,192	1,000	1,200	1,500	1,383
Neotropical Migratory Birds <sup>a</sup>	[2,981]	[3,000]	[5000]	[3000]	[3,951]
<b>Total</b>	<b>4,768</b>	<b>4,000</b>	<b>5,000</b>	<b>6,000</b>	<b>5,532</b>

**Note:** <sup>a</sup> This program was first authorized in FY2002, and is not part of the MSCF, although the transfer was proposed in the President's budgets for FY2002, FY2003, and FY2004. Because Congress has rejected the transfer three times, the program is not included in the column totals.

**State and Tribal Wildlife Grants.** The State and Tribal Wildlife Grants program helps fund efforts to conserve species (including non-game species) of concern to states and tribes. The program was created in the FY2001 Interior appropriations law (P.L. 106-291) and further detailed in subsequent Interior appropriations bills. It lacks any other authorizing statute. Funds may be used to develop conservation plans as well as support specific practical conservation projects. As of FY2002, a portion of the funding is set aside for competitive grants to tribal governments or tribal wildlife agencies. The remaining state portion is for matching grants to states. A state's allocation is determined on a formula basis. The President proposed a 7% decrease, but the enacted level was \$69.1 million, a 7% increase. See **Table 7** below.

**Table 7. Appropriations for State and Tribal Wildlife Grants, FY2003-FY2004**  
(\$ in millions)

State and Tribal Wildlife Grants	FY2003 Approp.	FY2004 Request	FY2004 House Passed	FY2004 Senate Passed	FY2004 Approp.
Tribal Grants	\$5.0	\$5.0	\$6.0	\$5.0	\$5.9
State Grants	57.8	53.2	66.7	70.0	63.2
Administration	1.8	1.8	2.3	NA	NA
<b>Total</b>	<b>64.6</b>	<b>60.0</b>	<b>75.0</b>	<b>75.0</b>	<b>69.1</b>

**Notes:** The House proposed that FWS be limited to 3% of the total appropriation for use in administrative expenses. That figure is indicated here.

NA indicates that there was no specific amount allocated to Administration of this program in the Senate bill, or in the conference agreement. However, the conference agreement required that the administrative costs be deducted from the state, rather than the tribal allocation.

For further information on the *Fish and Wildlife Service*, see its website at [<http://www.fws.gov/>].

CRS Issue Brief IB10072. *Endangered Species: Difficult Choices*, by (name redacted) and (name redacted).

CRS Report RS21157. *Multinational Species Conservation Fund*, by (name redacted) and (name redacted).

## National Park Service

The National Park Service (NPS) is responsible for the National Park System, currently comprising 388 separate and diverse units with more than 84 million acres. The NPS protects, interprets, and administers the park system's diversity of natural and historic areas representing the cultural identity of the American people. The park system uses some 20 types of designations, including national park, to classify sites, and visits to these areas total close to 280 million annually. The NPS also supports land conservation outside the park system.

The FY2004 enacted level is \$2.26 billion for the NPS. This is \$19.2 million above the FY2003 enacted level (\$2.24 billion), but \$103.3 million below the President's request (\$2.36 billion). The Senate-passed bill contained \$2.32 billion and the House-passed bill provided \$2.24 billion. See **Table 8** below.

Some amendments affecting the NPS were rejected on the floor. The House narrowly defeated (on a tie vote) an amendment that sought generally to prohibit use of funding to manage recreational snowmobile use in Yellowstone and Grand Teton National Parks, and the John D. Rockefeller, Jr., Memorial Parkway which links them. The amendment would have resulted in the phase-out of snowmobile use in

these park units, as provided for in a controversial Clinton Administration rule. (For more information, see CRS Issue Brief IB10093, *National Park Management and Recreation*, coordinated by (named redacted).) The House also rejected an amendment to ban the use of funds to kill bison straying from Yellowstone National Park.

The FY2004 appropriations law contained language not directly tied to specific funding accounts. It modified House language on the Administration's competitive sourcing initiative by capping study expenditures by agencies, and established rigorous reporting requirements. (For more information, see the "Competitive Sourcing of Government Jobs" section below.) The law retained Senate language to limit displays of commercial sponsorship on the National Mall. It also replaced a House provision calling for a study of a controversial land exchange proposal involving Great Smoky Mountains National Park and the Eastern Band of Cherokee Indians with the text of H.R. 1409, that accomplishes the exchange despite NPS concerns of unequal values. Further, the law retained the Senate recommendation designating Congaree Swamp National Monument (SC) as Congaree National Park.

**Operation of the National Park System.** The park operations line item accounts for roughly two-thirds of the total NPS budget. It covers resource protection, visitors' services, facility operations, facility maintenance, and park support programs. For FY2004, the law provided \$1.61 billion for NPS operations. This was \$22.3 million below the Administration's request, and \$45.3 million more than the FY2003 level. The report of the House Committee on Appropriations contained strong language regarding the "erosion" of NPS operating funds by the absorption of unbudgeted costs associated with management initiatives, including competitive sourcing, financial management reform, and other activities. The Committee urged the Administration to submit more realistic FY2005 budget justifications that factor in the true costs of fixed cost increases and management initiatives. Further, park advocacy groups estimate that the national parks operate, on average, with two-thirds of needed funding.

**Table 8. Appropriations for NPS, FY2003-FY2004**  
(\$ in millions)

<b>National Park Service</b>	<b>FY2003 Approp.</b>	<b>FY2004 Request</b>	<b>FY2004 House Passed</b>	<b>FY2004 Senate Passed</b>	<b>FY2004 Approp.</b>
Operation of the National Park System	\$1,564.3	\$1,631.9	\$1,630.9	\$1,636.3	\$1,609.6
U.S. Park Police	77.9	78.9	78.9	78.3	77.9
National Recreation and Preservation	61.3	47.9	54.9	60.2	61.8
Urban Park and Recreation Fund	0.3	0.3	0.3	0.3	0.3
Historic Preservation Fund	68.6	67.0	71.0	75.8	73.6
Construction	325.7	327.3	303.2	342.1	329.9
Land and Water Conservation Fund <sup>a</sup>	-30.0	-30.0	-30.0	-30.0	-30.0
<i>Land Acquisition and State Assistance</i>					

<b>National Park Service</b>	<b>FY2003 Approp.</b>	<b>FY2004 Request</b>	<b>FY2004 House Passed</b>	<b>FY2004 Senate Passed</b>	<b>FY2004 Approp.</b>
Assistance to States	97.4	160.0	97.5	104.0	93.8
NPS Acquisition	74.0	78.6	33.7	54.5	41.8
<i>Total</i>	171.3	238.6	131.2	158.5	135.6
<b>Total Appropriations</b>	<b>2,239.4</b>	<b>2,361.9</b>	<b>2,240.3</b>	<b>2,321.5</b>	<b>2,258.6</b>

**Note:** <sup>a</sup> Figures reflect a rescission of contract authority.

**Construction and Maintenance.** The construction line item funds the construction, rehabilitation, and replacement of park facilities. The FY2004 law provided \$329.9 million for NPS Construction, \$2.6 million more than the Administration's request (\$327.3 million) and \$4.2 million more than the FY2003 appropriation (\$325.7 million). The Senate-passed bill approved \$342.1 million and the House had allowed \$303.2 million. The FY2004 law provided \$559.2 million for FY2004 for facility operation and maintenance (an activity funded within the Operation of the National Park System line item), \$10.5 million less than the Administration requested (\$569.7 million) and \$39.2 million more the FY2003 appropriation (\$520.0 million). The House had approved \$569.2 million and the Senate had provided \$567.3 million.

Combined, the Administration requested \$897.0 million for construction and facility operation and maintenance, an increase of \$51.3 million from FY2003 (\$845.7 million). Of this total, the Administration stated that \$705.8 million is applicable to construction and annual and deferred maintenance projects in FY2004, implying that \$191.2 million is for facility operations. The House approved a similarly-combined total of \$872.4 million, while the Senate approved \$909.4 million. The FY2004 law included a combined total of \$889.1 million, or \$43.4 million above the FY2003 amount.<sup>3</sup> How to reduce the maintenance backlog for the NPS, estimated at \$5.4 billion according to DOI, has been controversial and a stated priority of the Administration and some Members of Congress. (For information on the maintenance backlog, see CRS Issue Brief IB10093, *National Park Management and Recreation*, coordinated by (name redacted).)

**United States Park Police (USPP).** This line item supports the programs of the U.S. Park Police who operate primarily in urban park areas. The USPP also provides investigative, forensic, and other services to support law-enforcement trained rangers working in park units system-wide. For FY2004, the law provided \$77.9 million for the USPP, the same as for FY2003. The conference agreement was critical of USPP's failure to implement recommendations made in a 2001 report by the National Academy of Public Administration to address problems of budget accountability, management issues, and overtime. Administration priorities for FY2004 focus on border park security problems.

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<sup>3</sup> None of the sources separate facility operation from facility maintenance.

**National Recreation and Preservation.** This line item funds park recreation and resource protection programs, as well as programs connected with local community efforts to preserve natural and cultural resources. The FY2004 request of \$47.9 million was significantly less than FY2003 funding (\$61.3 million). The House-passed bill allowed \$54.9 million, including \$13.9 million for heritage partnerships and \$6.5 million for statutory and contractual aid. The Senate-passed bill provided \$60.2 million, with \$13.6 million for heritage partnerships and \$9.9 million for statutory and contractual aid. The FY2004 law contained \$61.8 million, with \$14.3 million for heritage areas and \$12.8 million for statutory and contractual aid.

The FY2004 law established the Blue Ridge National Heritage Area (NC) and funded the area with \$0.5 million. It also directed the NPS to conduct a heritage area study for Muscle Shoals, AL, using available funds. Study legislation was approved by the 107<sup>th</sup> Congress (P.L. 107-348), but no funds had been appropriated.

**Urban Park and Recreation Recovery (UPARR).** This matching grant program, long popular with Congress, was designed to help low-income inner city neighborhoods rehabilitate existing recreational facilities. Funding for new program grants was problematic until the Conservation Spending Category (CSC) was created in the FY2001 Interior Appropriations Act, with \$30.0 million for UPARR. The President did not request funds for UPARR in FY2002, but Congress funded the program at \$30.0 million. No funding was requested for FY2003. Although the House approved \$30.0 million and the Senate supported \$10.0 million, the conferees ultimately provided only \$298,000 for program administrative costs in FY2003. For FY2004, the Administration, House, and Senate agreed on \$305,000 to administer previously awarded grants, but not to provide money for a new round of grants. The FY2004 law provided \$301,000 for program administration.

**Land Acquisition and State Assistance.** The FY2004 law provided a total of \$135.6 million, with \$41.8 million for federal land acquisition and \$93.8 million for state assistance. The total was \$103.0 million less than the Administration's request (\$238.6 million) and \$35.7 million less than the FY2003 enacted level (\$171.3 million). The House-passed bill contained \$131.2 million, and the Senate \$158.5 million. The federal program provides funds to acquire lands, or interests in lands, for inclusion within the National Park System, while the state assistance program is for park land acquisition and recreation planning and development by the states. State-side appropriated funds are allocated to states through a formula, with the states determining their internal spending priorities.

**Recreational Fee Demonstration Program (Fee Demo).** Under this trial program, the four major federal land management agencies are authorized to retain and spend receipts from entrance and user fees. The receipts are available without further appropriation for projects at the collecting sites that reduce the backlog of deferred maintenance and enhance visitor experience. A portion of fee receipts is distributed to other agency sites. The NPS estimates Fee Demo receipts of \$141.9 million for FY2004.

The FY2004 law extended Fee Demo for 15 months — through December 2005 for fee collection, and 1 year — through FY2008, for fee expenditures. While the



Senate-passed bill did not have a Fee Demo provision, the House-passed bill would have extended Fee Demo for two years. The extension is to give the authorizing committees more time to consider the controversial issue of a permanent program. A House amendment to limit the extension of the fee demo program to national park units was defeated. (For more information, see CRS Issue Brief IB10093, *National Park Management and Recreation*, coordinated by (name redacted).)

For further information on the *National Park Service*, see its website at [<http://www.nps.gov/>].

CRS Issue Brief IB10093. *National Park Management and Recreation*, by (name redacted), coordinator.

**Historic Preservation.** The Historic Preservation Fund (HPF), administered by the NPS, provides grants-in-aid to states (primarily through State Historic Preservation Offices), certified local governments, and territories and the Federated States of Micronesia for activities specified in the National Historic Preservation Act. These activities include protection of cultural resources and restoration of historic districts, sites, buildings, and objects significant in American history and culture. Preservation grants are normally funded on a 60% federal- 40% state matching share basis. In addition, the Historic Preservation Fund provides funding for cultural heritage projects for Indian tribes, Alaska Natives, and Native Hawaiians.

The FY2004 appropriations law provided \$73.6 million for the Historic Preservation Fund, \$6.6 million above the budget request, \$2.6 million above the House-passed bill, and \$2.2 million below the Senate-passed measure. The FY2004 appropriation included \$0.5 million for the National Trust for Historic Preservation; \$34.6 million for grants-in-aid to states and territories; \$3.0 million for Indian tribes; \$32.6 million for Save America's Treasures, former President Clinton's Millennium initiative; and \$3.0 million for the restoration of buildings on campuses of Historically Black Colleges and Universities (HBCUs). See **Table 9** below.

A major issue is whether historic preservation programs should be funded by private money rather than the federal government. Congress eliminated permanent and annual federal funding for the National Trust for Historic Preservation, but has provided specific appropriations for Millennium projects under Save America's Treasures. Save America's Treasures grants are given to preserve nationally significant intellectual and cultural artifacts and historic structures including monuments, historic sites, artifacts, collections, artwork, documents, manuscripts, photographs, maps, journals, film and sound recordings. Due to concerns that the Save America's Treasures program did not reflect geographic diversity, appropriations law now requires that project recommendations be subject to approval by the Appropriations Committees prior to distribution of funds. The FY2004 law provided \$32.6 million for Save America's Treasures, \$2.8 million more than enacted for FY2003.

In the past, the Historic Preservation Fund account has included the preservation and restoration of historic buildings and structures on Historically Black Colleges and Universities (HBCU) campuses. Funds in Section 507 of P.L. 104-333 (The Omnibus Parks and Public Lands Management Act of 1996) were earmarked for

preservation projects for HBCU buildings, particularly those listed in the National Register of Historic Places that required immediate repairs. An appropriation in FY2001 of \$7.2 million represented the unused authorization remaining from P.L. 104-333. There was no funding for HBCU's under HPF for FY2002 or FY2003. For FY2004, both the House-passed bill and the Senate-passed bill restored funding, with competitive grants administered by the National Park Service. The FY2004 law provided \$3.0 million for the HBCU program for FY2004.

There is no longer permanent federal funding for the National Trust for Historic Preservation, previously funded as part of the Historic Preservation Fund Account. The National Trust was chartered by Congress in 1949 to "protect and preserve" historic American sites significant to our cultural heritage. It is technically a private non-profit corporation, but it received federal funding until FY1998. Since that time, the National Trust generally has not received direct federal funding in keeping with Congress' plan to make it self-supporting. However, the FY2004 appropriations law provided \$0.5 million for the National Trust's endowment fund for the care and maintenance of the most endangered historic places.

**Table 9. Appropriations for the Historic Preservation Fund, FY2003-FY2004**  
(\$ in thousands)

<b>Historic Preservation</b>	<b>FY2003 Approp.</b>	<b>FY2004 Request<sup>b</sup></b>	<b>FY2004 House Passed</b>	<b>FY2004 Senate Passed</b>	<b>FY2004 Approp.</b>
Grants in aid to State Historic Preservation Offices <sup>a</sup>	\$33,779	\$34,000	\$34,000	\$37,000	\$34,569
Tribal grants	2,981	3,000	3,000	3,250	2,963
Save America's Treasures	29,805	30,000	30,000	32,000	32,594
HBCU's	—	—	4,000	3,000	2,963
National Historic Trust Endowment grant/Historic Sites Fund	1,987	—	—	500	494
<b>HPF (total)</b>	<b>68,552</b>	<b>67,000<sup>b</sup></b>	<b>71,000</b>	<b>75,750</b>	<b>73,583</b>

**Notes:** <sup>a</sup> The term "grants in aid to States and Territories" is used in conjunction with the budget and refers to the same program as Grants in aid to State Historic Preservation Offices.

<sup>b</sup> Funding for the Historic Preservation Fund in the 2004 budget has its major components listed under the "conservation spending category."

For further information on *Historic Preservation*, see its website at [<http://www2.cr.nps.gov/>].

CRS Report 96-123. *Historic Preservation: Background and Funding*, by (name redacted).

## U.S. Geological Survey

The U.S. Geological Survey (USGS) is the nation's primary science agency in providing earth and biological science information related to natural hazards; certain aspects of the environment; and energy, mineral, water, and biological sciences. In addition, it is the federal government's principal civilian mapping agency and a primary source of data on the quality of the nation's water resources.

The traditional presentation of the budget for the USGS is in the line item *Surveys, Investigations, and Research*, with six activities falling under that heading: The National Mapping Program; Geologic Hazards, Resources, and Processes; Water Resources Investigations; Biological Research; Science Support; and Facilities. The FY2004 Interior appropriations law provided \$938.0 million for the USGS, which is \$42.5 million above the Administration's request of \$895.5 million and \$18.7 million above the FY2003 appropriation of \$919.3 million. The Senate-passed version of the bill contained \$928.9 million and the House-passed version approved \$935.7 million. See **Table 10** below.

The FY2004 law provided increases in funding over the Administration's request for five of the six activities conducted by the USGS, but funded Science Support at \$0.7 million less than the request of \$91.5 million. Compared to the FY2003 enacted level, all programs except for the National Mapping Program show an increase in appropriations.

**National Mapping Program.** The National Mapping Program aims to provide access to high quality geospatial data and information to the public. The FY2004 law provided \$129.8 million for this program, an increase of \$9.3 million over the Administration's request of \$120.5 million and a decrease of \$3.4 million from the FY2003 enacted level of \$133.2 million. Sub-programs within the National Mapping Program were funded at levels lower than FY2003 enacted levels. The FY2004 law contained \$80.8 million for the Cooperative Topographic Mapping Program, \$33.7 million for the Land Remote Sensing Program, and \$15.2 million for geographic analysis and monitoring.

The conference report discussed the significance of the Landsat 7 Satellite Program and made recommendations for improving the program. Landsat 7 is a satellite that takes remotely sensed images of the Earth's land surface and surrounding coastal areas primarily for environmental monitoring. Conference managers stated that the USGS should secure data purchase agreements with other federal agencies and others in the user community to establish a stable funding source. Managers also recommended that the USGS consult with users of medium resolution data to determine if degraded data can be used. Degraded data is acknowledged by the managers as a problem of the Landsat 7 Program.

Conference managers stated their support for improving the management of collected data at the EROS Data Center, specifically the initiatives to convert archived remote sensing data to a modern disk-based storage system, and implementing remote mirroring technology. Remote mirroring technology utilizes mirror sites, which are exact copies of an existing site that are made to reduce the

load on the source site and speed up access for users in locations geographically far away from the server.

**Geologic Hazards, Resources, and Processes.** This heading covers programs in three budget sub-activities: Hazard Assessments, Landscape and Coastal Assessments, and Resource Assessments. For Geologic Hazards, Resources, and Processes activities, the FY2004 appropriations law contained \$234.2 million for FY2004 — an increase of \$12.6 million above the Administration's request of \$221.6 million and \$1.0 million above the FY2003 enacted level of \$233.2 million.

The FY2004 law provided funding for assessment programs that is similar to FY2003 enacted levels. For geologic hazards and assessments, \$75.3 million was included; for geologic landscape and coastal assessments, \$78.4 million; and for geologic resource assessments, \$80.5 million.

The FY2004 law included \$16.0 million for conducting inquiries into how economic conditions are affecting mining and materials processing industries. In the conference report, there are increases of \$1.7 million over House-recommended levels for volcanic monitoring, as well as increases of \$0.3 million for the National Cooperative Geological Mapping program and \$1.5 million for the Minerals at Risk program in Alaska. The Administration requested a decrease of \$13.4 million for aggregate and industrial mineral studies, minerals research and assessment activities, and the Alaska Minerals-At-Risk program. Both the House- and Senate-passed bills provided support for the USGS mineral resources program, and in their respective reports noted the relevance of mineral resource and assessment research for national security and infrastructure development as well as for assisting the U.S. mineral industry.

