

**DOI SPENDING FOR THE U.S.  
FISH AND WILDLIFE SERVICE  
(FWS) AND OFFICE OF INSU-  
LAR AFFAIRS (OIA) AND THE  
PRESIDENT'S FY 2012 BUDGET  
REQUEST FOR FWS AND OIA**

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**OVERSIGHT HEARING**

BEFORE THE

SUBCOMMITTEE ON FISHERIES, WILDLIFE,  
OCEANS AND INSULAR AFFAIRS

OF THE

COMMITTEE ON NATURAL RESOURCES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

Wednesday, March 2, 2011

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**OVERSIGHT HEARING ON THE DEPARTMENT  
OF THE INTERIOR SPENDING FOR THE U.S.  
FISH AND WILDLIFE SERVICE AND THE  
OFFICE OF INSULAR AFFAIRS AND THE  
PRESIDENT'S FISCAL YEAR 2012 BUDGET  
REQUEST FOR THE UNITED STATES FISH  
AND WILDLIFE SERVICE AND THE OFFICE  
OF INSULAR AFFAIRS.**

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**Wednesday, March 2, 2011  
U.S. House of Representatives  
Subcommittee on Fisheries, Wildlife, Oceans and Insular Affairs  
Committee on Natural Resources  
Washington, D.C.**

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The Subcommittee met, pursuant to call, at 10:00 a.m. in Room 1334, Longworth House Office Building, Hon. John Fleming [Chairman of the Subcommittee] presiding.

Present: Representatives Fleming, Duncan, Southerland, Flores, Landry, Runyan, Christensen, Faleomavaega, Bordallo, Sablan, Pierluisi, and Markey.

**STATEMENT OF THE HON. JOHN FLEMING, MD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA**

Dr. FLEMING. The Subcommittee will come to order. The Chairman notes the presence of a quorum, which, under Committee Rule 3[e], is two Members. Under Committee Rule 4[f], opening statements are limited to the Chairman and Ranking Member of the Subcommittee so that we can hear from our witnesses more quickly. However, I ask unanimous consent to include any other Members' opening statements in the hearing record if submitted to the Clerk by the close of business today. Hearing no objection, so ordered.

Good morning, and welcome to the first hearing of the Subcommittee on Fisheries, Wildlife, Oceans and Insular Affairs for the 112th Congress. I am Dr. John Fleming, the newly appointed Chairman of this Subcommittee, and I am proud to represent the citizens of the 4th Congressional District of Louisiana.

By way of brief background, I served as a medical officer in the United States Navy for six years, including a tour on the Island of

Guam. And I have operated a family medical practice in Minden, my hometown, since 1982.

Prior to being elected to Congress, I held no state or Federal office, yet, like many of my colleagues, I know what it takes to create and run a successful business, and, more importantly, to make a payroll.

We are living in extraordinary times. Our national debt now exceeds \$14 trillion, and every man, woman, and child in this country owes \$45,580, even at birth.

The debt is not only unsustainable, but is literally bankrupting this country. Just six years ago, the national debt was \$7.6 trillion. We have now nearly doubled that amount, and the government is borrowing a staggering 41 cents for every dollar it spends.

Two years ago, President Obama told a town hall meeting in Rio Rancho, New Mexico, that current deficit spending was unsustainable, and that we are mortgaging our children's future with more and more debt. I agree with the President.

It was, therefore, alarming to see the President recommend funding for the Land and Water Conservation Fund 145 percent higher than when he came into office. That is 145 percent.

We simply cannot afford this type of Federal growth, and the Federal Government should not be profiting from the misery of our constituents, who have watched their land values fall. With the Operations and Maintenance backlog for the National Wildlife Refuge System approaching \$4 billion, this is not the time to further burden the Fish and Wildlife Service with additional land they will find difficult, if not impossible, to properly maintain in the future—a problem, by the way, we have with our highway system.

We must reduce spending. It is my hope that we can work together in a bipartisan way to examine those programs under the jurisdiction of this Subcommittee, and to objectively ask whether our taxpayers are still getting a fair return on their investments, whether there are programs performing the same or similar functions, whether there are programs, whether there is waste in a program, whether the Federal Government should even be performing certain jobs, and whether a Federal program has outlived its usefulness and should be terminated.

We will start this process today by examining the Fiscal Year 2012 budget request for the U.S. Fish and Wildlife Service and the Office of Insular Affairs. Later this month we will conduct a similar analysis of the Obama Administration's request for the National Oceanic and Atmospheric Administration.

