

September 1, 2022

Offshore Energy Agency Appropriations, FY2023

Three entities in the Department of the Interior (DOI) share responsibility for managing the nation's ocean energy resources on almost 2.5 billion acres of the U.S. outer continental shelf (OCS). The Bureau of Ocean Energy Management (BOEM) administers offshore energy leasing and mineral development; the Bureau of Safety and Environmental Enforcement (BSEE) oversees offshore operational safety and environmental protection; and the Office of Natural Resources Revenue (ONRR) manages public revenues from federally regulated offshore and onshore energy and natural resource projects. BOEM, BSEE, and ONRR receive appropriations in the annual Interior, Environment, and Related Agencies appropriations bill. Issues include determining the aggregate and program-level appropriations for each entity.

On July 1, 2022, the House Committee on Appropriations reported an FY2023 Interior appropriations bill, H.R. 8262 (H.Rept. 117-400), with funding for BOEM, BSEE, and ONRR. On July 20, 2022, the House passed H.R. 8294, a consolidated appropriations bill with the same amounts for the three entities. On July 28, 2022, S. 4686 was introduced in the Senate with FY2023 appropriations for the three entities. The Senate Appropriations Committee majority released a related draft explanatory statement (DES).

Total budget authority for BOEM and BSEE includes both discretionary appropriations and *offsetting collections* derived from a portion of OCS rental receipts, cost-recovery fees, and (for BSEE) inspection fees. The discretionary appropriations for each fiscal year are reduced by the amount of eligible fees and receipts collected, so that the final amount appropriated to each agency is the net of those collections. Discussions of account- and activity-level funding in the sections below refer to total budget authority, regardless of offsets. ONRR's funding does not include offsetting collections.

BOEM Appropriations

The Biden Administration requested \$237.4 million in total budget authority for BOEM for FY2023 (Table 1). This

was a 15% increase over total FY2022 budget authority of \$206.7 million provided in P.L. 117-103, the Consolidated Appropriations Act, 2022. House-passed H.R. 8294 would provide \$229.8 million in total FY2023 budget authority for BOEM, 11% more than FY2022 and 3% less than requested by the Administration. (This total includes a \$1 million general increase from a House floor amendment to support wind energy development.) S. 4686 would provide BOEM with total budget authority of \$232.6 million, 12% more than FY2022 and 2% less than the request.

BOEM's funding is contained in a single budget account, titled Ocean Energy Management. Within this account, the **Conventional Energy** activity (\$60.5 million FY2022; \$61.5 million House-passed H.R. 8294; \$63.6 million FY2023 requested and S. 4686) funds administration of oil and gas leasing, including development of five-year leasing programs. BOEM requested reduced funding for execution of the five-year program but increased funding for baseline workforce capacity, fixed costs, and addressing issues related to receipt of fair market value for offshore leases.

The **Renewable Energy** activity (\$36.8 million FY2022; \$51.7 million FY2023 requested and House-passed H.R. 8294; \$44.8 million S. 4686) supports BOEM's management of renewable ocean energy resources. BOEM requested added funding to extend its workforce capacity and invest in research and stakeholder engagement, among other purposes. Both the House committee report and the Senate committee majority's DES direct BOEM to continue close consultation with stakeholders such as the fishing industry for offshore wind siting and permitting.

The **Environmental Assessment** activity (\$79.8 million FY2022; \$86.4 million FY2023 requested; \$84.4 million House-passed H.R. 8294; \$88.4 million S. 4686) supports BOEM's responsibilities for assessing the environmental impacts of ocean energy activities to inform planning and policy decisions. BOEM's requested increase was primarily for its Environmental Studies Program.

Table 1. BOEM, BSEE, and ONRR Appropriations, FY2022 and FY2023 (\$ millions)

Agency	FY2022 Enacted (P.L. 117-103)	FY2023 Request	House-Passed H.R. 8294	House Bill % Change from FY2022	Senate S. 4686	Senate Bill % Change from FY2022
BOEM Total Budget Authority	206.7	237.4	229.8	+11%	232.6	+12%
BOEM Net Appropriation	163.7	200.4	192.8	+18%	195.6	+19%
BSEE Total Budget Authority	210.9	261.2	234.2	+11%	235.0	+11%
BSEE Net Appropriation	155.9	198.2	171.2	+10%	172.0	+10%
ONRR Total Appropriation	169.6	175.0	175.0	+3%	175.0	+3%

Source and Notes: Data from House Appropriations Committee. Net appropriations reflect estimated reductions to discretionary appropriations from offsetting collections. BOEM totals reflect a \$1 million increase from a House floor amendment to support offshore wind. The **Marine Minerals** activity (\$11.8 million FY2022; \$15.4 million FY2023 requested and S. 4686; \$12.4 million House-passed H.R. 8294) supports management of offshore non-energy minerals, particularly sand and gravel, as well as BOEM's assessment of critical minerals on the OCS. BOEM requested increased funds for its National Offshore Sand Inventory. The House committee report described the inventory as "increasingly important" for state coastal mitigation efforts. The Senate committee majority's DES directed continued levels of critical minerals assessment.