**Water Resources Investigations.** For the Water Resources Investigations heading, the FY2004 law appropriated \$215.7 million, which is \$15.6 million over the Administration's request of \$200.1 million and \$8.6 million above the FY2003 enacted level of \$207.2 million.

The FY2004 law provided \$64.0 million for cooperation with states or municipalities for water resource investigations. Most programs within the Water Resources Investigations heading received greater funding than enacted levels in FY2003. The Ground Water Resources Program was provided \$6.0 million for FY2004; the National Water Quality Assessment Program, \$63.3 million; the Toxic Substances and Hydrology, \$14.9 million; Hydrological Research and Development, \$17.1 million; the National Streamflow Information Program, \$14.2 million; and Hydrological Networks and Analysis, \$29.9 million. The FY2004 law also provided \$6.4 million for Water Resources Research Institutes. As was the case with the Bush Administration's FY2002 and FY2003 budget requests, the FY2004 request sought to discontinue USGS support for Water Resources Research Institutes based on the finding that most institutes have been successful in leveraging sufficient funding for program activities from non-USGS sources. Congress also restored funding for the Institutes in FY2002 and FY2003.

**Biological Research.** For FY2004, the law appropriated \$174.5 million, \$5.6 million above the Administration's request of \$168.9 million and \$4.7 million

above the FY2003 enacted level of \$169.8 million. The law further stated that no funds provided for biological research can be used to conduct new surveys on private land unless the surveys are specifically authorized by the property owner in writing. Funding for FY2004 increased for biological research and monitoring programs (\$135.1 million for FY2004) and biological information management and delivery (\$24.7 million for FY2004).

The conference report identified a decrease of \$1.0 million below the House-passed level for invasive species research and \$0.6 million for chronic wasting disease research. Chronic wasting disease is a progressively degenerative and ultimately fatal disease in deer and elk. Proposed funding will be used to conduct studies to determine the transmission of the disease among deer and elk populations.

**Science Support and Facilities.** Science Support focuses on those costs associated with modernizing the infrastructure for management and dissemination of scientific information. For FY2004, the law provided \$90.8 million for Science Support, which is \$0.7 million less than the Administration's request of \$91.5 million, and \$5.6 million over the FY2003 enacted level of \$85.2 million.

Facilities focuses on the costs for maintenance and repair of facilities. The FY2004 law provided \$93.0 million for the Facilities budget, nearly the same as the Administration's request, (\$0.4 million above), and \$2.2 million over the FY2003 enacted level of \$90.8 million. The conference managers stated that they are aware that the facilities budget may not be sufficient for rent and operations of some facilities. The managers attributed this deficiency, in part, to insufficient funds being transferred to facilities in previous years. The managers directed the USGS to resolve this issue by developing a funding strategy for their facilities by March 2004.

The conference managers added \$3.0 million to the USGS budget for FY2004 to counter streamlining reductions in the Administration's request. They directed the USGS to spread these funds to program areas on a pro-rata basis.

**Table 10. Appropriations for the U.S. Geological Survey,  
FY2003-FY2004**  
(\$ in millions)

U.S. Geological Survey	FY2003 Enacted	FY2004 Request	FY2004 House Passed	FY2004 Senate Passed	FY2004 Approp.
National Mapping Program	\$133.2	\$120.5	\$130.2	\$128.9	\$129.8
Geologic Hazards, Resources, and Processes	233.2	221.6	231.4	236.9	234.2
Water Resources Investigations	207.2	200.1	215.2	209.5	215.7
Biological Research	169.8	168.9	173.3	169.6	174.5
Science Support	85.2	91.5	91.5	91.4	90.8
Facilities	90.8	92.9	93.9	92.6	93.0
<b>Total Appropriations</b>	<b>919.3</b>	<b>895.5</b>	<b>935.7</b>	<b>928.9</b>	<b>938.0</b>

For further information on the *U.S. Geological Survey*, see its website at [<http://www.usgs.gov/>].

## Minerals Management Service

The Minerals Management Service (MMS) administers two programs: the Offshore Minerals Management (OMM) Program and the Minerals Revenue Management (MRM) Program, formerly known as the Royalty Management Program. OMM administers competitive leasing on outer continental shelf lands and oversees production of offshore oil, gas, and other minerals. MRM collects and disburses bonuses, rents, and royalties paid on federal onshore and Outer Continental Shelf (OCS) leases and Indian mineral leases. MMS anticipates collecting about \$5.8 billion in revenues in FY2004 from offshore and onshore federal leases. Revenues from onshore leases are distributed to states in which they were collected, the General Fund of the U.S. Treasury, and designated programs. Revenues from the offshore leases are allocated among the coastal states, Land and Water Conservation Fund, the Historic Preservation Fund, and the U.S. Treasury.

**Budget and Appropriations.** The FY2004 law funded MMS programs at \$270.5 million, including \$7.0 million for oil spill research and \$263.5 million for the Royalty and Offshore Minerals Management program. Funding for the Royalty and Offshore Minerals Management program is further broken down as follows: \$139.3 million for OMM, \$79.7 million for MRM, and \$44.5 million for administrative activities. Of the total for MMS, \$100.2 million came from offsetting collections that MMS has been retaining from OCS receipts since 1994 while \$170.3 million is derived from direct appropriations.

The Administration's proposed budget for MMS for FY2004 was \$271.5 million. This proposal included \$7.1 million for oil spill research, and \$264.4 million for Royalty and Offshore Minerals Management. Of the total budget, \$171.3 million would have derived from appropriations, and \$100.2 million from offsetting collections. The House supported the Administration's request. The Senate approved slightly more for MMS — \$273.3 million — comprised of \$7.1 million in oil spill research and \$266.2 million for Royalty and Offshore Minerals Management. Of the total budget, \$173.1 million would have derived from appropriations and \$100.2 million would come from offsetting collections.

The MMS mineral leasing revenue estimates are higher for FY2004 than in FY2003. Current revenue estimates for these years are \$5.8 billion and \$5.1 billion respectively. Price fluctuation is the most significant factor in the revenue swings. Over the past decade, royalties from natural gas production have accounted for 40%-45% of annual MMS receipts, while oil royalties accounted for not more than 25%.

**Oil and Gas Leasing Offshore.** Issues not directly tied to specific funding accounts were considered during the FY2004 appropriations process. The FY2004 appropriations law continued the moratorium on preleasing and leasing activities in the Eastern Gulf of Mexico except for Lease Sale 181 off the Florida coast. Sales in the Eastern GOM have been especially controversial. Industry groups contend that the sales are too limited, given what they say is an enormous resource potential, while

environmental groups and some state officials argue that the risks to the environment and local economies are too great. The FY2004 law continued leasing moratoria in other areas, including the Atlantic and Pacific Coasts and parts of Alaska.

However, in a controversial development, the law omitted language that would have prohibited funding for preleasing and leasing activity in the North Aleutian Basin Planning Area, currently under a leasing moratorium. There is some interest in eventually opening the area to oil and gas development as an offset to the depressed fishing industry in the Bristol Bay area. Environmentalists, among others, oppose this effort. The North Aleutian Basin Planning Area, containing Bristol Bay, is not in the MMS current 5-year (2002-2007) leasing plan. Under the Outer Continental Shelf Lands Act of 1953 (OCSLA, 43 U.S.C. 1331), the Secretary of the Interior submits 5-year leasing programs that specify the time, location, and size of lease sales to be held during that period.

Controversy over MMS oil and gas leases in offshore California has drawn congressional interest. Under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451), development of federal offshore leases must be consistent with state coastal zone management plans. In 1999, MMS extended 36 out of the 40 leases at issue in offshore California by granting lease suspensions, but the State of California contended that it should have first reviewed the suspensions for consistency with the state's coastal zone management plan. In June 2001 the U.S. Court for the Northern District of California agreed with the State of California and struck down the MMS suspensions.

The Bush Administration appealed this decision January 9, 2002, to the U.S. Ninth Circuit Court of Appeals, after the state rejected a more limited lease development plan that involved 20 leases using existing drilling platforms. However, on December 2, 2002, a three-judge panel of the Ninth Circuit upheld the District Court decision. The Department of the Interior did not appeal this decision and is currently working with lessees to resolve the issue. A breach-of-contract lawsuit has been filed against MMS by nine oil companies seeking \$1.2 billion in compensation for their undeveloped leases.

In a related effort, House-Senate conferees on the energy bill (H.R. 6) considered but did not include language calling for a comprehensive inventory of OCS oil and natural gas resources. The House had agreed to a non-binding motion to instruct conferees to remove the OCS inventory language from conference consideration, among other changes. Supporters of the inventory contended that it is important for enhancing domestic oil and gas supply and reducing foreign imports. Opponents argued that it could lead to the removal of the leasing moratoria currently in place for much of the U.S. coastline.

For further information on the *Minerals Management Service*, see its website at [<http://www.mms.gov>].

## **Office of Surface Mining Reclamation and Enforcement**

The Surface Mining Control and Reclamation Act of 1977 (SMCRA, P.L. 95-87) established the Office of Surface Mining Reclamation and Enforcement (OSM)

to ensure that land mined for coal would be returned to a condition capable of supporting its pre-mining land use. SMCRA also established an Abandoned Mine Lands (AML) fund, with fees levied on coal production, to reclaim abandoned sites that pose serious health or safety hazards. Congress's intention was that individual states and Indian tribes would develop their own regulatory programs incorporating minimum standards established by law and regulations. OSM is required to maintain oversight of state regulatory programs. In some instances states have no approved program, and in these instances OSM directs reclamation in the state.

Congress provided OSM \$295.2 million in the FY2003 appropriations law. The Administration's request for FY2004 was \$281.2 million. The House and Senate both approved higher levels — \$301.2 million and \$297.6 million respectively. The FY2004 law included \$296.0 million.

For the AML Fund, which is one of the two primary components of OSM, the Administration requested \$174.5 million for FY2004, marginally higher than the Administration requested for FY2003, but a reduction of \$16.0 million from the \$190.5 million approved for FY2003 by Congress. The FY2004 law provided a total of \$190.6 million. In earlier action, the full House had accepted the Appropriations Committee's recommendation of \$194.5 million for the AML Fund, \$20.0 million above the Administration request, and \$4.0 million more than the level enacted by Congress for FY2003. In approving this level, the House Appropriations Committee noted "the great amount of reclamation work that remains to be done..." (H.Rept. 108-195, p. 64). The Senate Committee on Appropriations and the full Senate had supported a boost over the Administration's request for the AML fund, increasing it by \$16.4 million to \$190.9 million.

The other component of the OSM budget is for Regulation and Technology programs. For Regulation and Technology, the Administration requested \$106.7 million. Included in the FY2004 request was \$10.0 million in funding for the Appalachian Clean Streams Initiative (ACSI), the same level as in FY2002-2003, and \$10.0 million for the Small Operators Assistance Program (SOAP). The requested level was approved by both bodies (\$106.7 million), while the enacted level was slightly lower — \$105.4 million.

Grants to the states from annual AML appropriations are based on states' current and historic coal production. "Minimum program states" are states with significant AML problems, but with insufficient levels of current coal production to generate significant fees to the AML fund. The minimum funding level for each of these states was increased to \$2.0 million in 1992. However, over the objection of these states, Congress has appropriated \$1.5 million to minimum program states since FY1996. The FY2003 appropriations provided \$1.5 million to minimum program states and the FY2004 law proposed no change.

In general, several states have been pressing in recent years for increases in the AML appropriations. The unappropriated balance of AML collections in the fund is expected to approach \$1.75 billion by the end of FY2004.

For further information on the *Office of Surface Mining Reclamation and Enforcement*, see its website at [<http://www.osmre.gov/osm.htm>].



## Bureau of Indian Affairs

The Bureau of Indian Affairs (BIA) provides a variety of services to federally-recognized American Indian and Alaska Native tribes and their members, and historically has been the lead agency in federal dealings with tribes. Programs provided or funded through the BIA include government operations, courts, law enforcement, fire protection, social programs, education, roads, economic development, employment assistance, housing repair, dams, Indian rights protection, implementation of land and water settlements, management of trust assets (real estate and natural resources), and partial gaming oversight.

BIA's FY2003 direct appropriations were \$2.26 billion. For FY2004, the House approved \$2.31 billion, an increase of \$52.1 million over FY2003 and \$16.6 million over the Administration's request. The Senate approved \$2.32 billion, which was \$63.2 million over FY2003 and \$27.7 million more than the request. The FY2004 law contained \$2.30 billion for BIA, \$43.6 million more than FY2003 and \$8.1 million over the request. **Table 11** below presents figures for FY2003 and FY2004 for the BIA and its major budget components; selected BIA programs are shown in italics. Key issues for the BIA, discussed below, include the reorganization of the Bureau, especially its trust asset management functions, and problems in the BIA school system.

**Table 11. Appropriations for the Bureau of Indian Affairs,  
FY2003-FY2004**  
(\$ in thousands)

	<b>FY2003 Approp.</b>	<b>FY2004 Request</b>	<b>FY2004 House Passed</b>	<b>FY2004 Senate Passed</b>	<b>FY2004 Approp.</b>
<b>Operation of Indian Programs</b>	\$1,845,246	\$1,889,735	\$1,902,106	\$1,912,178	\$1,892,706
Tribal Priority Allocations	772,481	777,689	778,809	780,689	770,637
<i>Contract Support Costs</i>	<i>132,343</i>	<i>135,315</i>	<i>135,315</i>	<i>135,315</i>	<i>134,441</i>
Other Recurring Programs	597,724	602,063	609,293	620,789	614,136
<i>School Operations</i>	<i>512,562</i>	<i>528,515</i>	<i>528,515</i>	<i>528,515</i>	<i>522,003</i>
<i>Tribally-controlled colleges</i>	<i>42,838</i>	<i>39,206</i>	<i>39,206</i>	<i>49,206</i>	<i>48,600</i>
Non-Recurring Programs	72,485	73,543	73,843	76,685	75,641
Central Office Operations	69,579	99,361	94,861	85,361	88,506
<i>Office of Federal Acknowledgment</i>	<i>1,600</i>	<i>1,100</i>	<i>1,600</i>	<i>1,100</i>	<i>1,350</i>
<i>Information Resources Technology</i>	<i>16,436</i>	<i>48,710</i>	<i>43,710</i>	<i>34,710</i>	<i>38,233</i>
Regional Office Operations	63,805	64,481	64,481	64,481	63,686
Special Programs and Pooled Overhead	269,172	272,598	280,819	284,173	280,100
<i>Public Safety and Justice</i>	<i>162,306</i>	<i>171,147</i>	<i>174,647</i>	<i>174,647</i>	<i>172,495</i>
<b>Construction</b>	345,988	345,154	345,154	351,154	346,825

	<b>FY2003 Approp.</b>	<b>FY2004 Request</b>	<b>FY2004 House Passed</b>	<b>FY2004 Senate Passed</b>	<b>FY2004 Approp.</b>
<i>Education construction</i>	293,795	292,634	292,634	298,634	294,954
<b>Land and Water Claim Settlements and Misc. Payments</b>	60,552	51,375	55,583	50,583	54,866
<b>Indian Guaranteed Loan Program</b>	5,457	6,497	6,497	6,497	6,417
<b>Total</b>	<b>2,257,243</b>	<b>2,292,761</b>	<b>2,309,340</b>	<b>2,320,412</b>	<b>2,300,814</b>

**BIA Reorganization.** In April 2003, Secretary of the Interior Norton initiated a reorganization of the BIA, the office of Assistant Secretary — Indian Affairs (AS-IA), and the Office of Special Trustee for American Indians (OST) in the Office of the Interior Secretary (see “Office of Special Trustee” section below). The reorganization, announced in December 2002, arises from issues and events related to trust funds and trust assets management, and is integrally related to the reform and improvement of trust management.

Historically, the BIA has been responsible for managing Indian tribes’ and individuals’ trust funds and trust assets. Trust assets include trust lands and the lands’ surface and subsurface economic resources (e.g., timber, grazing lands, or minerals), and cover about 45 million acres of tribal trust land and 10 million acres of individual Indian trust land. Trust assets management includes real estate services, processing of transactions (e.g., sales and leases), surveys, appraisals, probate functions, land title records activities, and other functions. The BIA had, however, historically mismanaged Indian trust funds and trust assets, especially in the areas of accounting and retention of records. This led to a trust reform act in 1994 and an extensive court case in 1996 (see “Office of Special Trustee” section below). The 1994 act created the OST, assigning it responsibility for oversight of trust management reform. Trust fund management was transferred to the OST from the BIA in 1996, but the BIA still manages trust assets.

Unsuccessful efforts at trust management reform in the 1990s led DOI to contract with a management-consultant firm. The firm’s recommendations included both improvements in trust management and reorganization of the DOI agencies carrying out trust management and improvement. Events in the court case helped push DOI to act on these recommendations.

The current reorganization of BIA, AS-IA, and OST chiefly involves trust management structures and functions. Under the plan, the BIA’s trust operations at regional and agency levels are being split off from other BIA services. The OST will have trust officers at BIA regional and agency offices overseeing trust management and providing information to Indian trust beneficiaries.

The BIA, OST, and AS-IA, together with the Office of Historical Trust Accounting in the Secretary’s office, are also implementing a trust management improvement project, announced in March 2003, which includes improvements in

trust asset systems, policies, and procedures, historical accounting for trust accounts, reduction of backlogs, and maintenance of the improved system.

Many Indian tribes and tribal organizations, and the plaintiffs in the court case, have been critical of the new reorganization. While DOI carried out numerous consultation meetings with tribes through much of 2002, they did not reach agreement before DOI announced the reorganization. Tribes argue that the reorganization is premature, because new trust procedures and policies are still being developed, and that it insufficiently defines new OST duties.

Congress has thus far supported the BIA/OST reorganization. The House Appropriations Committee's report for FY2004 urged DOI to implement the reorganization as quickly as possible, and the Senate defeated a proposed amendment to stop BIA/OST reorganization (by transferring \$79.3 million from OST to the Indian Health Service). The Senate did add a provision to the FY2004 appropriations bill excluding from reorganization certain tribes that have been operating trust management reform pilot projects with their regional BIA offices. The FY2004 law retained this Senate provision.

**BIA School System.** The BIA funds 185 elementary and secondary schools and peripheral dormitories, with over 2,000 structures, educating about 48,000 students in 23 states. Tribes and tribal organizations, under self-determination contracts and other grants, operate 120 of these institutions; the BIA operates the remainder. BIA-funded schools' key problems are low student achievement and, especially, a high level of inadequate school facilities.

Some observers feel tribal operation of schools will improve student achievement. The Bush Administration suggested language in the FY2003 Interior appropriations bill encouraging privatization, but the Appropriations Committees disagreed and urged additional funding and consultation with tribes. In the FY2004 bill, the House and Senate approved a provision creating a \$3 million fund to pay tribal school boards' start-up administrative costs to encourage tribal boards to take over operation of current BIA-operated schools. The FY2004 law retained this provision.

Many BIA school facilities are old and dilapidated, with health and safety deficiencies. BIA education construction covers both construction of new school facilities to replace facilities that cannot be repaired, and improvement and repair of existing facilities. Schools are replaced or repaired according to priority lists. The BIA estimates the current backlog in education facility repairs at \$942 million, but this figure changes as new repair needs appear each year. **Table 11** above shows FY2003 and FY2004 education construction appropriations. Because construction appropriations are not reducing the need fast enough, Indian tribes have urged Congress to explore additional sources of construction financing.

In the FY2001-FY2004 Interior appropriations acts, Congress has authorized a demonstration program that allows tribes to help fund construction of BIA-funded, tribally-controlled schools. The FY2004 Act added provisions allowing non-BIA-funded schools to participate in the demonstration project, although first priority for grants would be assigned to BIA-funded schools and only grantees' that were already

BIA-funded would be eligible for BIA school-operations funding. The FY2004 law also enacts a controversial land exchange between the Eastern Cherokee Tribe of North Carolina and the Great Smoky Mountains National Park, to allow the tribe to build several replacement schools.

For further information on education programs of the *Bureau of Indian Affairs*, see its website at [<http://www.oiep.bia.edu>]. The main BIA website at [<http://www.doi.gov/bureau-indian-affairs.html>] is offline because of a court order in the trust funds litigation (see “Office of Special Trustee” section below).