In my letter of invitation I asked each witness to be prepared to answer specific questions about major aspects of their budget request, and to explain how they spent the taxpayer money provided to them by the American Recovery and Reinvestment Act. I am particularly interested in hearing how many full-time, part-time, or temporary jobs were created, and whether these projects would have been built in the absence of this huge infusion of Federal money.

I look forward to hearing from our witnesses. And I am now pleased to recognize our new Ranking Democrat Member, the gentlelady from the Virgin Islands, Congresswoman Donna Christensen; Dr. Christensen, I might add, who has the distinction

of being the first female physician in the history of the U.S. Congress.

Dr. Christensen, you are recognized for any statement you would like to make.

[The prepared statement of Dr. Fleming follows:]

**Statement of The Honorable John Fleming, Chairman,  
Subcommittee on Fisheries, Wildlife, Oceans and Insular Affairs**

Good morning and welcome to the first hearing of the Subcommittee on Fisheries, Wildlife, Oceans and Insular Affairs for the 112th Congress.

I am Dr. John Fleming, the newly appointed Chairman of this Subcommittee and I am proud to represent the citizens of the 4th Congressional District in Louisiana. By way of brief background, I served as a Medical Officer in the United States Navy for six years including a tour on the island of Guam and I have operated a family medical practice in Minden since 1982.

Prior to being elected to Congress, I held no state or federal office, yet, like many of my colleagues, I know what it takes to create and run a successful business and more importantly to make a payroll.

We are living in extraordinary times. Our national debt now exceeds 14 trillion and every man, woman and child in this country owes \$45,580. This debt is not only unsustainable but it is literally bankrupting this country. Just six years ago, the national debt was \$7.6 trillion. We have now nearly doubled that amount and the government is borrowing a staggering 41 cents for every dollar it spends.

Two years ago, President Obama told a town hall meeting in Rio Rancho, New Mexico that current deficit spending was "unsustainable" and that: "We are mortgaging our children's future with more and more debt". I agree with the President. It was, therefore, alarming to see the President recommend funding for the Land and Water Conservation Fund 145 percent higher than when he came into office. 145 percent. We simply cannot afford this type of federal growth and the federal government should not be profiting from the misery of our constituents who have watched their land values fall. With the operations and maintenance backlog for the National Wildlife Refuge System approaching \$4 billion, this is not the time to further burden the Fish and Wildlife Service with additional land they will find difficult, if not impossible, to properly maintain in the future.

We must reduce spending. It is my hope that we can work together in a bipartisan way to examine those programs under the jurisdiction of this Subcommittee and to objectively ask whether our taxpayers are still getting a fair return on their investments, whether there are programs performing the same or similar functions, whether there is waste in a program, whether the federal government should even be performing certain jobs and whether a federal program has outlived its usefulness and should be terminated.

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I am now pleased to recognize our new Ranking Democratic Member, the gentle lady from the Virgin Islands, Congresswoman Donna Christensen who has the distinction of being the first female physician in the history of the U.S. Congress. Dr. Christensen welcome.

**STATEMENT OF THE HON. DONNA M. CHRISTENSEN, A  
DELEGATE TO CONGRESS FROM THE VIRGIN ISLANDS**

Dr. CHRISTENSEN. Thank you, Dr. Fleming. And it seems we do share a lot in common, being family physicians and both of us coming to office it seems like straight from our practices. But I thank you for welcoming me, and it is a pleasure to join you for this first hearing of our Subcommittee.

And I would like to take this opportunity to welcome Governor Tulafono to the hearing, as well as the other panelists, but especially our Governor.

The Administration has requested \$1.7 billion for the Fish and Wildlife Service, an increase of \$48 million from the enacted levels for Fiscal Year 2010. This request reflects the difficult fiscal situation in which our country finds itself; yet, at the same time, by fully funding the Land and Water Conservation Fund, a fund that every district benefits from and needs.

The budget request also reflects the importance of legacy investments in our nation's fish, wildlife, and habitats for the benefit of the American people, for the enjoyment of children, who are fascinated by our wildlife, the birdwatchers, our sportsmen and women, and others.

The Administration's budget stands in sharp contrast to the Majority's Continuing Resolution, which would indiscriminately cut almost \$400 million, or 25 percent, from the Service's discretionary budget.

For example, the Majority cuts would eliminate \$90 million in funding for the State and Tribal Wildlife Grants Program, which provides money to the states—the states—and tribes to prevent future endangered species listings by implementing voluntary conservation actions to stabilize declining fish and wildlife populations.