The **Executive Direction** activity (\$17.9 million FY2022; \$20.3 million FY2023 requested and S. 4686; \$19.8 million House-passed H.R. 8294) covers leadership, budgeting, technology, and related activities. The requested increase was primarily to enhance program support for the Administration's clean energy priorities.

Net of estimated offsetting collections, BOEM's FY2023 request was \$200.4 million, 22% more than the net appropriation of \$163.7 million for BOEM in FY2022. The 22% increase in the net request, compared with the 15% increase in the total request, reflects that BOEM anticipates less in offsetting rental receipts and cost-recovery fees for FY2023 than were collected in FY2022. Net of offsetting collections, H.R. 8294 would provide \$192.8 million for BOEM, 18% more than enacted for FY2022 and 4% less than requested. S. 4686 would provide \$195.6 million, 19% more than FY2022 and 2% less than requested.

BSEE Appropriations

The Administration requested \$261.2 million in total budget authority for BSEE for FY2023, a 24% increase over the FY2022 total budget authority of \$210.9 million in P.L. 117-103. House-passed H.R. 8294 would provide BSEE with total FY2023 budget authority of \$234.2 million, 10% less than the request and 11% more than the FY2022 total budget authority (**Table 1**). S. 4686 would provide BSEE with total budget authority of \$235.0 million, also 10% less than requested and 11% more than FY2022.

BSEE's funding is appropriated under two budget accounts, Offshore Safety and Environmental Enforcement (OSEE) and Oil Spill Research. Under the OSEE account, the **Operations, Safety, and Regulation** activity (\$160.1 million FY2022; \$170.9 million FY2023 requested and S. 4686; \$168.9 million House-passed H.R. 8294) supports BSEE's development of regulations and safety standards, review and approval of OCS operating permits, inspections of facilities and equipment, and oversight of operator safety programs, among other activities. Most of BSEE's requested increase was for its renewable energy program.

The **Environmental Enforcement** activity (\$5.5 million FY2022; \$5.9 million FY2023 requested, House-passed H.R. 8294, and S. 4686) supports BSEE's compliance with environmental statutes and its oversight and enforcement of environmental compliance by operators on the OCS. BSEE's requested increase was for its renewable energy program.

The activities for **Administrative Operations** (\$18.7 million FY2022; \$20.5 million FY2023 requested and House-passed H.R. 8294; \$19.3 million S. 4686) and **Executive Direction** (\$18.4 million FY2022; \$18.8 million FY2023 requested, House-passed H.R. 8294, and S. 4686) fund a range of administrative services as well as BSEE's executive offices. BSEE's FY2023 request included funding for zero-emission vehicles and the DOI-wide Diversity, Equity, Inclusion, and Accessibility Initiative, among others.

BSEE's **Offshore Decommissioning** activity (\$3.0 million FY2022; \$30.0 million FY2023 requested; \$5.0 million House-passed H.R. 8294 and S. 4686) was established as a separate line item in FY2022, supporting closure and removal of offshore energy infrastructure when leases reach the end of their lifetimes. BSEE requested \$30.0 million for FY2023 to "properly plug and abandon" orphaned wells and pipelines that no liable party is available to decommission. H.R. 8294 and S. 4686 would provide less (\$5.0 million). The House committee report expressed "strong disagreement that the ultimate responsibility for these activities should fall to the American taxpayer" and would require a briefing on BSEE's plans for obtaining financial assurance from operators to avoid future costs.

The second BSEE account, **Oil Spill Research** (\$15.1 million FY2022, FY2023 request, House-passed H.R. 8294, and S. 4686), funds research and planning for oil spill responses and supports Ohmsett, the National Oil Spill Response Research and Renewable Energy Test Facility. BSEE would focus funding on renewable energy research in addition to oil spills.

BSEE's requested net appropriations after offsetting collections were \$198.2 million, 27% more than the FY2022 net appropriations of \$155.9 million. Net of offsetting collections, H.R. 8294 would provide \$171.2 million, 14% less than the request and 10% more than FY2022. S. 4686 would provide net appropriations of \$172.0 million, 13% less than the request and 10% more than FY2022.

BSEE's budget proposed a legislative provision to raise inspection fees to adjust for inflation and to change facility inspection fees from a per-year to a per-visit basis. H.R. 8294 and S. 4686 generally reflect the requested changes.

ONRR Appropriations

ONRR, which manages revenues from both offshore and onshore energy, is funded within the broader appropriation for DOI's Department-Wide Programs. For FY2023, the Administration requested \$175.0 million for ONRR, an increase of 3% over the FY2022 funding of \$169.6 million (**Table 1**). The requested increase was mainly for information technology (IT) modernization. House-passed H.R. 8294 as well as S. 4686 would provide the requested amount.

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