CRS Report RS21670. *Major Indian Issues in the 108<sup>th</sup> Congress*, by (name redacted).

CRS Report 97-851. *Federal Indian Law: Background and Current Issues*, by (name redacted).

## Departmental Offices

**National Indian Gaming Commission.** The National Indian Gaming Commission (NIGC) was established by the Indian Gaming Regulatory Act (IGRA) of 1988 (P.L. 100-497, as amended) to oversee Indian tribal regulation of tribal bingo and other “Class II” operations, as well as aspects of “Class III” gaming (e.g., casinos and racing). The chief issue for NIGC is whether its funding is adequate for its regulatory responsibilities.

The NIGC is authorized to receive annual appropriations of \$2 million, but its budget authority consists chiefly of annual fees assessed on tribes’ Class II and III operations. IGRA currently caps NIGC fees at \$8 million per year. The NIGC in recent years has requested additional funding because it has experienced increased demand for its oversight resources, especially audits and field investigations. Congress, in the FY2003 appropriations act, increased the NIGC’s fee ceiling to \$12 million, but only for FY2004. In the FY2004 budget, the Administration proposed language amending IGRA to create an adjustable, formula-based ceiling for fees instead of the current fixed ceiling. The Administration argued that a formula-based fee ceiling would allow NIGC funding to grow as the Indian gaming industry grew. Gaming tribes did not support the increased fee ceiling or the proposed amendment of IGRA’s fee ceiling, arguing that NIGC’s budget should first be reviewed in the context of extensive tribal and state expenditures on regulation of Indian gaming, and that changes in NIGC’s fees should be developed in consultation with tribes. The FY2004 act did not include the Administration’s proposed language, but did extend the temporary \$12-million fee ceiling through FY2005.

During FY1999-FY2003, all NIGC activities were funded from fees, with no direct appropriations. For FY2004, the Administration, House, Senate, and enacted bill provided no direct appropriations for the NIGC.

The FY2004 conference report expressed concern about several existing tribes who are trying to establish gaming operations in states or areas where they have either no reservations or no traditional connection. It directed the NIGC and the Interior Department to implement fully existing statutes and regulations covering such situations.

**Office of Special Trustee for American Indians.** The Office of Special Trustee for American Indians, in the Secretary of the Interior's office, was authorized by Title III of the American Indian Trust Fund Management Reform Act of 1994 (P.L. 103-412). The Office of Special Trustee (OST) generally oversees the reform of Interior Department management of Indian trust assets, the direct management of Indian trust funds, establishment of an adequate trust fund management system, and support of department claims-settlement activities related to the trust funds. Indian trust funds formerly were managed by the BIA, but in 1996, at Congress' direction and as authorized by P.L. 103-412, the Secretary of the Interior transferred trust fund management from the BIA to the OST. (See "Bureau of Indian Affairs" section above.)

Indian trust funds managed by the OST comprise two sets of funds: (1) tribal funds owned by about 290 tribes in approximately 1,400 accounts, with a total asset value of about \$2.8 billion; and (2) individual Indians' funds, known as Individual Indian Money (IIM) accounts, in about 230,000 accounts with a current total asset value of about \$400 million. (Figures are from the OST FY2004 budget justifications.) The funds include monies received both from claims awards, land or water rights settlements, and other one-time payments, and from income from non-monetary trust assets (e.g., land, timber, minerals), as well as investment income.

FY2003 funding for the OST was \$148.3 million, which included \$140.4 million for federal trust programs — trust funds management, trust systems improvements, settlement and litigation support, and historical trust accounting — and \$7.9 million for the Indian land consolidation pilot project. The purpose of the land consolidation project is to purchase and consolidate fractionated ownerships of allotted Indian trust lands, thereby reducing the costs of managing tens of thousands of IIM accounts representing tiny fractional interests. For FY2004, the Administration proposed transferring the land consolidation project from OST to BIA, but neither the House, Senate, nor enacted bill included this transfer.

The House approved a FY2004 funding level of \$240.6 million for the OST, an increase of \$92.3 million (62%) over FY2003 but \$55.0 million (-19%) less than the Administration proposal. Included in the House FY2004 bill were \$219.6 million for federal trust programs (up \$79.3 million, or 56%, over FY2003 but \$55.0 million, or 20%, less than the Administration proposal) and \$21.0 million for the Indian land consolidation pilot project (up \$13.0 million, or 163%, over FY2003 and the same as the Administration's proposal). The Senate approved \$242.6 million for the OST; the amount approved for federal trust programs was identical to that approved by the House, but the Senate approved \$2.0 million more for the land consolidation project than did the House. The Senate Appropriations Committee report urged the DOI to direct land consolidation funds to reservations that already try to reduce land fractionation.

The FY2004 law provided \$209.0 million for the OST, \$60.7 million (41%) over FY2003 but \$86.6 million (-29%) less than the request. Included were \$187.3 million for federal trust programs and \$21.7 million for land consolidation. **Table 12** below presents figures for FY2003 and FY2004 for the OST; the Historical Accounting program is shown in italics.

Key issues for the OST are its current reorganization, an historical accounting for tribal and IIM accounts, and litigation involving tribal and IIM accounts.

**Table 12. Appropriations for the Office of Special Trustee for American Indians, FY2003-FY2004**  
(\$ in thousands)

	<b>FY2003 Approp.</b>	<b>FY2004 Request</b>	<b>FY2004 House Passed</b>	<b>FY2004 Senate Passed</b>	<b>FY2004 Approp.</b>
Federal Trust Programs	\$140,359	\$274,641	\$219,641	\$219,641	\$187,305
<i>Historical Accounting</i>	<i>\$17,500</i>	<i>\$130,000</i>	<i>\$75,000</i>	<i>\$75,000</i>	<i>\$44,446</i>
Indian Land Consolidation	\$7,928	\$20,980	\$20,980	\$22,980	\$21,709
<b>Total OST</b>	<b>\$148,287</b>	<b>\$295,621</b>	<b>\$240,621</b>	<b>\$242,621</b>	<b>\$209,014</b>

**Reorganization.** Both OST and BIA have recently begun a reorganization (see “Bureau of Indian Affairs” section above), one aspect of which is the creation of OST field operations. OST will have fiduciary trust officers and administrators at the level of BIA agency and regional offices. Many Indian tribes disagree with parts of the reorganization and have asked Congress to put it on hold so that OST and BIA can conduct further consultation with the tribes. About \$15.1 million of the proposed FY2004 increase was to fund the new field operations. The House, Senate, and enacted bill approved the proposed amount for reorganization. The House Appropriations Committee report encouraged the Interior Department to implement the reorganization. The Senate did not explicitly endorse or oppose the OST/BIA reorganization, but defeated a proposed amendment to stop reorganization by transferring \$79.3 million from OST to the Indian Health Service.

**Historical Accounting.** The historical accounting seeks to assign correct balances to all tribal and IIM accounts, especially because of litigation. Because of the long historical period to be covered (some accounts may date from the 19<sup>th</sup> century), the large number of IIM accounts, and the large number of missing account documents, an historical accounting based on actual account transactions is expected to require large and time-consuming projects. The Interior Department has proposed an extensive, five-year, \$335-million project to reconcile IIM accounts. Most of the appropriations increase that the Administration proposed for the OST for FY2004 was for historical accounting, which would have gone from \$17.5 million in FY2003 to \$130 million in FY2004. Of this \$112.5 million increase for historical accounting, \$82.5 million would have been for IIM accounts and \$30 million for tribal accounts. The House and Senate reduced total historical accounting funds to \$75 million, or \$55 million less than the Administration proposal. The conference report, as enacted, reduced historical accounting funds even further, to \$44.4 million, to be used only for necessary, short-term historical accounting activities. This reduction was in tandem with a controversial provision discussed under “Litigation” below.

**Litigation.** An IIM trust funds class-action lawsuit (*Cobell v. Norton*) was filed in 1996, in the federal district court for the District of Columbia, against the

federal government by IIM account holders.<sup>4</sup> Many OST activities are related to the *Cobell* case, including litigation-support activities, but the most significant issue for appropriations concerns the method by which the historical accounting will be conducted to estimate IIM accounts' proper balances. The DOI's proposed method was estimated by the Department to cost \$335 million over five years and produce a relatively low total owed to IIM accounts; the plaintiffs' method, whose procedural cost is uncertain, was estimated to produce a figure of \$176 billion owed to IIM accounts.

In 2003 the court conducted a lengthy trial to decide which historical accounting method to use in estimating the IIM accounts' proper balances. Previously, in the first phase of the *Cobell* case, in 1999 the court had found that DOI and the Treasury Department had breached trust duties regarding the necessary document retention and data gathering needed for an accounting, and regarding the business systems and staffing to fix trust management. The lawsuit's final phase will determine the amount of money owed to the plaintiffs, based on the historical accounting method chosen.

Congress has for several years been concerned about the current and potential costs of the *Cobell* lawsuit, although it has defeated appropriations language directing settlement of the case. The Appropriations Committees have expressed concern that the IIM lawsuit was jeopardizing DOI trust reform implementation and have required reports from DOI on the costs and benefits of historical accounting methods, including statistical sampling. Congress also, in the FY2003 Interior appropriations act, required a summary for Congress of a full historical accounting performed for five of the plaintiffs, capped the compensation of two court-appointed officials monitoring trust reform, and authorized the Interior Secretary to help employees pay for legal costs related to the IIM suit.

The summary of the historical accounting for the five plaintiffs, which was based on a methodology closer to that proposed by DOI, was transmitted to Congress in 2003. According to the House Committee, it indicated a very low error rate in the accounts' transactions. In its initial reduction of the amount for FY2004 historical accounting, the Senate Appropriations Committee noted that the funding should be adequate for a statistical sampling model (part of DOI's proposed methodology) and that the reduction was not an endorsement of the plaintiffs' accounting model. For FY2004, Congress retained the provisions capping the court officials' compensation and assisting federal employees in paying legal bills related to the IIM litigation.

The court's decision on historical accounting was delivered on September 25, 2003. The court rejected both the plaintiffs' and DOI's proposed historical accounting plans and instead ordered DOI to account for all trust fund and asset transactions since 1887, without using statistical sampling. The Interior Department estimated that the court's choice for historical accounting would cost \$6-12 billion.

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<sup>4</sup> *Cobell v. Norton* (Civil No. 96-1285) (D.D.C.). Updated information is available on the websites of the plaintiffs [<http://www.indiantrust.com>], the DOI [<http://www.doi.gov/indiantrust/>], and the Justice Department [<http://www.usdoj.gov/civil/cases/cobell/index.htm>].

The FY2004 Interior appropriations conference report added a controversial new provision aimed at the court's September 25 decision. The provision directed that no statute or trust law principle should be construed to require the Interior Department to conduct the historical accounting until either Congress has delineated the department's specific historical accounting obligations or December 31, 2004, whichever is earlier. The conferees asserted in the conference committee report that the court-ordered historical accounting is too expensive, beyond the intent of the 1994 Act, and likely to be appealed, and that Congress needs time to resolve the historical accounting question or settle the suit. Opponents in the House and Senate argued that the provision is of doubtful constitutionality, since it directs courts' interpretation of law and effectively suspends a court order in an ongoing case, and further is unjust to the plaintiffs and might undermine the Interior Department's incentives to negotiate a settlement.

The FY2004 conference report with this provision passed both the Senate and, narrowly, the House, and was enacted on November 10, 2003. Based on this provision, the DOI on the same day appealed the court's September 25 order. On November 12, 2003, the U.S. Court of Appeals for the District of Columbia temporarily stayed the September 25 order.

For further information on the *Office of Special Trustee for American Indians*, see its website at [<http://www.ost.doi.gov/>].

CRS Report RS21670. *Major Indian Issues in the 108<sup>th</sup> Congress*, by (name redacted).

**Insular Affairs.** The Office of Insular Affairs (OIA) provides financial assistance to the U.S. territories (Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands) as well as three former insular areas (Republic of the Marshall Islands (RMI), Federated States of Micronesia (FSM), and Palau), manages relations between these jurisdictions and the federal government, and attempts to build the fiscal and government capacity of units of local government. Funding for the OIA consists of two parts: (1) permanent and indefinite appropriations and (2) discretionary and current mandatory funding subject to the appropriations process.

OIA funding for FY2004 is set at \$366 million. This constitutes a reduction of 5% from the President's request (\$387 million) and roughly 5% more than the amount approved for FY2003 (\$350 million).

Permanent and indefinite appropriations historically constitute roughly 70% to 80% of the OIA budget and consist of two parts. For FY2004 they total \$284 million, as follows:

- \$162 million to three freely associated states (RMI, FSM, and Palau) formerly included in the Trust Territory of the Pacific Islands under



conditions set forth in the respective Compacts of Free Association;<sup>5</sup> and,

- \$122 million in fiscal assistance to the U.S. Virgin Islands for estimated rum excise and income tax collections, and to Guam for income tax collections.

Discretionary and current mandatory funds that require annual appropriations constitute the remaining balance (roughly 20% to 30%) of the OIA budget. Two accounts — Assistance to Territories (AT) and the Compact of Free Association (CFA) — comprise discretionary and current mandatory funding. As enacted, discretionary funding for FY2004 was set at \$82.1 million, with AT funded at \$75.7 million and CFA at \$6.4 million. This constituted a 15% decrease from the amount appropriated for such payments in FY2003 (\$96.8 million). The FY2004 request would have reduced AT funding to \$71.3 million and CFA assistance to \$16.1 million, for a total of \$87.5 million.

Little debate has occurred in recent years on funding for the territories and the OIA. In general, Congress continues to monitor economic development and fiscal management by government officials in the insular areas.

For further information on *Insular Affairs*, see its website at [<http://www.doi.gov/oia/index.html>].

## **Title II: Related Agencies and Programs**

### **Department of Agriculture: Forest Service**

The FY2004 law contained a Forest Service (FS) budget of \$4.54 billion, including \$348.9 million in FS emergency funding. The total is \$120.8 million (3%) more than the Senate-passed budget of \$4.42 billion (including \$325.0 million emergency borrowing repayment); \$362.8 million (9%) more than the House-passed budget of \$4.18 billion, and \$180.9 million (4%) more than requested by the Administration (including a \$301.0 million emergency borrowing repayment).

A significant amendment to FS management was debated on the Senate floor. The Senate-reported bill modified procedures for seeking judicial review of timber sales in FS Region 10 (Alaska, primarily the Tongass National Forest). A Senate amendment to strike the language was defeated. The section shortens timeframes for filing suits related to these timber sales. The FY2004 law retained this provision.

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<sup>5</sup> Portions of the Compacts of Free Association with the FSM and the RMI had expired in the fall of 2001 and were renegotiated. Legislation to approve the amended compacts was enacted as P.L.108-188. For background, see CRS Report RL31737, *The Marshall Islands and Micronesia: Amendments to the Compact of Free Association with the United States*, by (name redacted). The Compact with the Republic of Palau began in FY1994 and will terminate in FY2009.

Two significant amendments to FS management were defeated on the House floor. The Udall (of New Mexico) amendment would have prohibited funding to finalize or implement the National Forest System planning regulations proposed on December 6, 2002, by the Bush Administration. An Inslee amendment would have prohibited funding to propose, finalize, or implement changes to the Protection of Roadless Areas rule finalized on January 12, 2001, by the Clinton Administration.

**Forest Fires and Forest Health.** Fire funding and fire protection programs were among the most controversial issues confronted during consideration of the FY2003 Interior appropriations bill. In fact, in the 2<sup>nd</sup> Session of the 107<sup>th</sup> Congress, the Senate did not pass an Interior appropriations bill largely due to disputes about fire funding and a new program for wildfire protection. The ongoing discussion, including during consideration of the FY2004 Interior appropriations bill, includes questions about funding levels and locations for various fire protection treatments, such as thinning and prescribed burning to reduce fuel loads and clearing around structures to protect them during fires. Another focus is whether, and to what extent, environmental analysis, public involvement, and challenges to decisions hinder fuel reduction activities.

**National Fire Plan.** The FY2004 funding debate continued the increased attention in recent years to wildfires and the damage they cause. The severe fire seasons in the summers of 2000 and 2002 prompted substantial debates and proposals related to fire control and fire protection. The 2000 fire season led the Clinton Administration to propose a new program, called the National Fire Plan, which applied to BLM lands as well as to Forest Service lands, with \$1.8 billion to supplement the \$1.1 billion requested before the fire season began. The National Fire Plan comprises the Forest Service wildland fire program and fire fighting on DOI lands; the DOI wildland fire monies are appropriated to the BLM. Congress enacted much of the proposal for FY2001, adding money to the FY2001 request for wildfire operations, fuel reduction, burned area restoration, fire preparedness, and programs to assist local communities. Total appropriations for the FY2001 National Fire Plan, covering BLM and FS fire funds, were \$2.86 billion. The higher wildfire funding level has generally been continued. (For historical background and descriptions of funded activities, see CRS Report RS21544, *Wildfire Protection Funding*, by (name redacted).)

**FY2004 Appropriations.** The FY2004 law contained National Fire Plan funding (for the FS and BLM) of \$2.76 billion, including emergency borrowing repayment. This is \$138.5 million more than the Senate-passed level, \$456.9 million more than the House-passed level, and \$139.8 million more than the amount requested. The Senate had included emergency borrowing repayment authority of \$400.0 million (\$325.0 million for the FS and \$75.0 million for the BLM) in title IV of the bill. The President subsequently asked for a \$400.0 million emergency appropriation to repay borrowed monies for fire fighting, split \$99.0 million for BLM and \$301.0 million for the FS. The FY2004 law contained the same total for emergency contingency funding (\$400.0 million), but with an across-the-board cut, for \$299.2 million for the FS and \$98.4 million for the BLM. In addition, the FY2004 Consolidated Appropriations Act (P.L. 108-199) included \$49.7 million in FS emergency funding for fuel reduction and state fire assistance. See **Table 13** below.

**Table 13. Federal Wildland Fire Management Appropriations,  
FY2000-FY2004**  
(\$ in millions)

	FY2000	FY2001	FY2002	FY2003 <sup>b</sup>	FY2004 Request	FY2004 House	FY2004 Senate	FY2004 Approp. <sup>c</sup>
Forest Service	<b>\$1,008.0</b>	<b>\$1,882.8</b>	<b>\$1,560.3</b>	<b>\$2,290.0</b>	<b>\$1,842.8</b>	<b>\$1,624.6</b>	<b>\$1,868.1</b>	<b>\$1,971.8</b>
<i>Wildfire Suppression</i>	139.2	319.3	255.3	352.0	604.6	520.0	514.3	597.1
<i>Emergency Funding<sup>a</sup></i>	390.0	425.1	266.0	919.0	301.0	0.0	325.0	348.9
<i>Preparedness</i>	408.8	611.1	622.6	678.0	609.7	698.0	700.0	671.6
<i>Other Operations</i>	70.0	527.2	416.4	341.0	327.4	406.6	328.7	354.2
<b>BLM</b>	<b>591.0</b>	<b>977.1</b>	<b>678.4</b>	<b>875.2</b>	<b>797.7</b>	<b>698.7</b>	<b>773.7</b>	<b>783.6</b>
<i>Wildfire Suppression</i>	158.1	153.1	127.4	159.3	195.3	170.3	195.3	192.9
<i>Emergency Funding<sup>a</sup></i>	200.0	199.6	54.0	225.0	99.0	0.0	75.0	98.4
<i>Preparedness</i>	165.8	314.7	280.8	275.4	282.7	302.7	282.7	274.3
<i>Other Operations</i>	67.0	309.7	216.2	215.4	220.7	225.7	220.7	218.0
<b>Total</b>	<b>1,598.9</b>	<b>2,859.8</b>	<b>2,238.8</b>	<b>3,165.1</b>	<b>2,640.5</b>	<b>2,323.4</b>	<b>2,641.8</b>	<b>2,755.5</b>
<i>Wildfire Suppression</i>	297.3	472.4	382.7	511.3	799.9	690.3	709.6	790.0
<i>Emergency Funding<sup>a</sup></i>	590.0	624.6	320.0	1,144.0	400.0	0.0	400.0	447.3
<i>Preparedness</i>	574.6	925.9	903.4	953.4	892.5	1,000.7	982.7	945.9
<i>Other Operations</i>	137.0	836.9	632.6	556.4	548.1	632.3	549.4	572.2

**Notes:** <sup>a</sup> Emergency supplemental and contingent appropriations are included in agency totals.

<sup>b</sup> Includes supplemental of \$636.0 million for the FS and \$189.0 million for the BLM (\$825.0 million total) in P.L. 108-7 and of \$283.0 million for the FS and \$36.0 million for the BLM (\$319.0 million total) in P.L. 108-83.