In my district, these grants provide almost \$200,000 to implement our Wildlife Action Plan, providing jobs and conserving wildlife in the U.S. Virgin Islands.

And so I commend and wholeheartedly support the Administration's effort to increase its request for state and tribal wildlife grant programs, and for making other strategic choices to protect American jobs, and to preserve sustainable industries, including hunting, fishing, and wildlife tourism.

But I remain very concerned with the long-term Operations and Maintenance budget backlog facing the National Wildlife Refuge System, and the cuts to the multi-national species conservation programs. I recognize that we face a difficult funding climate for several years ahead; yet we have to strike the balance in continuing to support the programs that we care about, and those that provide the greatest conservation benefits, while very importantly saving, and even creating, jobs.

With respect to the insular areas, the President has proposed a Fiscal Year 2012 budget of \$464.3 million for the Office of Insular Affairs, of which \$377.1 million represents permanent and indefinite appropriations, including \$145 million estimated for fiscal payments to Guam and the U.S. Virgin Islands, and \$232 million for payments under the Compacts of Free Association. This amount is \$13.4 million above the Fiscal Year 2010 and the current 2011 Continuing Resolution level.

The programs funded under the OIA Fiscal Year 2012 budget request will focus on the long-term security interests of the United States in the Western Pacific and the Caribbean, and the serious economic and fiscal problems impacting the insular areas. Please note that the recently passed House Continuing Resolution would reduce the OIA budget by \$6.679 million below the 2010 appro-

priated level for the remainder of 2011. If these cuts were to remain unchanged, it would mean that the Office of Insular Affairs would not be able to award any more technical assistance grants for the remaining seven months of the fiscal year. This, at a time when our fiscal, public safety, and environmental challenges—for example, in the Virgin Islands—make having these funds more critical than ever. They fund projects on a short-term immediate basis to meet needs that cannot be funded anywhere else in the Federal Government's budget.

It is my hope that through this hearing we will be able to examine whether OIA, through its proposed Fiscal Year 2012 budget, is sufficiently positioned to fulfill these responsibilities of the insular areas, and respond to our most urgent needs.

So thank you again, Mr. Chairman, for allowing me to make this brief opening statement. I look forward to hearing from our witnesses today, and to closely examining these issues so we can ensure that the Offices, both of them, are able to fulfill their obligations to the American people.

Thank you, and that is my statement.

Dr. FLEMING. My thanks to the Ranking Member. During our opening remarks, we will have additional Members I would like to recognize today.

First, Mr. Flores of Texas, thank you for being here; Ms. Bordallo, the gentlelady from Guam; Mr. Sablan, from the Northern Marianas; Mr. Pierluisi from Puerto Rico; And finally, Mr. Faleomavaega from American Samoa. Thank you, sir.

And I would like to now recognize you, sir, for an introduction.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I want to thank you for having this oversight hearing on the Department of the Interior spending for the U.S. Fish and Wildlife Service and the Office of Insular Affairs on the President's Fiscal Year 2012 budget requests for the U.S. Fish and Wildlife Service, as well as the Office of Insular Affairs.

I believe this hearing gives us the opportunity to review and discuss Federal spending on fisheries and wildlife services, and Federal obligations to help the territorial governments in insular areas.

I also want to personally welcome our distinguished panel of witnesses, and especially extend a warm welcome and greetings to The Honorable Togiola Tulafono, the Governor of American Samoa, who is with us here this morning.

Mr. Chairman, with respect to the Fish and Wildlife Service, the proposed budget of \$1.69 billion, a net increase of \$47.9 million from the Fiscal Year 2010 enacted level, will provide more resources to help the Fish and Wildlife Service conserve, protect, and enhance fish, wildlife, plants, and other habitats for the American people. With respect to the territories and insular areas, the 2012 budget request for OIA includes a reduction in assistance to the territories. The requested amount of \$87.2 million represents a decrease of \$15.3 million from Fiscal Year 2010. This reduction will greatly restrict OIA's ability to provide critical support that is otherwise not available to the territorial governments.

Mr. Chairman, I want to commend the Office of Insular Affairs and Mr. Babauta for the initiative taken to help develop a clean-

energy future for the territorial governments. I am pleased that this initiative agrees with Federal policy that was first established by Congress in 1980, and most recently revised in 2005, to direct the Secretary of Energy, in consultation with the Secretary of the Interior, to prepare and submit to the Congress a comprehensive energy plan with emphasis on indigenous renewable energy resources for Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands (CNMI), the Federated States of Micronesia (FSM), as well as the Marshall Islands (RMI), and the Republic of Palau.

With that, Mr. Chairman, I want to ask unanimous consent that the substance of my statement be made part of the record. And thank you.

Dr. FLEMING. Without objection, accepted.

[The prepared statement of Dr. Christensen follows:]

**Statement of The Honorable Donna Christensen, Ranking Member,  
Subcommittee on Fisheries, Wildlife, Oceans and Insular Affairs**

Thank you Mr. Chairman. The Administration has requested \$1.7 billion for the Fish and Wildlife Service (Service), an increase of \$48 million from the enacted level for Fiscal Year 2010. This request reflects the difficult fiscal situation in which our country finds itself, yet at the same time, by fully funding the Land and Water Conservation Fund, the budget request also reflects the importance of legacy investments in our nation's fish, wildlife, and habitats for the benefit of the American people.

The Administration's budget request stands in sharp contrast to the majority's continuing resolution, which would indiscriminately cut almost \$400 million, or 25%, from the Service's discretionary budget. For example, the majority's cuts would eliminate \$90 million in funding for the State and Tribal Wildlife Grants Program. This Program provides money to States and Tribes to prevent future endangered species listings by implementing voluntary conservation actions to stabilize declining fish and wildlife populations. In my district, these grants provide almost \$200,000 to implement our Wildlife Action Plan, providing jobs and conserving wildlife in the U.S. Virgin Islands. I commend the Administration's efforts to increase its request for the State and Tribal Wildlife Grants Programs and for making other strategic choices to protect American jobs, and to preserve sustainable industries including hunting, fishing, and wildlife tourism.

Nevertheless, I continue to remain concerned with the long-term operations and maintenance budget backlog facing the National Wildlife Refuge System and the cuts to the Multinational Species Conservation Programs. I recognize that we face a difficult funding climate for several years ahead, yet we will have to strike the right balance in continuing to support the programs that we care about and those that provide the greatest conservation benefits.

With respect to the Insular Areas, the President has proposed a Fiscal Year 2012 budget of \$464.3 million for OIA, of which \$377.1 million represents permanent and indefinite appropriations, including \$145 million estimated for fiscal payments to Guam and the USVI and \$232 million for payments under the Compacts of Free Association. This amount is \$13.4 million above the FY 2010 and the current 2011 Continuing Resolution (CR) level. The recently House passed CR would reduce the OIA budget by \$6.679 below the FY2010 appropriated level for the remainder of FY 2011. If these cut were to remain unchanged, it would mean that the Office of Insular Affairs, would not be able to award any more Technical Assistance grants for the remaining seven months of this fiscal year. TA, funds are critically important to the islands, because they fund projects on a short-term immediate basis to meet needs that cannot otherwise be funded elsewhere in the federal government.

Programs funded under the OIA Fiscal Year 2012 budget request will focus on the long-term security interests of the United States in the western Pacific and Caribbean and the serious economic and fiscal problems impacting the insular areas. It is my hope, that through this hearing, we will be able to examine whether OIA, through its proposed FY 2012 budget is sufficiently positioned to fulfill its responsibilities to the insular areas and respond to their most urgent needs.

Thank you again Mr. Chairman for allowing me to make this brief opening statement. I look forward to hearing from our witness today and exploring these issues more deeply.

Dr. FLEMING. Thank you. And we will now hear from our first panel of witnesses.

I would first like to welcome the distinguished Governor of American Samoa, The Honorable Togiola Tulafono. I hope I got that name pronounced correctly. Was that close, sir? OK. And Mr. Tom Bussanich, who is the Director of the Budget and Grants Management Divisions in the Office of Insular Affairs within the Department of the Interior.

Like all witnesses, your written testimony will appear in full in the hearing record, so I ask that you keep your oral statement to five minutes, as outlined in our invitation letter to you, and under Committee Rule 4[a]. Our microphones are not automatic, so please press the button when you are ready to begin; and likewise, press it when you are finished.

I also want to explain how our timing lights work. When you begin to speak, our clerk will start the timer, and a green light will appear. After four minutes a yellow light will appear and, at that time, you should begin to conclude your statement because you will have another minute in order to finish.

You may complete that statement. And I am not going to stop you in mid-sentence, of course, but again, begin wrapping up at that point. OK.

So I will first recognize The Honorable Togiola Tulafono for your opening statement, sir.