<sup>c</sup> Includes supplemental of \$49.7 million for the FS in P.L. 108-199 in the Wildland Fire Management and State and Private forestry line items.

The FS and BLM wildland fire line items include funds for fire suppression (fighting fires), preparedness (equipment, training, baseline personnel, prevention, and detection), and other operations (rehabilitation, fuel treatment, research, and state and private assistance). The FY2004 budget request as well as the House, Senate, and enacted levels for suppression were significantly higher than the enacted FY2003 appropriations, but they included significantly less emergency wildfire funds. See **Table 13** above.

The FY2004 law reduced BLM wildfire funding (including emergency borrowing repayment) to \$783.6 million, \$14.1 million (2%) below the request, \$84.9 million (12%) above the House-passed level, and \$9.9 million (1%) above the Senate-passed level. Much of the difference is the result of varying levels of emergency funding. The FY2004 law nearly matched the requested and Senate-passed levels for BLM fire suppression and other fire operations, reducing the amounts by \$2.4 million and \$2.7 million, respectively. It reduced the amount for fire preparedness by \$8.4 million (3%), to \$274.3 million. The House had shifted \$25.0 million from fire suppression to fire preparedness (\$20.0 million) and other fire operations (\$5.0 million).

The FY2004 law provided FS wildfire funding of \$2.00 billion, including \$348.9 million in emergency funding. This is \$128.6 million (7%) more than the Senate-passed level, \$372.1 million (23%) more than the House-passed level, and \$153.9 million (8%) more than the request. Much of the difference from the request and House level is emergency funding. The FY2004 law increased FS fire suppression nearly to the requested level, substantially above the House and Senate levels. It reduced FS fire preparedness from the House and Senate levels, but the level is \$61.9 million (10%) above the request. For other FS fire operations, the FY2004 law provided \$354.2 million, \$25.5 million (8%) more than the Senate-passed level and \$52.4 million (13%) less than the House-passed level.

In the House Appropriations Committee, an amendment was offered to add \$550 million for FY2003 fire suppression, as the fire season was again expected to be severe, and not all FY2002 borrowed funds had been repaid even with the \$825.0 million in supplemental firefighting funds enacted in P.L. 108-7, the FY2003 omnibus appropriations act. The amendment was withdrawn on promises that the funding shortfall would be made up later. On July 7, 2003, the Administration requested emergency supplemental funding of \$289.0 million for FY2003 FS and BLM firefighting efforts. On July 11, the Senate passed a bill (H.R. 2657, Legislative Branch Appropriations) containing the supplemental funding, with an amendment adding another \$25.0 million to remove dead trees in forests devastated by insects that could exacerbate wildfire threats. The FY2004 legislative branch appropriations conference report, containing \$319.0 million in supplemental FY2003 firefighting funds for the FS and BLM (\$30.0 million more than requested), was enacted as P.L.108-83, and these funds are included in **Table 13** above. This is in addition to the \$397.6 million of emergency borrowing repayment included in the FY2004 Interior appropriations law, and the \$49.7 million (split equally between state fire assistance and hazardous fuel reduction) in P.L. 108-199.

**State and Private Forestry.** While funding for wildfires has been the center of debate, many changes have been proposed in State and Private Forestry (S&PF) — programs that provide financial and technical assistance to states and to private forest owners. For FY2004, Congress provided \$329.2 million of total S&PF funding. This is \$33.8 million (11%) more than the Senate, \$38.4 million (13%) more than the House, and \$13.4 million (4%) more than requested. Of the total, the conference agreement directed that \$64.5 million come from the Land and Water Conservation Fund; this is \$20.2 million less from the Land and Water Conservation Fund (LWCF) than had been directed by the Senate, while the House had provided no direction on S&PF spending from LWCF.

Levels differ significantly within S&PF funding. For forest health management (insect and disease control on federal and cooperative (nonfederal) lands), the FY2004 law contained \$98.6 million, \$16.5 million (20%) more than the Senate and the request, and \$4.4 million (4%) less than the House-passed level of \$103.0 million. The House, Senate, and enacted bills rejected the request for a new \$12.0 million Emerging Pest and Pathogens Fund to rapidly address invasive species problems, but the Senate and the FY2004 law allowed \$2.0 million to be used for emerging problems. In addition, the FY2004 law provided \$24.7 million for forest health management in other wildfire operations appropriations, more than double the Senate-passed and requested level of \$11.9 million, and nearly matching the House-passed level of \$25.0 million.

For FY2004, Congress provided \$63.3 million for S&PF cooperative fire assistance to states and to volunteer fire departments, including \$24.9 million in emergency supplemental funding in P.L. 108-199. The total is \$32.7 million (107%) above the Senate, \$22.2 million (54%) more than the House, and \$32.8 million (108%) above the request. In addition, the FY2004 Interior act included \$59.2 million in cooperative fire assistance in other wildfire operations appropriations, \$3.2 million (6%) more than the Senate, \$0.1 million (0.2%) less than the House, and \$4.5 million (8%) more than the Administration requested.

The FY2004 law contained \$161.4 million for cooperative forestry programs, \$15.3 million (9%) less than the Senate, \$20.8 million (15%) more than the House, and \$36.9 million (19%) less than the request. Major differences pertain to the forest legacy and economic action programs. For the forest legacy program (for purchasing title or easements for lands threatened with conversion to nonforest uses, such as for residences), the FY2004 law appropriated \$64.1 million, \$20.6 million (24%) less than the Senate level of \$84.7 million; \$18.6 million (41%) more than the House level of \$45.6 million; and \$26.7 million (29%) less than the Administration's request of \$90.8 million. The law also retained the S&PF Economic Action Program (EAP, including rural community assistance and wood recycling, and the Pacific Northwest economic assistance) at \$25.6 million, \$1.6 million (7%) more than the Senate and \$8.2 million (47%) more than the House-passed level. The Administration had proposed terminating the EAP. The law did not include any EAP funding in other wildfire operations appropriations; the House had included \$6.0 million in other wildfire operations appropriations for the EAP, whereas the Senate included \$5.0 million in other wildfire operations funding to implement the Community Forest Restoration Act (title VI of P.L. 106-393).

**Infrastructure.** The FY2004 law retained separate funding for Infrastructure Improvement (to reduce the agency's backlog of deferred maintenance, estimated at \$6.5 billion as of October 2002) at \$31.6 million. The Senate had passed \$25.0 million, while the House had passed \$47.0 million. The Administration had proposed terminating this funding and replacing it with increased capital improvement and maintenance funds for roads and trails of \$23.1 million (8%) from FY2003.

**Land Acquisition.** The FY2004 law appropriated \$66.4 million for Land Acquisition, \$10.1 million (13%) less than the Senate level of \$76.4 million, \$37.1 million (127%) more than the House level of \$29.3 million, and \$22.2 million (50%) more than the \$44.1 million requested. Most of the difference is in land purchases (rather than in acquisition management), with the law providing \$51.3 million for purchases compared to \$60.1 million passed by the Senate, \$14.4 million passed by the House, and \$27.8 million requested for land purchases. The FY2003 appropriation for land acquisition was \$132.9 million, with \$118.0 million for land purchases.

**Other Accounts.** The FY2004 law provided \$266.4 million for FS Research, \$0.2 million more than the Senate, \$0.8 million less than the House, and \$14.2 million (6%) more than the Administration's request. It also included \$1.37 billion for the National Forest System (NFS), \$4.9 million (0.3%) less than the Senate, \$28.9 million (2%) less than the House, and \$3.7 million (0.3%) less than the request. As requested, and as passed by the House and the Senate, the law included an FS administrative provision allowing the agency to transfer up to \$15 million to Interior (for the FWS)

or Commerce (for NOAA Fisheries) to expedite consultations under the Endangered Species Act.

For information on the *Department of Agriculture*, see its website at [<http://www.usda.gov/>].

For further information on the *U.S. Forest Service*, see its website at [<http://www.fs.fed.us/>].

CRS Report RL30755. *Forest Fire/Wildfire Protection*, by (name redacted).

CRS Report RL30647. *The National Forest System Roadless Areas Initiative*, by (name redacted).

CRS Issue Brief IB10076. *Public (BLM) Lands and National Forests*, by (name redacted) and (name redacted), coordinators.

CRS Report RS21544. *Wildfire Protection Funding*, by (name redacted).

CRS Issue Brief IB10124. *Wildfire Protection Legislation in the 108<sup>th</sup> Congress*, by (name redacted)

## Department of Energy

**Fossil Energy Research, Development, and Demonstration.** The FY2004 law funded fossil fuel research and development programs at \$672.8 million, about 30% more than the President's request, 10% higher than the House-passed level, and 13% higher than the Senate figure. The major differences in funding levels include the \$169.9 million for the Clean Coal Power Initiative, (\$39.9 million over the Administration's request and House- and Senate-passed funding level of \$130.0 million) and the \$8.9 million allocated for the FutureGen R&D project of the Department of Energy (DOE). The FutureGen project is a 10-year, \$1 billion Bush Administration initiative designed to establish the feasibility of producing electricity and hydrogen from a coal-fired plant yielding no emissions. The FY2004 law also deferred spending \$97.0 million (as in the Senate version) from the previously appropriated Clean Coal Technology (CCT) account but rescinded an additional \$88.0 million from CCT not contained in the Administration's request or in the House or Senate versions of the bill. The FY2004 law provided increases to the Administration's request and the Senate- and House-passed bills in Fuels and Power Systems, Natural Gas, and Petroleum Technology. The law established a separate account of \$988,000 for the U.S./China Energy and Environmental Center, previously funded out of the Clean Coal Technology account.

The Bush Administration's FY2004 budget request of \$514.3 million for fossil energy research and development was less than the appropriated amount for FY2003 (\$620.8 million) and higher than the FY2003 request (\$489.3 million). The House approved fossil fuel programs at \$609.3 million. The Senate approved a total of \$593.5 million for fossil energy. A key difference between the House and Senate versions was that the House-passed bill provided funds for the administration of the clean coal program as did the FY2004 law.

The Administration requested \$130.0 million for the Clean Coal Power Initiative (CCPI) for FY2004 as part of a \$2 billion, 10-year commitment. The program is designed for “funding advanced research and development and a limited number of joint government-industry-funded demonstrations of new technologies that can enhance the reliability and environmental performance of coal-fired power generators,” according to DOE. The CCPI is along the lines of the Clean Coal Technology Program (CCTP), which has completed most of its projects and has been subject to rescissions and deferrals since the mid-1990s. The CCTP eventually will be phased out. In the Senate-passed bill, up to \$9.0 million of previously appropriated CCTP would have been used for research supporting the FutureGen project and the production of electricity and hydrogen from coal. The conferees supported funding this project separately at \$8.9 million under the Fossil Energy R&D account, and that level was enacted.

The Administration’s proposal would have cut research and development (R&D) on natural gas by 44% to \$26.5 million, and R&D on petroleum by two-thirds to \$15.0 million. The FY2004 law supported natural gas funding at \$43.0 million and petroleum technology programs at \$35.1 million.

In a statement in the House Committee’s report, the Committee disagreed with the Administration’s approach to fossil energy R&D for FY2004. The Committee considered the Administration’s approach unbalanced, with too heavy a focus on a few major initiatives and not enough emphasis on long-term R&D on traditional sources of energy, particularly oil and natural gas technologies (H.Rept. 108-195, p. 12-13.).

The Administration’s request would have phased out funding for the fuels program, including R&D on ultra-clean fuels technology, reducing the funding to \$5.0 million for FY2004 from \$31.2 million in FY2003. However, the House supported \$30.6 million for the Fuels Program in FY2004 while the Senate supported \$24.9 million. The FY2004 law provided \$31.2 million.

Funding levels for Sequestration R&D, which would test new and advanced methods for greenhouse gas capture, separation, and reuse, would have increased under the FY2004 Administration’s request by \$22.1 million to \$62.0 million. However, the House approved essentially flat funding for FY2004 — \$40.8 million — as compared with \$39.9 million for FY2003, as did the Senate — \$39.8 million. The FY2004 law funded the program at \$40.3 million.

For further information on the *Department of Energy (DOE)*, see its website at [[http://www.energy.gov/engine/content.do?BT\\_CODE=DOEHOME](http://www.energy.gov/engine/content.do?BT_CODE=DOEHOME)].

For further information on Fossil Energy, see its website at [<http://www.fe.doe.gov/>].

**Strategic Petroleum Reserve.** The Strategic Petroleum Reserve (SPR), authorized by the Energy Policy and Conservation Act (P.L. 94-163) in late 1975, consists of caverns formed out of naturally occurring salt domes in Louisiana and Texas in which more than 600 million barrels of crude oil are stored. The purpose of the SPR is to provide an emergency source of crude oil which may be tapped in the event of a presidential finding that an interruption in oil supply, or an interruption

threatening adverse economic effects, warrants a drawdown from the Reserve. Volatility in oil prices since the spring of 1999 prompted calls from time-to-time for drawdown of the Reserve, but both the Clinton and Bush Administrations did not think circumstances warranted it.

In mid-November 2001, President Bush ordered that the SPR be filled to capacity (700 million barrels) using royalty-in-kind (RIK) oil. This is oil turned over to the federal government as payment for production from federal leases. Acquiring oil for the SPR by RIK avoids the necessity for Congress to make outlays to finance direct purchase of oil; however, it also means a loss of revenues to the Treasury in so far as the royalties are paid in wet barrels rather than in cash. Deliveries of RIK oil began in the spring of 2002. The fill rate has varied depending upon geopolitical and market conditions. Deliveries scheduled for late 2002 and the first months of 2003 were delayed due to tightness in world oil markets. With the end of the military phase of the war with Iraq, deliveries of RIK oil to the SPR ramped up during the spring and exceeded 200,000 barrels per day during the summer. The Administration is currently filling the SPR at a rate of about 100,000 barrels per day. The costs of transporting RIK oil to SPR sites are now borne by the contractors, so no new money was recommended for the SPR Petroleum Account for FY2004.

The FY2004 budget request for the SPR, \$180.1 million, was approved by the House on July 17, 2003. The SPR budget included \$159.0 million for storage facilities development and operations, \$16.1 million for management of the SPR sites, and \$5.0 million for the Northeast Home Heating Oil Reserve (NHOR). The full Senate provided \$178.1 million, a decrease of \$2.0 million from the request, with storage facilities development and operations bearing the entire reduction. The FY2004 law provided \$175.9 million, including \$155.0 million for storage facilities development and operations. It also included \$15.9 million for management of the SPR sites, and \$4.9 million for the NHOR.

The FY2004 law did not include Senate language that would have required the Energy Department to develop procedures to assure that the SPR is filled consistent with the objective of minimizing acquisition costs — including revenue foregone when the oil is acquired under the RIK program — and consistent with maximizing domestic supply. The language, agreed to on the floor, stemmed from a study that suggested that the Administration's acquisition schedule diverted oil from markets at inopportune times, exacerbating crude price increases.<sup>6</sup>

The NHOR, established by the Clinton Administration, houses 2 million barrels of home heating oil in above-ground facilities in Connecticut, New Jersey, and Rhode Island. Savings in the cost of leasing these facilities has reduced the cost of maintaining the NHOR. The House, Senate, and FY2004 law contained \$5.0 million, adjusted to \$4.9 million. The FY2004 law did not include Senate language that would have required the Secretary of Energy to deliver a report to Congress by December 1, 2003, that would have set out assumptions and specify scenarios for use of the NHOR and make recommendations for alternative formulae to authorize a drawdown. The

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<sup>6</sup> The study is available on the website of Senator Levin at [<http://www.access.gpo.gov/congress/senate/senate12cp108.html>].



House Appropriations Committee had made a comparable recommendation. The provision reflected that some in Congress were not satisfied with the formula currently in place that permits drawdown of the NHOR.

The FY2003 appropriation provided a total of \$179.6 million for the SPR. This consisted of \$157.8 million for storage facilities development and operations; \$13.9 million for management; \$1.9 million in new money for the SPR Petroleum Account, reflecting a level of \$7.0 million for transportation of RIK oil, less a \$5.0 million rescission of unobligated prior-year funds; and \$6.0 million for the Northeast Home Heating Oil Reserve. The FY2003 law also reauthorized the SPR through FY2008.

Conference report language on comprehensive energy legislation (H.R. 6) would require that the SPR be filled to its current capacity of roughly 700 million barrels as soon as practicable, and would authorize \$1.5 billion for expansion of the SPR to 1 billion barrels. H.R. 6 also would permanently authorize the Reserve. The conference report passed the House but became stalled in the Senate in November 2003. The outcome for comprehensive energy legislation is unclear.

For further information on the *Strategic Petroleum Reserve*, see its website at [<http://fossil.energy.gov/programs/reserves/spr/>].

CRS Issue Brief IB87050, *The Strategic Petroleum Reserve*, by (name redacted).

**Naval Petroleum Reserves.** The National Defense Authorization Act for FY1996 (P.L. 104-106) authorized sale of the federal interest in the oil field at Elk Hills, CA (NPR-1). On February 5, 1998, Occidental Petroleum Corporation took title to the site and wired \$3.65 billion to the U.S. Treasury. P.L. 104-106 also transferred most of two Naval Oil Shale Reserves (NOSR) to DOI; the balance of the second was transferred to DOI in the spring of 1999. On January 14, 2000, the Department of Energy (DOE) returned the undeveloped NOSR-2 to the Ute Indian Tribe; the FY2001 National Defense Authorization (P.L. 106-398) provided for the transfer. The U.S. retains a 9% royalty interest in NOSR-2, with any proceeds to be applied to the costs of remediating a uranium mill tailings site near Moab, Utah.

This leaves in the Naval Petroleum Reserves program two small oil fields in California and Wyoming, which will generate estimated revenue to the government of roughly \$6.9 million during FY2003. The request to maintain the Naval Petroleum Reserves (NPR) for FY2004 was \$16.5 million, of which \$5.6 million was for environmental remediation at NOSR-3, transferred to the Department of the Interior in 1999. Under terms of the transfer, DOE remained responsible for remediation. The FY2004 request (\$16.5 million) was a decrease of \$1.2 million from the FY2003 appropriation (\$17.7 million). The House approved the Appropriations Committee's boost of the NPR budget to \$20.5 million, adding \$4.0 million to restore funding for the Rocky Mountain Oilfield Testing Center (RMOTC).

The Senate Appropriations Committee — and subsequently the full Senate — set funding for the NPR at \$17.9 million. The Committee agreed with the House that funding should be maintained for the RMOTC, adding \$3.0 million for operation of the Center, and \$728,000 for program direction. However, the Committee approved only \$500,000 for restoration activities, a reduction of \$2.3 million from the level requested

by the Administration. The final FY2004 appropriation was slightly less than \$18.0 million, decreasing the funds intended for restoration activities by about \$2.5 million from the House-passed level.

In settlement of a long-standing dispute between California and the federal government over the state's claim to Elk Hills as "school lands," the California Teachers' Retirement Fund is to receive 9% of the Elk Hills sale proceeds after the costs of sale have been deducted. The agreement between DOE and California provided for five annual payments of \$36.0 million beginning in FY1999, with the balance due to be paid in equal installments in FY2004 and FY2005. The FY2003 budget request included an advance appropriation of \$36.0 million for the Elk Hills School Lands Fund, to be paid at the start of FY2004. This was enacted in the FY2003 appropriations law.

The FY2004 budget request sought an appropriation of \$36.0 million, pending the completion of divestment activities and calculation of the remaining balance owed to the California Teachers' Retirement Fund. The House agreed to the Appropriations Committee's recommendation to make the \$36.0 million request an advance appropriation that will be payable on October 1, 2004 instead of October 1, 2003. The Senate and FY2004 law concurred as well. The FY2004 law maintained \$36.0 million plus an advance appropriation for FY2005 of \$36.0 million for a total of \$72.0 million.

For further information on *Naval Petroleum and Oil Shale Reserves*, see its website at [<http://fossil.energy.gov/programs/reserves/npr/>].