**STATEMENT OF THE HONORABLE TOGIOLA TULAFONO,  
GOVERNOR OF AMERICAN SAMOA**

Governor TULAFONO. Thank you very much, Mr. Chairman, Mrs. Christensen, and the Honorable Members of the Subcommittee. And special greetings and Talofa to our own Eni Faleomavaega.

Please allow me to extend our warmest greetings from the islands of American Samoa. I am honored to sit before you today to discuss American Samoa's input into the Fiscal Year 2012 budget of the Department of the Interior's Office of Insular Affairs.

Let me begin by providing a snapshot of the economic overview of our territory. Following the September 29, 2009 tsunami and earthquake in American Samoa, the territory, on the very next day, lost one of its two canneries that employed more than 2,000 employees in the territory.

With the injection of Federal FEMA Disaster Relief and Recovery monies, National Emergency Grant monies, and Census jobs into the territory at the same time, the full effects of the loss of Samoa Packing was mitigated to a certain extent. However, in this new fiscal year, American Samoa is now beginning to feel the full impact and the full force of the loss of Samoa Packing.

In the first quarter of the current fiscal year, ASG began making plans geared toward furloughs of hours and jobs as a result of a significant decline in our revenues. The monthly shortfall just to keep ASG workers employed and the most basic of bills paid was approximately \$600,000 per month. However, the total shortfall,

annualized for the whole of 2011, is currently projected at close to \$10 million.

Beginning on February 6, 2011, employees of the American Samoa Government have been furloughed hours based on their annual salaries, with the lowest-salaried employees being reduced by four hours, up to the maximum reduction of 12 total hours for Cabinet members and the Lieutenant Governor and the Governor.

School-level employees of Department of Education are not affected by the furlough of hours. This includes all classroom teachers, counselors, principals, and vice principals, bus drivers, school lunch staff, and all those associated with school. The choice there is conscious. We need to keep our schools open.

On top of the furloughed hours, ASG has been working with the Fono in order to increase revenues through the submission of legislation that would institute a four-percent wage tax across the board for all residents of the territory. Increased taxes on beer, alcohol, and tobacco have also been submitted to the Fono. Bills to implement a corporate franchise tax and increase the business license fees charged by ASG are also before the Fono for consideration.

There is word that the wage tax bill has passed both Chambers, but must be conferenced before it can be signed into law. This is but a snapshot for your consideration of the pains under which the territory is operating. I absolutely understand that our story is not unique, and that this is just about par for the course with the rest of the country.

I sit before you today and tell you American Samoa is hurting much the same as the rest of our sister territories and states. American Samoa wishes to recognize the efforts of the Office of Insular Affairs and the Bureau of Economic Analysis for their commitment to providing data resources for the territories.

The people of American Samoa have asked for a special consideration for years simply based upon our vulnerable economy and amazing disparity between mainland and island economies. Now we have the hard numbers to back our assertion.

By these numbers, American Samoa's per capita real GDP was \$7,874 in 2007, while the rest of the U.S. was \$48,300 for that same timeframe. Undoubtedly, this will assist American Samoa in making our case to funding agencies and organizations that we absolutely need all the help we can get.

We are engaged in cost-cutting savings measures, and we will continue to do so to help ourselves. We are very grateful for the CIP programs and the technical assistance programs administered by the Office of Insular Affairs. And we can't say enough to support their efforts.

We do require a lot of support for our Tropical Medical Center. We make referrals off island because of the need to send our patients away for lack of professional staffing and specific equipment specialized for certain purposes. That is absolutely a great need, and it is absolute for the territory's needs.

We are proposing a market study for air cargo and air passenger services in American Samoa in order to develop tourism. Assistance for the tuna industry is also absolutely required, and we hope that you will look seriously into that.

We also hope that American Samoa and the territories are taken into consideration as Congress decides on the treaties that really affects us adversely every time in our economic developments.

In conclusion, Mr. Chairman, I wish to thank you and your colleagues for your time here today, and for considering American Samoa's input into the Fiscal Year 2012 budget of DOI/OIA that we have submitted in our written statement. Your support for American Samoa's dollars as contained in the 2012 budget is greatly appreciated, and your consideration and support for the proposals discussed here today are critical.

Thank you very much.

[The prepared statement of Governor Tulafono follows:]

**Statement of The Honorable Togiola T.A. Tulafono,  
Governor of American Samoa**

Talofa Mr. Chairman and honored members of this Subcommittee. Please allow me to extend to our warmest greetings from the islands of American Samoa. I am honored to sit before you today to discuss American Samoa's input into the FY 2012 budget of the Department of the Interior's Office of Insular Affairs.