**Energy Conservation.** The FY2004 budget request stressed that the Administration's energy efficiency programs can improve economic growth, energy security, and the environment. The request presented, and **Table 14** below shows, a new budget structure that reflects the recent reorganization of DOE's Office of Energy Efficiency and Renewable Energy (EERE). The Administration proposed to decrease conservation funding under EERE from \$891.8 million in FY2003 to \$875.8 million in FY2004. The main Administration initiatives are: (1) FreedomCAR and Hydrogen Fuels, reflected in a \$22.4 million, or 41%, increase for Fuel Cell Technologies to help reduce foreign oil dependence, improve electric power infrastructure security and reliability, and curb greenhouse gas emissions; (2) the National Climate Change Technology Initiative (NCCTI), which would receive \$9.5 million to promote competitive project solicitations to reduce greenhouse gas emissions; and (3) the Weatherization grants program, which would increase by \$64.7 million, or 29%, to reduce energy bills and improve energy affordability for low-income families.

**Table 14. Appropriations for DOE Energy Conservation, FY2003-FY2004**  
(\$ in millions)

DOE Energy Conservation	FY2003 Approp.	FY2004 Request	FY2004 House Passed	FY2004 Senate Passed	FY2004 Approp.
Vehicle Technologies	\$177.3	\$157.6	\$184.4	\$174.2	\$178.0
Fuel Cell Technologies	55.1	77.5	56.5	68.5	65.2
Intergovernmental	314.4	357.0	322.5	311.5	308.6

DOE Energy Conservation	FY2003 Approp.	FY2004 Request	FY2004 House Passed	FY2004 Senate Passed	FY2004 Approp.
<i>Weatherization Grants</i>	223.5	288.2	240.0	230.0	227.2
Distrib. Energy Resources	61.1	51.8	64.3	57.5	61.0
Building Technologies	59.4	52.6	59.0	62.1	59.9
Industrial Technologies	98.6	64.4	97.7	76.4	93.1
Biomass/Biorefinery	24.6	8.8	0.0	10.8	7.5
Federal Energy Mgmt.	19.3	20.0	20.0	20.0	19.7
Program Management <sup>a</sup>	77.0	76.7	90.2	80.7	85.0
Energy Eff. Sci. Initiative <sup>a</sup>	5.0	0.0	[5.0]	0.0	0.0
Climate Tech. Initiative	0.0	9.5	0.0	0.0	0.0
Rescissions & Transfers	0.0	0.0	0.0	0.0	0.0
R&D Subtotal	623.5	548.8	594.5	587.6	606.9
Grants Subtotal	268.2	327.0	285.0	274.0	271.1
General Reduction	—	—	-15.0	—	0.0
<b>Total Appropriations</b>	<b>\$891.8</b>	<b>\$875.8</b>	<b>\$879.5</b>	<b>\$861.6</b>	<b>\$878.0</b>

Note: <sup>a</sup> Using EERE's new account structure for FY2004, the House Appropriations Committee's report's narrative and budget table included \$5.0 million for the Energy Efficiency Science Initiative as part of the FY2004 total for Program Management. In contrast, using EERE's old account structure for FY2003, the report's budget table shows FY2003 funding for the Energy Efficiency Science Initiative in its own account line, separate from the Program Management account line.

To offset these increases, the FY2004 request proposed several decreases. Compared to the FY2003 appropriation, the FY2004 request would have cut overall funding by \$16.0 million, or 2%, not accounting for inflation. R&D funding would have declined from \$623.5 million to \$548.8 million, a drop of \$74.7 million, or 12%.

The House approved \$879.5 million for DOE energy conservation funding in FY2004. Compared to the Administration's request, this would have been an increase of \$3.7 million, or 0.4%. However, compared to the FY2003 appropriation, this would have been a decrease of \$12.3 million, or 1%, excluding inflation. In House floor action, an amendment added \$15.0 million for Weatherization grants with an unspecified \$15.0 million offsetting cut in energy conservation.

The House Appropriations Committee report (H.Rept. 108-195, p. 12) stated that DOE "needs to do a better job measuring potential program success and discontinuing programs that do not yield expected results." Further, it asserted that incremental technology improvements are key to short-term and mid-term energy efficiency improvements and related emission reductions. In particular, the Committee stated that it restored many DOE-proposed energy conservation reductions because "it would be fiscally irresponsible to discontinue research in which we have made major investments without bringing that research to a logical conclusion."

Among other agreements, the Committee concluded that (H.Rept. 108-195, p. 122-123): (1) several positions will be eliminated, based on the EERE reorganization, (2) the National Academy of Public Administration's recommendations as to its review of the reorganization should be implemented as soon as possible after delivery, (3) the FY2005 budget justification document should include a program specific table with greater detail about sub-activities, (4) the State Technologies Advancement

Collaborative should be continued and supplemented with other program funds, (5) EERE cooperative programs should be closely coordinated with certain fossil energy programs, (6) the National Climate Change Technology Initiative should be more clearly defined, and (7) the National Academy of Sciences program review should become a continuing annual review.

The Senate approved \$861.6 million for FY2004 DOE energy conservation funding. Compared to the Administration's request, this would have been a decrease of \$14.1 million, or 1.6%, excluding inflation. However, compared to the FY2003 appropriation, this would have been a decrease of \$30.1 million, or 3.4%, excluding inflation. This difference included a cut of \$35.9 million for R&D and an increase of \$5.8 million for grants. The Senate approved a provision that would define electric thermal storage technology as a weatherization measure. The Senate also approved a provision that would incorporate "neighborhood electric vehicle" (one that is both low-speed and has zero emissions) into the definition of alternative-fueled vehicles, making it eligible for certain incentives.

The Interior Appropriations conference approved \$883.2 million for DOE energy conservation funding. However, the Consolidated Appropriations Act of FY2004 (P.L. 108-199) included an across-the-board rescission of 0.59%. Thus, a total of \$878.0 million was enacted for FY2004. Compared to the Administration's request, this is an increase of \$2.2 million, or 0.3%. However, compared to the FY2003 appropriation, this is a decrease of \$13.8 million, or 1.5%. The FY2004 level included a cut of \$16.6 million for R&D and an increase of \$2.9 million for grants.

The conference managers agreed on many directives, special provisions, and clarifications for energy conservation. The two provisions recommended by the Senate were not included in the FY2004 law. However, the conference report noted that the Secretary of DOE has the authority to add measures, such as electric thermal storage technology, to the list of eligible weatherization measures. Seven of the key provisions in the conference agreement follow: (1) support for the Climate Change Technology Initiative (CCTI) should proceed, but only with funding from existing programs; (2) with increased funding provided above the request for non-petroleum-fuels, DOE shall design/engineer at least two additional natural gas vehicle infrastructure platforms for medium duty trucks, develop liquefied natural gas (LNG) vehicles, and conduct research on fueling stations that could dispense compressed natural gas, liquefied natural gas, and compressed hydrogen; (3) \$7.75 million is provided for the Next Generation Lighting Initiative; (4) the DOE Secretary is empowered to consider making electrochemical storage technology eligible for weatherization grants, as proposed in the Senate bill; (5) no funding is provided in FY2004 for the Energy Efficiency Science Initiative; (6) funds provided by the Interior bill shall not be used to support programs funded by the Energy and Water bill; and (7) a concerted technology transfer effort should be applied to new conservation technologies developed at national laboratories.

For further information on *energy conservation*, see the DOE website at [<http://www.eere.energy.gov/>].

## Department of Health and Human Services: Indian Health Service

The Indian Health Service (IHS) carries out the federal responsibility of assuring comprehensive medical and environmental health services for approximately 1.5 million to 1.7 million American Indians and Alaska Natives (AI/AN) who belong to 562 federally recognized tribes located in 35 states. Health care is provided through a system of federal, tribal, and urban Indian operated programs and facilities. IHS provides direct health care services through 36 hospitals, 59 health centers, 2 school health centers, 49 health stations, and 5 residential treatment centers. Tribes and tribal groups, under IHS contracts and compacts, operate another 13 hospitals, 172 health centers, 3 school health centers, 260 health stations, including 176 Alaska Native village clinics, and 28 residential treatment centers. IHS, tribes, and tribal groups also operate 9 regional youth substance abuse treatment centers and more than 2,252 units of residential quarters for staff working in the clinics.

IHS funding is separated into two Indian health budget categories: services and facilities. The FY2004 law contained total IHS appropriations of \$2.92 billion for FY2004, which is \$72.1 million (3%) over the FY2003 appropriation of \$2.85 billion. The House had recommended \$2.95 billion and the Senate had recommended \$2.94 billion. See **Table 15** below. Of the total IHS appropriations enacted for FY2004, 87% would be used for health services, and 13% for the health facilities program.

The Senate considered three amendments affecting IHS funding. First, an amendment to give IHS an additional \$292 million for FY2004 fell on a point of order that it violated provisions of the Budget Act. Senator Daschle used a recently-published study to support a claim that additional funding was needed to combat unmet health needs and to show that the U.S. Government in 2003 spent \$1,914 per capita on medical care for American Indian and Alaska Natives while spending \$3,803 (approximately twice as much) on medical care for federal prisoners.<sup>7</sup> Second, the Senate also rejected an amendment that sought to strike funding for the reorganization plan for the BIA and OST and transfer the funds to the IHS.

However, the Senate agreed to a third amendment that sought to ensure that IHS funds are not redirected to programs and projects that have not been fully justified in the Administration's budget request and supported by the House and Senate Appropriations Committees. The FY2004 law modified this provision to prohibit the use of funds for assessments or charges by the Department of Health and Human Services (HHS) that are not specifically identified in the budget request and the agreement, or approved by the House and Senate Appropriations Committees through the reprogramming process. The provision also restricted reductions in IHS personnel, as in recent years.

IHS services are funded not only through congressional appropriations, but also from money reimbursed from private health insurance and federal programs such as Medicare, Medicaid, and the State Children's Health Insurance Program. Both the House and Senate estimated that IHS will collect \$567.6 million in reimbursements in

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<sup>7</sup> Sen. Tom Daschle, remarks in the Senate, *Congressional Record*, daily edition, vol. 149, Sept. 23, 2003, p. S11780.

FY2004, a \$117.6 million or 26% increase over the estimated amount of \$450.0 million for FY2003.

The IHS health services budget has several subcategories: clinical services, preventive health services, and other services. Clinical services include basic primary care for inpatient and outpatient services at IHS hospitals and clinics. The FY2004 law contained a total of \$2.02 billion for clinical services, which was \$51.1 million (3%) over the FY2003 level of \$1.97 billion. The law provided all programs within clinical services with increases over FY2003, but only funding for hospital and health clinic programs increased over the President's request. Specifically, \$1.25 billion (62%) would go to support programs for hospitals and clinics; this was an increase of \$37.8 million (3%) over FY2003 and \$55.2 million (5%) over the Administration's request. Dental health received \$104.5 million; mental health received \$53.3 million, and substance abuse treatment received \$138.3 million. For contract health services, which are services purchased from local and community health care providers when IHS cannot provide medical care and specific services through its own system, the FY2004 law contained \$479.1 million. This was a \$14.0 million reduction (3%) from the President's request.

For preventive health services, the FY2004 law contained \$106.9 million, an increase of \$4.3 million (4%) over the FY2003 appropriation of \$102.6 million. It provided all programs within preventive health services with increases over FY2003, but with flat or decreased funding relative to the President's request. The law contained \$42.6 million for public health nursing, \$11.8 million for health education in schools and communities, \$1.6 million for immunizations, and \$51.0 million for the community health representatives (CHR) program. The CHR program, which is tribally administered, supports tribal community members who work to prevent illness and disease in their communities.

For other health-related activities, the FY2004 law contained a total of \$398.5 million, a decrease of \$1.0 million (less than 1%) from FY2003 and \$8.5 million (2%) from the President's request. The law provided \$31.6 million to support health-related activities in off-reservation urban health projects, \$30.8 million for scholarships to health care professionals, \$2.4 million for costs associated with providing tribal management grants to tribes, \$60.7 million for IHS administration and management costs for programs it operates directly, \$5.7 million for self-governance, and \$267.4 million for contract support costs. The law did not contain increases requested by the Administration for scholarships, self-governance, or contract support costs. Contract support costs are awarded to tribes for administering programs under contracts or compacts authorized under the Indian Self-Determination Act (P.L. 93-638, as amended). They include costs for expenses tribes incur for financial management, accounting, training, and program start-up. Most tribes and tribal organizations are participating in new and expanded self-determination contracts and self-governing compacts.

The IHS's facilities category includes money for the construction, maintenance, and improvement of both health and sanitation facilities. The FY2004 law contained \$391.4 million, a 5% increase over the FY2003 appropriation of \$373.7 million.

**Table 15. Appropriations for IHS, FY2003-FY2004**  
(\$ in millions)

<b>Indian Health Service</b>	<b>FY2003 Approp.</b>	<b>FY2004 Request</b>	<b>FY2004 House Passed</b>	<b>FY2004 Senate Passed</b>	<b>FY2004 Approp.</b>
<b><i>Indian Health Services</i></b>					
<i>Clinical Services</i>					
Hospital and Health Clinic Programs	\$1,212.0	\$1,194.6	\$1,266.5	\$1,249.6	\$1,249.8
Dental Health	99.6	105.6	105.8	105.1	104.5
Mental Health	50.3	54.0	54.0	53.6	53.3
Alcohol and Substance Abuse	136.8	140.0	140.0	139.1	138.3
Contract Care	475.0	493.0	478.0	490.0	479.1
<i>Total Clinical Services</i>	1,973.8	1,987.1	2,044.3	2,037.4	2,024.9
<i>Preventive Health</i>					
Public Health Nursing	39.6	43.1	43.1	42.9	42.6
Health Education	11.0	11.9	11.9	11.9	11.8
Community Health Reps.	50.4	51.6	51.6	51.3	51.0
Immunization (Alaska)	1.5	1.6	1.6	1.6	1.6
<i>Total Preventive Health</i>	102.6	108.3	108.3	107.6	106.9
<i>Other Services</i>					
Urban Health Projects	31.3	31.6	32.0	31.8	31.6
Indian Health Professions	31.1	35.4	31.2	31.2	30.8
Tribal Management	2.4	2.4	2.4	2.4	2.4
Direct Operations	60.2	56.6	61.5	61.5	60.7
Self-Governance	5.6	10.3	5.7	5.7	5.6
Contract Support Costs	269.0	270.7	270.7	269.0	267.4
<i>Total Other Services</i>	399.5	407.0	403.5	401.5	398.5
<i>Medicare/Medicaid Reimburse.</i>	(450.0)	(567.6)	(567.6)	(567.6)	(567.6)
<b><i>Total Indian Health Services</i></b>	<b>2,475.9</b>	<b>2,502.4</b>	<b>2,556.1</b>	<b>2,546.5</b>	<b>2,530.4</b>
<b><i>Indian Health Facilities</i></b>					
Maintenance and Improvement	49.5	47.3	49.5	49.5	48.9
Sanitation Facilities	93.2	114.2	94.2	93.4	93.0
Construction Facilities	81.6	69.9	92.1	92.0	94.6
Facilities and Env't. Health Support	132.3	139.5	139.5	138.8	137.8
Equipment	17.2	16.3	17.3	17.5	17.1
<b><i>Total Indian Health Facilities</i></b>	<b>373.7</b>	<b>387.3</b>	<b>392.6</b>	<b>391.2</b>	<b>391.4</b>
<b>Total Appropriations</b>	<b>2,849.7</b>	<b>2,889.7</b>	<b>2,948.6</b>	<b>2,937.7</b>	<b>2,921.7</b>

For further information on the Indian Health Service, see its website at [<http://www.ihs.gov/>].

## Office of Navajo and Hopi Indian Relocation

The Office of Navajo and Hopi Indian Relocation (ONHIR) and its predecessor were created pursuant to a 1974 act (P.L. 93-531, as amended) that was the end result of a lengthy dispute between the Hopi and Navajo tribes involving lands originally set aside by the federal government for a reservation in 1882. Pursuant to the 1974 act, the lands were partitioned between the two tribes. Members of one tribe living on land partitioned to the other tribe were to be relocated and provided new homes, and bonuses, at federal expense. Relocation is to be voluntary. Congress has been concerned, at times, about the speed of the relocation process and about avoiding forced relocations or evictions.

ONHIR's chief activities consist of housing acquisition and construction, land acquisition, infrastructure construction, post-move family support, and certification of families' eligibility for relocation benefits.

For FY2003, ONHIR received appropriations of \$14.4 million. For FY2004, the Administration, the House, and the Senate all recommended \$13.5 million, a decrease of \$865,000, or 6%. The FY2004 law provided \$13.4 million.

Relocation began in 1977 and is not yet complete. ONHIR has a backlog of relocatees who are approved for replacement homes but have not yet received them. Most families subject to relocation are Navajo — an estimated 3,477 Navajo families resided on land partitioned to the Hopi, while 27 Hopi families were on Navajo partitioned land. While a large majority of the Navajo families have been relocated to replacement homes, the House Appropriations Committee estimated in 2003 that 190 Navajo families still have yet to complete relocation. Most of these remaining Navajo families are not currently living on Hopi partitioned land, but a majority have not begun the process of acquiring replacement housing. All but one of the 27 Hopi families had completed relocation by the end of FY2002, according to ONHIR. ONHIR estimated in its strategic plan that it would complete relocation moves by the end of FY2006 and post-move assistance by the end of FY2008, but the schedule depended on infrastructure needs and relocatees' decisions. Congressional committees have in the past expressed impatience with the speed of relocation but at present have not criticized the current pace.

Many Navajo families have resisted relocation for years, while the Hopi Tribe has insisted on their relocation. About 16 of the 190 remaining Navajo families are still on Hopi partitioned land, according to the House Committee, and some of them refuse to relocate. In 1996 Congress approved "accommodation agreements," with 75-year leases, for Navajo families who wished to remain on Hopi partitioned land (P.L. 104-301), as a means of compromise between the Navajo families and the Hopi Tribe. Most Navajo families then on Hopi partitioned land signed the agreements, but resistant Navajo families remain.

A long-standing proviso in ONHIR appropriations language, retained in the FY2004 act, prohibits ONHIR from evicting any Navajo family from Hopi partitioned lands unless a replacement home were provided. This language appears to prevent ONHIR from forcibly relocating Navajo families in the near future, because of ONHIR's backlog of approved relocatees awaiting replacement homes.



As the backlog is reduced, however, forced eviction may become an issue, if any Navajo families refuse relocation and if the Hopi Tribe were to exercise a right under P.L. 104-301 to begin legal action against the United States for failure to give the Hopi “quiet possession” of all Hopi partitioned lands.

## Smithsonian Institution

The Smithsonian Institution (SI) is a museum, education, and research complex of 16 museums and galleries, the National Zoo, and research facilities throughout the United States and around the world. Nine of its museums and galleries are located on the Mall between the U.S. Capitol and the Washington Monument. The SI is responsible for over 400 buildings with approximately 8 million square feet of space. It is estimated to be 70% federally funded, and also is supported by various types of trust funds. A federal commitment to fund the Institution had been established by legislation in 1846.

**Appropriations.** The FY2004 law provided a total of \$596.3 million for the Smithsonian Institution, \$12.6 million above the House-passed level (\$583.7 million) and \$18.3 million above the Senate-passed bill (\$577.9 million). The enacted level is an increase over the FY2004 Administration budget (\$566.5 million) and the FY2003 appropriation (\$544.9 million.) The increase above the FY2003 appropriation is primarily for operations of, and transportation of collections to, the new National Museum of the American Indian; for renovation at the National Zoo; other revitalization of deteriorating SI buildings; and SI security. For the Smithsonian Institution’s Salaries and Expenses, the FY2004 law provided \$488.7 million — an increase of \$12.1 million above the FY2004 request and \$42.6 million above the FY2003 appropriation. See **Table 16** below.

**Facilities Capital.** For FY2004, a new account title, “Facilities Capital” was used; it is comprised of revitalization, construction, and facilities planning and design. The FY2004 law provided \$107.6 million for “Facilities Capital,” with \$89.6 million for “revitalization.” The revitalization program is to address advanced deterioration in SI buildings, help with routine maintenance and repair in Smithsonian Institution facilities, and make critical repairs.

**National Museum of the American Indian (NMAI).** The FY2004 law did not specify new construction money for the museum. However, under Smithsonian Institution’s Salaries and Expenses, it provided approximately \$38.1 million for operations of the NMAI to help support the Museum’s opening. The NMAI had been controversial. Opponents of constructing a new museum argued that the current Smithsonian Institution museums needed renovation, repair, and maintenance more than the public needed another museum on the Mall. Proponents argued that there had been too long a delay in providing a museum in Washington to house the Indian collection. Based on a new estimate of \$219.3 million for construction of the Indian museum, the Smithsonian Institution indicated that some of its trust funds could be used to cover opening costs. The groundbreaking ceremony for the NMAI took place September 28, 1999 and the projected opening is September of 2004.

**Smithsonian Institution Center for Materials Research and Education (SCMRE).** The direction of SI’s research priorities is of concern to

Congress. A recent controversy involved the proposed closing of the Smithsonian Institution Center for Materials Research and Education (SCMRE), which the Smithsonian Institution decided to retain. The FY2002 Interior Appropriations law had provided that an independent “blue ribbon” Science Commission would be established and meet before any final decision about closing the SCMRE. The Commission’s report of January, 2003 noted that science programs of the Smithsonian Institution have eroded over time due to a “long-term trend in declining support for mandatory annual salary increases.” The FY2004 law provided essentially level funding for the SCMRE (\$3.5 million).

**Trust Funds.** In addition to federal appropriations, the Smithsonian Institution receives trust funds to expand its programs. The SI trust fund includes general trust funds, contributions from private sources, and government grants and contracts from other agencies. General trust funds include investment income and revenue from “business ventures” such as the Smithsonian magazine, and retail shops. There are also trust funds that are private donor-designated funds that specify and direct the purpose of funds. Finally, government grants and contracts are provided by various government agencies for projects specific to the Smithsonian Institution, and they were projected to be \$87.0 million for FY2003.

Tracking of the Smithsonian Institution’s Trust fund expenditures has been of concern to the Congress. In FY2003, the Senate Committee on Appropriations recommended instituting a plan, that the Smithsonian Institution has now developed, to track trust fund budget proposals and expenditures. According to the Inspector General of the Smithsonian Institution, there was a discrepancy between what the Board of Regents approved and actual expenditures. This matter has been resolved.

**Table 16. Smithsonian Institution Appropriations, FY2003-FY2004**  
(\$ in thousands)

Smithsonian Institution (SI)	FY2003 Approp.	FY2004 Request	FY2004 House Passed	FY2004 Senate Passed	FY2004 Approp.
Salaries and Expenses	\$446,096	\$476,553	\$489,748	\$487,989	488,653
Repair, Restoration, and Alteration of Facilities	82,883	—	—	—	—
Facilities Capital	—	89,970	93,970	89,970	107,626
Construction	15,896	—	—	—	—
<b>SI total</b>	<b>544,875</b>	<b>566,523</b>	<b>583,718</b>	<b>577,959</b>	<b>596,279</b>

For further information on the *Smithsonian Institution*, see its website at [<http://www.si.edu/>].

## National Endowment for the Arts and National Endowment for the Humanities

One of the primary vehicles for federal support for the arts and the humanities is the National Foundation on the Arts and the Humanities, composed of the National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Institute of Museum Services (IMS), now constituted as the Institute of Museum and Library Services (IMLS) with an Office of Museum Services (OMS). The authorizing act, the National Foundation on the Arts and the Humanities Act, was last reauthorized in 1990 and expired at the end of FY1993, but NEA and NEH have since been operating on temporary authority through appropriations law. The 104<sup>th</sup> Congress established the Institute of Museum and Library Services and created the Office of Museum Services (P.L. 104-208).

Among the questions Congress continually considers is whether funding for the arts and humanities is an appropriate federal role and responsibility. Some opponents of federal arts funding argue that NEA and NEH should be abolished altogether. Other opponents argue that culture can and does flourish on its own through private support. Proponents of federal support for arts and humanities contend that the federal government has a long tradition of support for culture and that abolishing NEA and NEH could curtail or eliminate programs that have national significance and purpose (such as national touring theater and dance companies.) Some representatives of the private sector say that they are unable to make up the gap that would be left by the loss of federal funds for the arts.

**NEA.** For FY2004, Congress enacted \$121.0 million for NEA. See **Table 17** below. NEA's direct grant program currently supports approximately 1,600 grants. State arts agencies are now receiving over 40% of grant funds, with 1,000 communities participating nationwide, particularly from under-represented areas. The NEA total included \$21.7 million for the Challenge America Arts fund, a program of matching grants for arts education, outreach and community arts activities for rural and under-served areas. The NEA is required to submit a detailed report to the House and Senate Appropriations Committees describing the use of funds for the Challenge America program.

Although there appears to be an increase in congressional support for the NEA, debate often recurs on previous questionable NEA grants when appropriations are considered.<sup>8</sup> Congress continues to restate the language of NEA reforms in appropriations laws. The FY2004 appropriations law retained language on funding priorities and restrictions on grants, including that no grant may be used generally for

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<sup>8</sup> The debate involved whether or not some of the grants given were for artwork that might be deemed obscene, culminating in a 1998 Supreme Court decision (*NEA v. Finley (CA9,100F.3d 671)*) that the NEA "can consider general standards of decency" when judging grants for artistic merit and that the decency provision does not "inherently interfere with First Amendment rights nor violate constitutional vagueness principles." No NEA projects have been judged obscene by the courts. Also, NEA eliminated grants to individuals by arts discipline with some exceptions.

seasonal support to a group, and no grants may be for individuals except for literature fellowships, National Heritage fellowships, or American Jazz Master fellowships.

**NEH.** The NEH generally supports grants for humanities education, research, preservation and public humanities programs; the creation of regional humanities centers; and development of humanities programs under the jurisdiction of the 56 state humanities councils. NEH also supports a Challenge Grant program to stimulate and match private donations in support of humanities institutions. The FY2004 appropriations law provided \$135.3 million for NEH, including \$119.4 million for Grants and Administration and \$15.9 million for Matching Grants. The enacted level is an increase of \$10.4 million (8%) above the FY2003 appropriation (\$124.9 million) and \$16.7 million (11%) below the Administration’s request (\$152.0 million). The Administration sought a 22% increase for NEH above the FY2003 appropriation, primarily to provide for a new program entitled the “We the People initiative.” The FY2004 law provided \$9.9 million for the “We the People Initiative grants.” These grants will include model curriculum projects for schools to improve course offerings in the humanities — American history, culture, and civics.

**Office of Museum Services.** The Office of Museum Services provides grants in aid to museums in the form of leadership grants, museum conservation, conservation project support, museum assessment, and General Operating Support (GOS) to help over 400 museums annually to improve the quality of their services to the public. Effective with FY2003, the appropriation for the Office of Museum Services (OMS) was moved from the Interior and related agencies appropriations bill to the appropriations bill for the Departments of Labor, Health and Human Services, and Education, and related agencies. For FY2004, IMLS would receive \$262.2 million, comprised of \$31.4 million for OMS, \$198.2 million for Library services, and \$32.6 million for specified projects (P.L. 108-199). For further information, see CRS Report RL31803, *Appropriations for FY2004: Labor, Health and Human Services, and Education*, by (name redacted).

**Table 17. Arts and Humanities Funding, FY2003-FY2004**

(\$ in thousands)

Arts/ Humanities Funding <sup>a</sup>	FY2003 Approp.	FY2004 Request	FY2004 House Passed	FY2004 Senate passed	FY2004 Approp.
NEA	\$115,732 <sup>b</sup>	\$100,480	\$127,480	\$117,480	\$120,972
Challenge America Arts Fund	[16,889] <sup>b</sup>	17,000	[27,000] <sup>b</sup>	[17,000] <sup>b</sup>	[21,729] <sup>b</sup>
<b>Subtotal NEA</b>	<b>115,732</b>	<b>117,480</b>	<b>127,480</b>	<b>117,480</b>	<b>120,972</b>
NEH grants and administration	108,919	135,878	125,878	125,878	119,386
NEH matching grants	16,017	16,122	16,122	16,122	15,924
<b>Subtotal NEH</b>	<b>124,936</b>	<b>152,000</b>	<b>142,000</b>	<b>142,000</b>	<b>135,310</b>

**Notes:** <sup>a</sup> Beginning with FY2003, the Office of Museum Services as part of IMLS is included in the appropriations bill for the Departments of Labor-HHS-Ed and Related Agencies.

<sup>b</sup>The total for NEA grants and administration includes the Challenge America program.

For further information on the *National Endowment for the Arts*, see its website at [<http://arts.endow.gov/>].

For further information on the *National Endowment for the Humanities*, see its website at [<http://www.neh.gov/>].

For further information on the *Institute of Museum Services*, see its website at [<http://www.imls.gov/>].

CRS Report RS20287. *Arts and Humanities: Background on Funding*, by (name redacted).

## Cross-Cutting Topics

### The Land and Water Conservation Fund (LWCF)

The four principal land management agencies — Bureau of Land Management, Fish and Wildlife Service, National Park Service, and Forest Service — draw primarily on the LWCF to acquire lands. The presentations about each of those agencies earlier in this report identify funding levels for their land acquisition activities. The LWCF also funds acquisition and recreational development by state and local governments through a state grant program administered by the NPS. In recent years, Congress also has appropriated money from the LWCF to fund some related activities that do not involve land acquisition. Appropriations for federal acquisitions generally are earmarked to specific management units, such as a National Wildlife Refuge, while the state grant program rarely is earmarked. Funds may not be spent without an appropriation. The LWCF is authorized at \$900 million annually through FY2015.

Through FY2004, the total amount that potentially could have been appropriated from the LWCF since its inception was \$27.2 billion. Actual appropriations have been \$13.6 billion. In recent years, until FY2003, appropriators provided generally increasing amounts from the Fund for federal land acquisition and the state grant program. The total had more than quadrupled, rising from a low of \$138 million in FY1996 to \$573 million in FY2002. However, the FY2003 appropriation was \$410 million, a decrease of \$163 million from FY2002. Further, the FY2004 total of \$263 million is a decrease of \$147 million from FY2003. This amount is less than both the Administration request and the Senate-passed amount, but more than then the House-passed amount, as shown in **Table 18** below. This table shows the components of LWCF appropriations for FY2001 through FY2004.

**Table 18. LWCF Funding for Federal Land Acquisition and State Grants, FY2001-FY2004**  
(\$ in millions)

Agency	FY2001 Approp.	FY2002 Approp.	FY2003 Approp.	FY2004 Request	FY2004 House Passed	FY2004 Senate Passed	FY2004 Approp.
BLM	\$56	\$50	\$33	\$24	\$14	\$26	\$18
FWS	121	99	73	41	23	65	43
NPS Federal Acquisitions	125	130	74	79	34	55	42
NPS Administered State Grants	90	144	97	160	98	104	94
FS	156	150	133	44	29	76	66
<b>Total</b>	<b>548</b>	<b>573</b>	<b>410</b>	<b>348</b>	<b>198</b>	<b>326</b>	<b>263</b>

**Source:** Data for FY2001 compiled by the Department of the Interior Budget Office; data for FY2002 from Interior Appropriations Conference Report (H.Rept. 107-234); data for FY2003 and FY2004 from Appropriations Committees' documents.

**Note:** In some recent years, Congress has appropriated LWCF Funds to federal agencies for purposes other than land acquisition and stateside grants. These funds for other purposes are not included in this table. This process started when Congress provided \$72 million for other purposes in the FY1998 Interior appropriations law. In FY1999, no funding was appropriated for other purposes. Since then, funding for other purposes has included \$15 million in FY2000, \$456 million in FY2001, \$135 million in FY2002, and \$197 million in FY2003. The FY2004 budget request includes \$554 million for other conservation programs, and the FY2004 law provided about \$221 million.

Reductions of the magnitude that occurred in FY2003 and again in FY2004 were last seen in the early and mid 1990s as part of efforts to address the federal budget deficit. This time, the federal budget deficit is becoming important, and other priorities have become more pressing in the wake of the many components of the war on terrorism. The lower FY2003 and FY2004 appropriation requests of \$532 million and \$348 million, respectively, for land acquisition contrasted with the Bush administration request for full funding for FY2002. In the FY2003 legislative process, the decline continued chronologically with each step; the House approved less funding (\$528 million) than the Administration requested, then the Senate approved less funding (\$464 million) than the House, and the conference committee agreed to a total of \$410 million, which was \$118 million less than the House-passed total and \$54 million less than the Senate-passed total. The FY2004 appropriation did not follow this progression, although the end result is a large reduction from the preceding year. Not only did the total decline in FY2003 and again in FY2004, but each of the five component accounts also declined.

In FY2004, the Administration requested the largest amount in the program's history — \$554 million — for purposes other than land acquisition and stateside grants. The programs and amounts are listed in appendix E of the *FY2004 Interior Budget in Brief*. In recent years, Congress has appropriated funds for other programs, as identified in the note following **Table 18** above. For FY2004, the President sought to fund specific programs using the LWCF including: Forest Service's Forest Stewardship Program (\$65.6 million), Forest Legacy Program (\$90.8 million), and Urban and Community Forestry Program (\$37.9 million); the Department of the

Interior's interagency Cooperative Conservation Initiative (\$113.2 million); and Fish and Wildlife Service's State and Tribal Wildlife Grants (\$60.0 million), Landowner Incentive Grants (\$40.0 million), Stewardship Grants (\$10.0 million), Cooperative Endangered Species Grants (\$86.6 million), and North American Wetlands Conservation Fund Grants (\$49.6 million).

Both the full House and Senate agreed with this approach for FY2004 for funding other programs, but provided less total funding and funding for fewer programs from the LWCF. The House provided a total of \$260 million and the Senate provided \$175 million, while the FY2004 law provided about \$221 million. More specifically, the FY2004 law provided \$29.6 million for Landowner Incentive Grants, \$7.4 million for Stewardship Grants, \$49.4 million for Cooperative Endangered Species Grants, \$69.1 million for State and Tribal Wildlife Grants, and \$64.2 million for State and Private Forestry Programs, as well as small amounts to two other programs.

For FY2004, the Administration again sought funding for the Cooperative Conservation Initiative to promote conservation through partnerships that match BLM, NPS, and FWS funds with local contributions. In FY2003, the Bush Administration had first proposed this Initiative, and sought \$100 million. Half this total was to come from the state grant program portion of the LWCF, and the remainder would have come from the operating accounts of the three DOI land management agencies. Congress appropriated \$14.9 million to this Initiative for FY2003. In contrast to the FY2003 request, the entire FY2004 request of \$113.2 million was to come from the LWCF. Neither the House nor Senate bills for FY2004 funded this Initiative, and no funds were included in the FY2004 law.

## **Conservation Spending Category**

Congress created the Conservation Spending Category (CSC), as an amendment to the Balanced Budget and Emergency Deficit Control Act of 1985, in the FY2001 Interior appropriations law. The CSC, which is also being called the Conservation Trust Fund by some, combines funding for more than 2 dozen resource protection programs including the LWCF. It also includes some coastal and marine programs funded through Commerce appropriations. This action was in response to both the Clinton Administration request for substantial funding increases in these programs under its Lands Legacy Initiative, and congressional interest in increasing conservation funding through legislation known as the Conservation and Reinvestment Act (CARA), which passed the House in the 106<sup>th</sup> Congress.

The CSC law authorized that total spending under the category would grow each year by \$160 million, from \$1.6 billion in FY2001 (of which \$1.2 billion would be through the Interior appropriations laws and the remainder through the Commerce appropriations laws) to \$2.4 billion in FY2006. All funding each year is subject to the appropriations process. How programs are categorized matters — the Administration and the Appropriations Committees disagree on whether all or portions of funding for some programs, such as the Cooperative Conservation Initiative, should be credited to the CSC. The appropriations history through FY2004 is as follows.

- The FY2001 laws exceeded the target of \$1.6 billion by appropriating a total of \$1.68 billion; \$1.20 billion for Interior appropriations programs and \$0.48 billion for Commerce appropriations programs (provided in Title IX of P.L. 106-522). Totals for Interior and Commerce funding were both increases from the preceding year of \$566 and \$160 million, respectively.
- The FY2002 request totaled \$1.54 billion for this group of programs, and Congress appropriated \$1.75 billion, thus almost reaching the target of \$1.76 billion. The appropriation for the Interior portion was \$1.32 billion, reaching the authorized target amount.
- The FY2003 request totaled \$1.67 billion for this group of programs, a decrease from FY2002 funding, and below the target of \$1.92 billion. Congress appropriated a total of \$1.51 billion. For the Interior portion, Congress provided \$1.03 billion, less than the authorized target of \$1.44 billion.

The Administration's FY2004 request totaled \$1.33 billion, according to estimates compiled by Interior and Commerce Appropriations subcommittee staffs. This amount was below the target of \$2.08 billion. For the Interior portion, the request was \$1.00 billion, and the target was \$1.56 billion. The Administration had an alternative estimate that increased the total FY2004 request to \$1.22 billion for Interior programs, but it was based on some different assumptions about which programs to include.

For FY2004, none of the bills or accompanying committee reports identified funding levels for the CSC, with one exception. The House Appropriations Committee report included "additional views" by Representatives Obey and Dicks in which they inserted a table to document, by program, the difference between the \$1.56 billion target and their estimate of the total funding for CSC programs of \$991 million. During floor consideration, Representative Obey offered an amendment to fund this difference by rescinding 3.21% of the tax cut for taxpayers with adjusted gross incomes in excess of \$1 million. The amendment was rejected on a point of order raised by both Resource Committee Chair Pombo and Interior Appropriations subcommittee Chair Taylor against including authorizing legislation in an appropriations bill.

For further information on the CSC, see **Table 19** below. The table has not been updated for FY2004 since the chambers and the conference committee did not address the CSC in bill or report language.



**Table 19. Conservation Spending Category: Interior Appropriations,  
FY2001-FY2004**  
(\$ in millions)<sup>a b</sup>

Subcategory/Approps. Account	FY2001 Approp.	FY2002 Approp.	FY2003 Request	FY2003 Approp.	FY2004 Request
<b>LWCF, Federal and State</b>					
BLM Federal Land Acquisition	\$47.3	\$49.9	\$44.7	\$33.2	\$23.7
FWS Federal Land Acquisition	121.2	99.1	70.4	72.9	40.7
NPS Federal Land Acquisition	124.8	130.1	86.1	74.0	78.6
FS Federal Land Acquisition	150.9	149.7	130.5	132.9	44.1
NPS Stateside Grants and Administration	90.3	144.0	200.0 <sup>c</sup>	97.4	160.0
<i>Subtotal, Federal and State</i>	<i>534.5</i>	<i>572.9</i>	<i>531.7<sup>d</sup></i>	<i>410.4</i>	<i>347.2</i>
<b>LWCF, Other</b>					
FWS State Wildlife Grants <sup>e</sup>	49.9	85.0 <sup>e</sup>	60.0	64.6	60.0
FWS Incentive Grant Programs	—	40.0 <sup>f</sup>	50.0	(0.3)	40.0
FWS Stewardship Grants Program	—	10.0 <sup>f</sup>	10.0	9.9	10.0
FWS Cooperative Endangered Species Conservation Fund	104.7	96.2	91.0	80.5	86.6
FWS North American Wetlands Conservation Fund	39.9	43.5	43.6	30.3	49.6
FS, Forest Legacy	59.9	65.0	69.8	68.4	90.8
FS, NFS Inventory and Monitoring	20.0	—	-	—	—
<i>Subtotal, Other LWCF funded Conservation Programs<sup>g h</sup></i>	<i>274.4</i>	<i>339.7</i>	<i>324.4</i>	<i>253.4</i>	<i>337.0</i>
<b>Total LWCF</b>	<b>808.9</b>	<b>912.6</b>	<b>856.1</b>	<b>663.8</b>	<b>684.2</b>
<b>Conservation Programs</b>					
BLM MLR Cooperative Conservation Initiative	—	—	10.0	14.9 <sup>i</sup>	36.1 <sup>i</sup>
FWS RM Cooperative Conservation Initiative	—	—	18.0	—	—
NPS ONPS Cooperative Conservation Initiative	—	—	22.0	—	—
USGS State Planning Partnerships	24.9	25.0	13.6	20.0	20.0
<i>Subtotal Conservation Programs</i>	<i>24.9</i>	<i>25.0</i>	<i>63.6</i>	<i>34.9</i>	<i>56.1</i>
<b>Urban and Historic Preservation Programs</b>					
NPS Historic Preservation Fund	94.1	74.5	67.0	68.6	67.0
NPS Urban Parks and Recreation Recovery Grants	29.9	30.0	0.3	0.3	0.3

<b>Subcategory/Approps. Account</b>	<b>FY2001 Approp.</b>	<b>FY2002 Approp.</b>	<b>FY2003 Request</b>	<b>FY2003 Approp.</b>	<b>FY2004 Request</b>
FS Urban and Community Forestry	35.6	36.0	36.2	36.0	37.9
BLM Youth Conservation Corps	1.0	1.0	1.0	1.0	1.0
FWS Youth Conservation Corps	1.0	2.0	2.0	2.0	2.0
NPS Youth Conservation Corps	2.0	2.0	2.0	2.0	2.0
FS Youth Conservation Corps	2.0	2.0	2.0	2.0	2.0
<i>Subtotal Urban and Historic Preservation Programs</i>	<i>165.7</i>	<i>147.5</i>	<i>110.5</i>	<i>111.8</i>	<i>112.2</i>
Payments in Lieu of Taxes, BLM	49.9	50.0	15.0	59.6	50.0
<i>Subtotal PILT</i>	<i>49.9</i>	<i>50.0</i>	<i>15.0</i>	<i>59.6</i>	<i>50.0</i>
<b>Federal Infrastructure Improvement Programs</b>					
BLM - Management of Lands & Resources	24.9	28.0	29.0	30.8	29.4
FWS - Resource Management	24.9	29.0	58.0	49.4	62.4
NPS - Construction	49.9	66.9	82.2	28.5	0.0
FS - Capital Improvement and Maintenance	49.9	61.0	50.9	45.6	0.0
<i>Subtotal Federal Infrastructure Improvement Programs</i>	<i>149.6</i>	<i>184.9</i>	<i>220.1</i>	<i>153.7</i>	<i>91.8</i>
<b>Total</b>	<b>1,199.0</b>	<b>1,320.0</b>	<b>1,265.3</b>	<b>1,032.2<sup>j</sup></b>	<b>1,001.3<sup>k</sup></b>

**Source:** House Appropriations Committee.

**Notes:** <sup>a</sup> The Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(c)) as amended established 3 discretionary spending categories. Title VIII of P.L. 106-291 established a fourth category of discretionary spending — for “conservation.” That law also identified the specific activities that would be included within the “conservation spending category.” The category essentially includes those activities, identified by Congress, in particular budget accounts (or portions thereof) providing appropriations to preserve and protect lands, habitat, wildlife, and other natural resources; to provide recreational opportunities; and for other purposes. This table presents the current and proposed distribution of these conservation funds. Dashes indicate that the funding is understood to be zero, either because nothing was provided or sought, or because the account did not exist. Further, several programs in this category have not received separate funding under conservation spending for FY2001-FY2003 or as proposed in the FY2004 budget will not receive separate funding. They include Competitive Grants for Indian Tribes, FWS Neotropical Migratory Birds, FS Stewardship Incentive and FS Stewardship, Departmental Management (BIA Water Settlement), and National Wildlife Refuge fund, FWS.

In FY2003, the House, Senate, and appropriations law (P.L. 108-7) did not contain calculations of funding for the CSC. The joint explanatory statement of the conference report on the enacted measure stated that no funds in the law are derived from the CSC, but that most of the programs previously funded under that category are continued in FY2003.

The table has not been updated for FY2004 since neither of the chambers nor the conference committee included a tabulation of funding in bill or report language.

<sup>b</sup> Subtotals and totals may not add due to rounding.

<sup>c</sup> \$50.0 million of this total is part of a new Cooperative Conservation Initiative, and the remaining \$150.0 million would be distributed to states using an allocation formula developed by the Administration for the traditional land acquisition and site development activities of states.

<sup>d</sup> Departmental Management /BIA Water Settlement is not listed because it was a one-time request in FY2003 for \$3.0 million. The FY2003 request for \$3.0 million is not included in the total.

<sup>e</sup> For FY2001, an additional \$50.0 million was appropriated for formula grants which were authorized in Title IX of the FY2001 Commerce appropriations law. Further, the FY2002 enacted amount does not reflect a proposed rescission of \$25.0 million.

<sup>f</sup> The FY2004 appropriations history indicates that the rescission in FY2002 was not adopted, i.e. that the Incentive Grant programs and Stewardship grants programs were sustained in FY2002.

<sup>g</sup> The State and other conservation programs subgroup also includes the FWS Migratory Bird Fund and the FWS Multinational Species fund. The FY2003 funding for these was \$3.0 million for migratory birds and \$4.8 million for multinational species, and the FY2004 request was \$0 and \$7.0 million respectively.

<sup>h</sup> Funds for FS, Forest Stewardship were not considered part of the CSC in FY2001 and FY2002 so the table does not reflect funds for this program. It was proposed to be funded in the FY2003 request at \$49.5 million, but did not receive funding.

<sup>i</sup> The FY2003 appropriations and FY2004 request is a total for BLM, FWS, and NPS.

<sup>j</sup> The final total includes \$7.8 million derived from the FWS Migratory Bird Fund (\$3.0 million ) and FWS Multinational species fund(\$4.8 million)

<sup>k</sup> The FY2004 request of \$7 million for the FWS Multinational Species Fund is reflected in the FY04 request final total for the CSC.

CRS Report RL30444. *Conservation and Reinvestment Act (CARA) (H.R. 701) and a Related Initiative in the 106<sup>th</sup> Congress*, by Jeffrey Zinn and (name redacted).

CRS Report RS20471. *The Conservation Spending Category: Funding for Natural Resource Protection*, by Jeffrey Zinn.

CRS Report RS21503. *Land and Water Conservation Fund: Current Status and Issues*, by Jeffrey Zinn.

## **Everglades Restoration**

The alterations of the natural flow of water by a series of canals, levees, and pumping stations, combined with agricultural and urban development, are thought to be the leading causes of environmental deterioration in the South Florida ecosystem. In 1996, Congress authorized the U.S. Army Corps of Engineers (Corps) to create a comprehensive plan to restore, protect, and preserve the entire South Florida ecosystem, which includes the Everglades (P.L 104-303). A portion of this plan, the Comprehensive Everglades Restoration Plan (CERP), completed in 1999, provides for federal involvement in the restoration of the ecosystem. Congress authorized the Corps to implement CERP in Title IV of the Water Resources Development Act of 2000 (WRDA 2000, P.L. 106-541). While restoration activities in the South Florida ecosystem are conducted under several federal laws, WRDA 2000 is considered the seminal law for Everglades restoration.

Based on CERP and other previously authorized restoration projects, the federal government, along with state, local, and tribal entities, is currently engaged in a collaborative effort to restore the South Florida ecosystem. The principal objective of CERP is to redirect and store “excess” freshwater currently being discharged to the ocean via canals, and use it to restore the natural hydrological functions of the South Florida ecosystem. CERP seeks to deliver sufficient water to the natural system without impinging on the water needs of agricultural and urban areas. The federal government is responsible for half the cost of implementing CERP, and the other half is borne by the State of Florida, and to a lesser extent, local tribes and other stakeholders. CERP consists of 68 projects that are expected to be

implemented over approximately 36 years, with an estimated total cost of \$7.8 billion; the total federal share is estimated at \$3.9 billion.<sup>9</sup>

**Overview of Appropriations.** Appropriations for restoration projects in the South Florida ecosystem have been provided as part of several annual appropriations bills. The Department of the Interior and Related Agencies Appropriations laws have provided funds to several DOI agencies for restoration projects. Specifically, DOI conducts CERP and non-CERP activities in Southern Florida through the National Park Service, Fish and Wildlife Service, U.S. Geological Survey, and Bureau of Indian Affairs.

Appropriations for other restoration projects in the South Florida ecosystem have been provided to the Corps (Energy and Water Development Appropriations), National Oceanic and Atmospheric Administration (NOAA) (Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations), U.S. Environmental Protection Agency (EPA) (VA, HUD, and Related Agencies Appropriations), and U.S. Department of Agriculture (U.S. Department of Agriculture and Related Agencies Appropriations). (For other Everglades funding, see CRS Report RL31807, *Appropriations for FY2004: Energy and Water Development*, coordinated by Carl Behrens and (name redacted)).

From FY1993 to FY2003, federal appropriations for projects and services related to the restoration of the South Florida ecosystem have exceeded \$1.9 billion dollars, and state funding has topped \$3.6 billion.<sup>10</sup> The average annual federal cost for restoration activities in Southern Florida in the next 10 years is expected to be approximately \$286 million/year.<sup>11</sup> For FY2004, the Administration requested \$311.0 million for restoration efforts in the Everglades, \$46.9 million above the FY2003 enacted level of \$264.1 million.<sup>12</sup> Of this total, \$48.0 million was requested for the implementation of CERP.

**FY2004 Appropriations to DOI.** With regard to DOI for FY2004, \$69.1 million was appropriated for CERP and non-CERP activities related to restoration in the South Florida ecosystem. This was \$43.2 million below the requested level of \$112.3 million. Of the total appropriated, the NPS was appropriated \$44.3 million for construction and research activities, \$42.0 million below the request for \$86.4 million. The FWS received \$16.3 million for refuges, ecological services, and other activities, an increase of \$3.4 million over its request for \$12.9 million. The USGS received \$7.8 million for research, planning, and the Critical Ecosystem Studies Initiative, a decrease of \$0.8 million from its request of \$8.6 million. Lastly, the BIA

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<sup>9</sup> CERP is the first stage in a three stage process to restore the Everglades. The estimated total cost of the entire restoration effort in the Everglades (i.e., all three stages) is estimated at \$14.8 billion.

<sup>10</sup> These figures represent an estimated cost of all CERP and non-CERP related costs for restoration in the South Florida ecosystem.

<sup>11</sup> This figure is based on CERP and non-CERP related restoration activities in South Florida.

<sup>12</sup> This figure is based on the contributions of all federal agencies.

received \$0.5 million for water projects on Seminole and Miccosukee Tribal lands, \$0.1 million over its request of \$0.4 million. For conducting activities authorized by CERP, DOI received \$8.8 million. See **Table 20** below.

**Table 20. Appropriations for Everglades Restoration in the DOI Budget, FY2003-FY2004**

(\$ in thousands)

Agencies Requesting Funding for Everglades Restoration	FY2003 Approp.	FY2004 Request	FY2004 House Passed	FY2004 Senate Passed	FY2004 Approp.
<b>National Park Service</b>					
CERP	\$5,513	\$5,555	N/A	N/A	\$5,463
Park Operations <sup>a</sup>	23,874	24,194	N/A	N/A	23,991
Land Acquisition	14,924	40,000	N/A	N/A	-5,000
Water quality improvements, eradicating exotic species, and endangered species recovery	0	0	[32,000] <sup>b</sup>	N/A	0
Modified Water Delivery	9,935	12,990	0	12,990	12,830
Everglades research	3,974	0	N/A	N/A	3,937
South Florida Ecosystem Task Force	1,320	1,332	N/A	N/A	1,308
Everglades Acquisitions Management	2,782	2,300	N/A	N/A	1,800
<b>NPS Total</b>	<b>62,322</b>	<b>86,371</b>	<b>68,100</b>	<b>N/A</b>	<b>44,329</b>
<b>Fish and Wildlife Service</b>					
CERP	3,329	3,351	N/A	N/A	3,309
Land Acquisition	2,484	1,964	N/A	N/A	0
Ecological Services	2,537	2,554	N/A	N/A	2,523
Refuges and Wildlife	3,682	4,306	N/A	N/A	9,784
Law Enforcement	632	636	N/A	N/A	628
Fisheries	99	100	N/A	N/A	98
<b>FWS Total</b>	<b>12,763</b>	<b>12,911</b>	<b>N/A</b>	<b>N/A</b>	<b>16,342</b>
<b>U.S. Geological Survey</b>					
Research, Planning and Coordination	<b>8,580</b>	<b>8,636</b>	<b>N/A</b>	<b>N/A</b>	<b>7,847</b>
<b>Bureau of Indian Affairs</b>					
Stormwater treatment on Seminole Tribal lands	<b>393</b>	<b>396</b>	<b>N/A</b>	<b>N/A</b>	<b>539</b>
<b>DOI TOTALS</b>	<b>84,058</b>	<b>112,314</b>	<b>N/A</b>	<b>N/A</b>	<b>69,057</b>

**Source:** South Florida Ecosystem Task Force, FY2004 Cross-Cut Budget at: [<http://www.sfrestore.org/documents/cc2004/index%2004.htm>], accessed July 2, 2003.

**Notes:** N/A indicates that information is not available.

<sup>a</sup> This includes total funding for park operations in Everglades National Park, Dry Tortugas National Park, Biscayne National Park, and Big Cypress National Preserve.

<sup>b</sup> These funds were recommended by the House Appropriations Committee to be transferred from unobligated balances from last year (FY2003).

The largest difference between the requested amount of funding for the DOI for restoration in South Florida and the appropriated amount was \$40 million requested for the acquisition of mineral rights in the Big Cypress Preserve. The Collier Resources Company has mineral rights and has reached an agreement in principle to

sell them to the DOI.<sup>13</sup> Forty million dollars would cover a portion of the cost of the mineral rights, estimated at \$120 million. Appropriators, however, did not include this funding in the FY2004 appropriations because the agreement had not been authorized and a recent DOI inquiry has been initiated.<sup>14</sup>

The FY2004 law: 1) exempted funds appropriated for the implementation of the Everglades National Park Protection and Expansion Act of 1989 (P.L. 101-229), and 2) funds appropriated to Florida for acquiring lands for Everglades restoration from a prohibition on using DOI appropriations for filing declarations of takings or condemnations without the approval of the Appropriations Committees. A restoration project authorized by P.L. 101-229, the Modified Water Deliveries Project, is expected to use condemnation if required land is owned by unwilling sellers.

**Transfer of Funds.** The FY2004 law contained provisions that directed the funds to be transferred among restoration activities in the Everglades. The Secretary of the Interior was authorized to use prior year unobligated funds for acquiring lands in the Everglades watershed to transfer \$5.0 million to the FWS for monitoring water quality, eradicating invasive plants, and bolstering the recovery of endangered species. Further, the Secretary of the Interior was authorized to transfer necessary funds (from the same accounts) to the U.S. Army Corps of Engineers to implement additional water quality improvement technologies for portions of the Everglades ecosystem that affect the LNWR. This assistance is expected to help the state of Florida meet its water quality standards. The Secretary also was authorized to use any remaining funds from the accounts described above to fund Everglades restoration activities on DOI lands, subject to the approval of a reprogramming request by the House and Senate Committees on Appropriations. These provisions may have originated from the House Committee report for FY2004, which stated that the State of Florida may not view the acquisition of land for the implementation of CERP as its highest priority.

**Concerns Over Phosphorus Mitigation in the Everglades.** Several concerns regarding restoration efforts in the Everglades were presented in the House Committee report on Interior appropriations. One concern was over a Florida State Law (Chapter 2003-12, enacted on May 20, 2003) that amended the Everglades Forever Act of 1994 (Florida Statutes §373.4592) by authorizing a new plan to mitigate phosphorus pollution in the Everglades. Phosphorus is one of the primary water pollutants in the Everglades and a primary cause for ecosystem alteration in the Everglades. Some critics argue that this new law extends previously established phosphorus mitigation deadlines for the Everglades, and may compromise efforts to restore the Everglades, as well as jeopardize federal appropriations for CERP. Proponents of the law argue that the new plan represents a realistic strategy for curbing phosphorus. A subsequent law of the Florida State Legislature (May 27,

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<sup>13</sup> The Collier family is the primary holder of mineral rights under the Big Cypress Preserve, and their mineral rights were established before the creation of the preserve. It is estimated that there are 40 million barrels of recoverable oil under the Big Cypress Preserve.

<sup>14</sup> M. Spangler, "Funding for Everglades Leases Buyout Halted by Interior IG Investigation," *Inside Energy/with Federal Lands*, Oct. 13 2003.

2003, S 00054-A) attempted to address some of these concerns. Some Members of Congress reacted to these new laws unfavorably and wrote letters expressing their disapproval.<sup>15</sup> Their concerns also were reflected in conditions that were included in the FY2004 Interior appropriations conference agreement.

Specifically, several provisions that condition funds for restoration based on the achievement of water quality standards were included in the FY2004 law. Funds for the Modified Water Deliveries Project will be provided *unless* administrators of four federal departments/agencies (Secretary of the Interior, Secretary of the Army, Administrator of the EPA, and the Attorney General) jointly file a report annually until 2006 indicating that water entering the A.R.M. Loxahatchee National Wildlife Refuge and Everglades National Park meet state water quality standards, and the House and Senate Committees on Appropriations respond in writing disapproving the further expenditure of funds. Similar conditions also are present in the House- and Senate-passed versions of the Energy and Water Development Appropriations. For a review of this issue, and a side-by-side comparison of the FY2004 Interior appropriations language and the Energy and Water Appropriations bills, see CRS Report RL32131, *Phosphorus Mitigation in the Everglades*, by Pervaze Sheikh and Barbara Johnson.

For further information on *Everglades Restoration*, see the website of the South Florida Ecosystem Restoration Program at [<http://www.sfrestore.org>] and the website of the Corps of Engineers at [<http://www.evergladesplan.org/>].

CRS Report RL31621. *Florida Everglades Restoration: Background on Implementation and Early Lessons*, by (name redacted).

CRS Report RS21331. *Everglades Restoration: Modified Water Deliveries Project*, by (name redacted).

CRS Report RS20702. *South Florida Ecosystem Restoration and the Comprehensive Everglades Restoration Plan*, by (name redacted) and (name redacted).

CRS Report RL32131. *Phosphorus Mitigation in the Everglades*, by (name redacted) and (name redacted).

## Other Issues

**Competitive Sourcing of Government Jobs.** The Bush Administration is considering privatizing numerous and diverse government jobs, under its “competitive sourcing” initiative first outlined in 2001. The goal is to save money through competition between government and private businesses in areas where private businesses might provide better commercial services, for instance, law

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<sup>15</sup> Joint statement by Reps. C.W. Bill Young, David Hobson, Ralph Regula, Charles Taylor, Clay Shaw, and Porter Goss, released by the House Committee on Appropriations, April 29, 2003.

enforcement and maintenance. Under the “outsourcing” plan, as it is commonly known, agencies are to submit some of their jobs to competition with the private sector. The plan has been controversial, with concerns as to whether it would save the government money and whether the private sector could provide the same quality of service in certain areas. The competitive sourcing initiative was considered during the Interior appropriations process as well during the appropriations process for other departments and agencies, and also is being examined by authorizing committees.

For agencies funded by the Interior appropriations bill, concern has centered on the National Park Service and the Forest Service. According to one Park Service source, more than 11,000 of the Park Service’s 19,000 jobs were judged to be not “inherently governmental” and are therefore being considered under the initiative, with 1,708 possibly outsourced.<sup>16</sup> The Forest Service was reported to be considering a plan that would allow the private sector to compete for more than a quarter of its approximately 40,000 jobs.<sup>17</sup>

The House and Senate Appropriations Committees expressed concern that the agencies are spending significant sums on outsourcing, although the Administration did not request or receive funds for this purpose. In particular, there was concern that the Forest Service was reprogramming money without approval. In its report, the House Committee on Appropriations expressed concern about the “massive scale, seemingly arbitrary targets, and considerable costs associated with this initiative” (H.Rept. 108-195, p.9).

The House and Senate included language on outsourcing in their Interior appropriations bills. The House-passed bill sought to bar agencies from using funds in the bill to begin new outsourcing studies. The President threatened to veto the bill if this language was included. The Senate rejected a floor amendment that, like the House-passed language, would have prohibited funds in the bill from being used to initiate competitive sourcing studies. Instead, the Senate adopted an amendment to require the Secretary of the Interior to report annually to Congress on outsourcing. Among other issues, the reports were to address the numbers of outsourcing competitions announced and completed; the costs, savings, and improvements in services that result from contracting out; and the number of federal employees impacted by outsourcing.

The final language enacted for FY2004 outlined spending limits for outsourcing studies of agencies during FY2004. Specifically, it limited Forest Service spending on outsourcing studies to no more than \$5.0 million. DOI was capped at \$2.5 million and DOE was limited to \$0.5 million unless Congress approves the reprogramming of additional funds under revised reprogramming guidelines printed in the joint explanatory statement of the conference report. For outsourcing studies involving

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<sup>16</sup> Guy Gugliotta, “Archaeologists on the Block?,” *The Washington Post*, July 15, 2003, p. A17.

<sup>17</sup> Matthew Daly, “Forest Service Considers Plan to Open 10,000 Jobs to Private Sector,” *The Associated Press on the Web*, June 30, 2003. Visited January 13, 2004 at <http://www.nexis.com/research/search/submitViewTagged>.



more than 10 federal employees, a contracted function must be less costly to the government by 10% or \$10.0 million, whichever is lower.

The FY2004 law also required the DOI agencies and DOE programs funded by the bill, as well as the Forest Service, to report annually to Congress on their outsourcing activities. As had been recommended by the Senate, the reports are to contain detailed information including the numbers of outsourcing competitions announced and completed; the costs, savings, and improvements in services that result from contracting out; and the number of federal employees impacted by outsourcing. For FY2004, the agencies are to submit a detailed competitive sourcing proposal to the House and Senate Appropriations Committees within 60 days of enactment of the bill. Beginning in FY2005, the agencies are required to specify in their annual budget requests the level of funding requested for outsourcing studies. In adopting the outsourcing language, conferees expressed support for the “underlying principle” of the Administration’s outsourcing initiative, but concern that the effort was being conducted too fast for its costs and implications to be understood and “in violation” of guidelines on reprogramming funds.

**Klamath River Basin.** The FY2004 law did not contain a provision prohibiting Interior Department funding of the Klamath Fishery Management Council. Such a provision had been included in the House Committee reported and House-passed bills, but no similar provision was included by the Senate. In addition, a House floor amendment to prohibit farmers from planting certain crops on new leases in two Klamath Basin national wildlife refuges was defeated. The House provisions sparked considerable controversy among interested parties. They relate to an on-going conflict in the Klamath River Basin over water allocations for farmers in the Klamath River Project area in the Upper Basin and water needed to avoid harm to three federally listed fish species. The Bureau of Reclamation (Department of the Interior) is currently operating the Klamath Project under a one-year operations plan announced in April 2003 while it continues to work on completing a 10-year operations plan. The FWS and National Oceanic and Atmospheric Administration (NOAA) Fisheries completed consultation on a 2002 10-year plan on May 31, 2002; however, the Bureau rejected the FWS and National Marine Fisheries Service (NMFS)/NOAA Fisheries biological opinions on its 10-year operating plan and stated that it would comply for the immediate future but also requested new consultation. Controversies continue over science and data used to support the agencies’ decisions, and recent court decisions have sought to address such concerns. For more information on the Klamath controversy, see CRS Issue Brief 10072, *Endangered Species: Difficult Choices*, by (name redacted), (name redacted), and (name redacted), and CRS Report RL31098, *Klamath River Basin Issues: An Overview of Water Use Conflicts*, coordinated by (name redacted).

**“Bear Baiting”.** On July 17, 2003, the House rejected an amendment to restrict the use of funds by the Forest Service or BLM to administer any action related to bear baiting, except to prevent the practice. No other action was taken on the issue in the remainder of the FY2004 appropriations process. Bear baiting is a hunting practice involving the intentional feeding of bears for the purpose of enticing bears to a particular area to be hunted. A significant factor cited by opponents of the amendment was the general pre-eminence of states in controlling wildlife within their boundaries, and preservation of their major role in wildlife management on federal

lands. Certain procedural questions relating to hearings on H.R. 1472, a bill related to ending bear baiting on federal lands, also were raised by Members who objected to the hearing process. Amendment proponents argued that the practice is cruel and unsportsmanlike, and that banning bear baiting appeared to have little effect on bear populations in states that had disallowed it.

**Table 21. Department of the Interior and Related Agencies Appropriations, FY2003-FY2004**

(\$ in thousands)

Bureau or Agency	FY2003 Approp.	FY2004 Request	FY2004 House Passed	FY2004 Senate Passed	FY2004 Approp.
<b>Title I: Department of the Interior</b>					
Bureau of Land Management	\$1,877,892	\$1,799,521	\$1,696,844	\$1,722,947	\$1,793,230
U.S. Fish and Wildlife Service	1,248,533	1,285,227	1,296,265	1,338,228	1,308,405
National Park Service	2,239,430	2,361,873	2,240,323	2,321,461	2,258,581
U.S. Geological Survey	919,272	895,505	935,660	928,864	937,985
Minerals Management Service	170,312	171,321	171,321	173,121	170,297
Office of Surface Mining Reclamation and Enforcement	295,179	281,168	301,168	297,592	295,975
Bureau of Indian Affairs	2,257,243	2,292,761	2,309,340	2,320,412	2,300,814
Departmental Offices <sup>a</sup>	624,609	775,285	707,401	730,717	682,674
<b>Total, Title I</b>	<b>9,632,470</b>	<b>9,862,661</b>	<b>9,658,322</b>	<b>9,833,342</b>	<b>9,747,961</b>
<b>Title II: Related Agencies</b>					
U.S. Forest Service	4,869,839	4,358,972	4,177,103	4,094,108	4,539,899
Department of Energy	1,740,532	1,703,837	1,722,516	1,671,345	1,713,772
Clean Coal Technology	-87,000	—	-86,000	-97,000	-185,000
Fossil Energy R & D	620,837	514,305	609,290	593,514	672,770
Naval Petroleum and Oil Shale Reserves	17,715	16,500	20,500	17,947	17,995
Elk Hills School Lands Fund	36,000	36,000	36,000	36,000	72,000
Energy Conservation	891,769	875,793	879,487	861,645	877,985
Economic Regulation	1,477	1,047	1,047	1,047	1,034
Strategic Petroleum Reserve (SPR)	171,732	175,081	175,081	173,081	170,949
SPR Petroleum Account	1,954	—	—	—	—
Northeast Home Heating Oil Reserve	5,961	5,000	5,000	5,000	4,939
Energy Information Administration	80,087	80,111	82,111	80,111	81,100
Indian Health Service	2,849,661	2,889,662	2,948,642	2,937,712	2,921,715
Office of Navajo and Hopi Indian Relocation	14,397	13,532	13,532	13,532	13,366
Institute of American Indian and Alaska Native Culture and Arts Development	5,454	5,250	5,250	6,250	6,173
Smithsonian Institution	544,875	566,523	583,718	577,959	596,279
National Gallery of Art	92,842	100,449	100,449	97,250	98,225
John F. Kennedy Center for the Performing Arts	33,690	32,560	32,560	32,560	32,159
Woodrow Wilson International Center for Scholars	8,433	8,604	8,604	8,604	8,498
National Endowment for the Arts	115,732	117,480	127,480	117,480	120,972
National Endowment for the Humanities	124,936	152,000	142,000	142,000	135,310

Bureau or Agency	FY2003 Approp.	FY2004 Request	FY2004 House Passed	FY2004 Senate Passed	FY2004 Approp.
Commission of Fine Arts	1,216	1,422	1,422	1,422	1,405
National Capital Arts and Cultural Affairs	6,954	5,000	7,000	6,000	6,914
Advisory Council on Historic Preservation	3,643	4,100	4,100	4,000	3,951
Natl. Capital Planning Comm.	7,206	8,230	7,730	8,030	7,635
U.S. Holocaust Memorial Museum	38,412	39,997	39,997	39,997	39,505
Presidio Trust	21,188	20,700	20,700	20,700	20,445
<b>Total, Title II: Related Agencies</b>	<b>10,479,010</b>	<b>10,028,318</b>	<b>9,942,803</b>	<b>9,778,949</b>	<b>10,266,223</b>
<b>Grand Total (in Bill) <sup>b</sup></b>	<b>20,111,481 <sup>c</sup></b>	<b>19,890,979</b>	<b>19,601,125</b>	<b>20,012,291</b>	<b>20,014,184<sup>d</sup></b>

**Source:** House Appropriations Committee and *Congressional Record*.

**Notes:** <sup>a</sup> Departmental Offices includes Insular Affairs, the Office of the Special Trustee for American Indians, and the Payments in Lieu of Taxes Program (PILT).

<sup>b</sup> Figures do not reflect scorekeeping adjustments.

<sup>c</sup> FY2003 enacted figures include an across-the-board cut of 0.65% in the FY2003 consolidated appropriations law (P.L. 108-7). The total includes \$825.0 million for wildland fire emergencies, consisting of \$189.0 million for BLM and \$636.0 million for the Forest Service. These funds are to repay amounts transferred from other accounts for fire fighting in FY2002. The total appropriation for FY2003 includes an FY2003 Supplemental appropriation (P.L. 108-83) adding \$36.0 million for BLM, \$5.0 million for FWS, and \$283.0 million for FS.

<sup>d</sup> Figures reflect an across-the-board cut of 0.646% in the FY2004 Interior and Related Agencies Appropriations law (P.L.108-108) and a 0.59% across-the-board cut in the Consolidated Appropriations Act for FY2004 (P.L. 108-199).

**Table 22. Historical Appropriations Data, from FY2000 to FY2003**  
(\$ in thousands)

Agency or Bureau	FY2000	FY2001	FY2002	FY2003
<b>Department of the Interior</b>				
Bureau of Land Management	\$1,231,402	\$2,147,182	\$1,872,597	\$1,877,892
U.S. Fish and Wildlife Service	875,093	1,227,010	1,276,424	1,248,533
National Park Service	1,803,847	2,135,219	2,380,074	2,239,430
U.S. Geological Survey	813,376	882,800	914,002	919,272
Minerals Management Service	116,318	139,221	156,772	170,312
Office of Surface Mining Recl. and Enforce.	291,733	302,846	306,530	295,179
Bureau of Indian Affairs	1,869,052	2,187,613	2,212,876	2,257,243
Departmental Offices <sup>a</sup>	319,869	352,519	367,144	624,609
General Provisions	—	12,572	—	—
<b>Total for Department</b>	<b>7,320,690</b>	<b>9,386,982</b>	<b>9,486,419</b>	<b>9,632,470</b>
<b>Related Agencies</b>				
U.S. Forest Service	2,819,933	4,435,391	4,130,416	4,869,839
Department of Energy	1,226,393	1,453,644	1,766,470	1,740,532
Indian Health Service	2,390,728	2,628,766	2,759,101	2,849,661
Office of Navajo and Hopi Indian Relocation	8,000	14,967	15,148	14,397
Inst. of Amer. Indian and Alaska Culture & Arts Dev.	2,125	4,116	4,490	5,454
Smithsonian Institution	438,130	453,854	518,860	544,875
National Gallery of Art	67,590	75,485	85,335	92,842
JFK Center for the Performing Arts	33,871	33,925	38,310	33,690
Woodrow Wilson International Center for Scholars	6,763	12,283	7,796	8,433
National Endowment for the Arts	97,628	97,785	98,234	115,732
National Endowment for the Humanities	115,260	119,994	124,504	124,936
Institute of Museum and Library Services	24,307	24,852	26,899	<sup>b</sup>
Challenge America Arts Fund	—	6,985	17,000	<sup>c</sup>
Commission of Fine Arts	1,021	1,076	1,224	1,216
National Capital Arts and Cultural Affairs	6,973	6,985	7,000	6,954
Advisory Council on Historic Preservation	2,989	3,182	3,400	3,643
National Capitol Planning Commission	6,288	6,486	8,011	7,206
Holocaust Memorial Museum	33,161	34,363	36,028	38,412
Presidio Trust	44,300	33,327	23,125	21,188
<b>Total for Related Agencies</b>	<b>7,325,460</b>	<b>9,447,466</b>	<b>9,671,351</b>	<b>10,479,010</b>
<b>Grand Total for All Agencies</b>	<b>14,911,650</b>	<b>18,892,320</b>	<b>19,157,770</b>	<b>20,111,480<sup>d</sup></b>

**Notes:** a Departmental Offices includes Insular Affairs and Office of the Special Trustee for American Indians for all years, and the Payments in Lieu of Taxes Program (PILT) for FY2003. For FY2000-FY2002, PILT monies are contained in the BLM appropriation.

<sup>b</sup> Beginning in FY2003, the Office of Museum Services as part of the IMLS is included in the appropriations bill for the Departments of Labor-HHS-Education and Related Agencies.

<sup>c</sup> Funding (\$17.0 million) for Challenge America Arts Fund is included in the total figure for the National Endowment for the Arts.

<sup>d</sup> Figures in this column reflect an across-the-board cut of 0.65% in the FY2003 consolidated appropriations law (P.L. 108-7). The total also includes \$825.0 million for wildland fire emergencies, consisting of \$189.0 million for BLM and \$636.0 million for the Forest Service. These funds are to repay amounts transferred from other accounts for fire fighting in FY2002. The total appropriation for FY2003 includes an FY2003 Emergency Supplemental Appropriation (P.L. 108-83) adding \$36.0 million for BLM, \$5.0 million for FWS, and \$283.0 million for FS.

## For Additional Reading

### **Title I: Department of the Interior**

CRS Report RL30444. *Conservation and Reinvestment Act (CARA) (H.R. 701) and a Related Initiative in the 106<sup>th</sup> Congress*, by Jeffrey Zinn and (name redacted).

CRS Issue Brief IB10072. *Endangered Species: Difficult Choices*, by (name redacted) and (name redacted).

CRS Report RS21331. *Everglades Restoration: Modified Water Deliveries Project*, by (name redacted).

CRS Report 97-851. *Federal Indian Law: Background and Current Issues*, by (name redacted).

CRS Report RS21402. *Federal Lands, "Disclaimers of Interest," and RS2477*, by (name redacted).

CRS Report RL31621. *Florida Everglades Restoration: Background on Implementation and Early Lessons*, by (name redacted).

CRS Report 96-123. *Historic Preservation: Background and Funding*, by (name redacted).

CRS Report RS21503. *Land and Water Conservation Fund: Current Status and Issues*, by Jeffrey Zinn.

CRS Issue Brief IB89130. *Mining on Federal Lands*, by (name redacted).

CRS Report RS21157. *Multinational Species Conservation Fund*, by (name redacted) and (name redacted).

CRS Report RS20902. *National Monument Issues*, by (name redacted).

CRS Issue Brief IB10093. *National Park Management and Recreation*, by (name redacted), coordinator.

CRS Report RL31392. *PILT (Payments in Lieu of Taxes): Somewhat Simplified*, by (name redacted).

CRS Report RS20702. *South Florida Ecosystem Restoration and the Comprehensive Everglades Restoration Plan*, by (name redacted).

### **Land Management Agencies Generally**

CRS Report RS20471. *The Conservation Spending Category: Funding for Natural Resource Protection*, by Jeffrey Zinn.

CRS Report RS20002. *Federal Land and Resource Management: A Primer*, by (name redacted).

CRS Report RL32393. *Federal Land Management Agencies: Background on Land and Resources Management*, by (name redacted), Coordinator, (name redacted), (name redacted), (name redacted), David Whiteman, and Kori Calvert.

CRS Report RL30335. *Federal Land Management Agencies' Permanently Appropriated Accounts*, by (name redacted), (name redacted), and (name redacted).

CRS Report RL30126. *Federal Land Ownership: Constitutional Authority; the History of Acquisition, Disposal, and Retention; and Current Acquisition and Disposal Authorities*, by (name redacted) and (name redacted).

CRS Issue Brief IB10076. *Public (BLM) Lands and National Forests*, by (name redacted) and (name redacted), coordinators.

CRS Report RL32131. *Phosphorus Mitigation in the Everglades*, by (name redacted) and (name redacted).

## **Title II: Related Agencies**

CRS Report RS20287. *Arts and Humanities: Background on Funding*, by (name redacted).

CRS Issue Brief IB10020. *Energy Efficiency: Budget, Oil Conservation, and Electricity Conservation Issues*, by (name redacted).

CRS Report RS20822. *Forest Ecosystem Health: An Overview*, by (name redacted).

CRS Report RS21442. *Hydrogen and Fuel Cell Vehicle R&D: FreedomCAR and the President's Hydrogen Fuel Initiative*, by (name redacted).

CRS Report RL30647. *The National Forest System Roadless Areas Initiative*, by (name redacted).

CRS Report RS20852. *The Partnership for a New Generation of Vehicles: Status and Issues*, by (name redacted).

CRS Report RS20985. *Stewardship Contracting for the National Forests*, by (name redacted).

CRS Issue Brief IB87050. *The Strategic Petroleum Reserve*, by (name redacted).

CRS Report RL31679. *Wildfire Protection: Legislation in the 107<sup>th</sup> Congress and Issues in the 108<sup>th</sup> Congress*, by (name redacted).



## Selected Websites

Information regarding the budget, supporting documents, and related departments, agencies and programs is available at the following web or gopher sites.

*House Committee on Appropriations.*  
[<http://www.house.gov/appropriations>]

*Senate Committee on Appropriations.*  
[<http://appropriations.senate.gov/>]

*CRS Appropriations Products Guide.*  
[<http://www.crs.gov/products/appropriations/apppage.shtml>]

*Congressional Budget Office.*  
[<http://www.cbo.gov/>]

*General Accounting Office.*  
[<http://www.gao.gov>]

*House Republican Conference.*  
[<http://www.gop.gov/>]

*Office of Management and Budget.*  
[<http://www.whitehouse.gov/omb/>]

### **Title I: Department of the Interior**

*Department of the Interior (DOI).*  
[<http://www.doi.gov/>]

*Bureau of Land Management (BLM).*  
[<http://www.blm.gov/nhp/index.htm>]

*Fish and Wildlife Service (FWS).*  
[<http://www.fws.gov/>]

*Historic Preservation.*  
[<http://www2.cr.nps.gov/>]

*Insular Affairs.*  
[<http://www.doi.gov/oia/index.html>]

*Minerals Management Service (MMS).*  
[<http://www.mms.gov/>]

*National Park Service (NPS).*  
[<http://www.nps.gov/>]

*Office of Surface Mining Reclamation and Enforcement (OSM).*  
[<http://www.osmre.gov/osm.htm>]

*Office of Special Trustee for American Indians.*  
[<http://www.ost.doi.gov/>]

*U.S. Geological Survey (USGS).*  
[<http://www.usgs.gov/>]

## **Title II: Related Agencies**

### **Departments.**

*Agriculture, Department of (USDA).*  
[<http://www.usda.gov/>]

*Department of Agriculture: U.S. Forest Service.*  
[<http://www.fs.fed.us/>]

*Energy, Department of (DOE).*  
[[http://www.energy.gov/engine/content.do?BT\\_CODE=DOEHOME](http://www.energy.gov/engine/content.do?BT_CODE=DOEHOME)]

*Energy Budget.*  
[<http://www.mbe.doe.gov/budget/03budget/>]

*Energy Conservation Programs.*  
[<http://www.eere.energy.gov/>]

*Fossil Energy.*  
[<http://www.fe.doe.gov/>]

*Naval Petroleum Reserves.*  
[<http://fossil.energy.gov/programs/reserves/npr/>]

*Strategic Petroleum Reserve.*  
[<http://fossil.energy.gov/programs/reserves/spr/>]

*Health and Human Services, Department of (HHS).*  
[<http://www.dhhs.gov/>]

*Indian Health Service (IHS).*  
[<http://www.ihs.gov/>]

### **Agencies.**

*Advisory Council on Historic Preservation.*  
[<http://www.achp.gov>]

*Institute of American Indian and Alaska Native Culture and Arts Development.*  
[<http://www.iaiancad.org/>]

*Institute of Museum Services.*

[<http://www.ims.gov/>]

*John F. Kennedy Center for the Performing Arts.*

[<http://Kennedy-Center.org/>]

*National Capital Planning Commission.*

[<http://www.ncpc.gov>]

*National Endowment for the Arts.*

[<http://arts.endow.gov/>]

*National Endowment for the Humanities.*

[<http://www.neh.gov/>]

*National Gallery of Art.*

[<http://www.nga.gov/>]

*Smithsonian Institution.*

[<http://www.si.edu/>]

*U.S. Holocaust Memorial Council and U.S. Holocaust Memorial Museum.*

[<http://www.ushmm.org/>]

*Woodrow Wilson International Center for Scholars.*

[<http://wwics.si.edu/>]

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