Let me begin by providing a snapshot of the economic overview of our Territory. Following the September 29, 2009 tsunami and earthquake in American Samoa, the Territory on the very next day, lost one of its two canneries that employed more than 2,000 employees in the Territory. With the injection of federal FEMA disaster relief and recovery monies, National Emergency Grant monies and census jobs into the Territory, the full effects of the loss of Samoa Packing was mitigated to a certain extent. However, in this new fiscal year, American Samoa is now beginning to feel the impact full force of the loss of Samoa Packing.

In the first quarter of the current fiscal year, ASG began making plans geared toward furloughs of hours and jobs as a result of a significant decline in our revenues. The monthly shortfall just to keep ASG workers employed and the most basic of bills paid was approximately \$600,000 per month. However, the total shortfall annualized for the whole of 2011 is currently projected at close to \$10 million. Beginning on February 6, 2011, employees of the American Samoa Government have been furloughed hours based on their annual salaries with the lowest salaried employees being reduced by 4 hours up to a maximum reduction of 12 total hours for cabinet members. School level employees of the Department of Education are not affected by the furlough of hours. This includes all classroom teachers, counselors, principals and vice principals, bus drivers, school lunch staff, etc.

On top of the furloughed hours, ASG has been working with the Fono in order to increase revenues through the submission of legislation that would institute a 4% wage tax across the board for all residents of the Territory. Increased taxes on beer, alcohol and tobacco have also been submitted to the Fono. Bills to implement a corporate franchise tax and increase the business license fees charged by ASG are also before the Fono for consideration. There is word that the wage tax bill has passed both chambers, but must be conferenced before it can be signed into law.

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**GDP Project**

American Samoa wishes to recognize the efforts of the Office of Insular Affairs and the Bureau of Economic Analysis for their commitment to providing data resources for the Territories. The People of American Samoa have asked for special consideration for years simply based upon our vulnerable economy and the amazing disparity between mainland and island economics. Now we have the hard numbers to back our assertion—by these numbers, American Samoa's per capita real GDP was \$7,874 in 2007 while the rest of the U.S. was \$48,300 for that same time frame.

Undoubtedly, this will assist American Samoa in making our case to funding agencies and organizations that we absolutely need all the help we can get.

**2012 Cost Savings**

American Samoa is appreciative for the work of the OIA in realizing cost savings in the operation of their offices while not decreasing services to the Territories. We

applaud the efforts of the OIA and encourage them to continue to find ways to increase the services to the Territories while realizing efficiencies within their own operations.

#### **CIP Funding**

American Samoa is supportive of the newly proposed language which would reward Territories for timely expenditure and completion of CIP funded projects. At current, American Samoa is mobilizing the construction of a full service mental health facility to provide sorely needed mental health services in the Territory. The Territory's need to provide these critical treatment and preventive services to all populations in American Samoa has been underlined by our own High Court and the Executive will see the creation of the venue and the system completed as timely as possible. We ask that you support the funding as outlined in the DOI OIA Budget justifications to speed us on the road to access to adequate mental health care.

ASG is also looking to upgrade the labor and delivery facilities of the LBJ Tropical Medical Center as well as its Intensive Care Unit utilizing CIP funding. This committee is well aware of the challenges that we face in the islands when it comes to adequate medical care. With funding in this current fiscal year falling well below projections, it is likely that our off island medical referral program will need as much local support as it can get. Therefore, your support for these critical infrastructure projects as contained in DOI OIA's 2012 budget is greatly appreciated.

#### **Technical Assistance Funding**

Last year, American Samoa was proud to become the latest Territory to collaborate with the National Renewable Energy Laboratory out of Golden, Colorado in order to conduct an initial energy efficiency/renewal energy assessment. That assessment will be completed in the summer of 2011, with a draft to be made available as early as April. We look forward to this extremely important partnership with NREL and DOI OIA to find viable energy efficiency initiatives and renewable energy options that will work for the Territory

#### *Proposals*

While American Samoa is grateful for the assistance that it has received and continues to receive from DOI OIA, we still require assistance with our most basic needs such as transportation and support for the tuna industry. The following major projects will be explored in the current fiscal year and any funding included in the FY 2012 budget in order to pay for these projects would be greatly appreciated.

#### *Market Study: Air Cargo and Air Passenger Services in American Samoa*

Annual IGIA reports have noted the need for improved air services in the insular territories. Economic development today requires air service. Without regular and reasonably priced service for both passengers and cargo, business growth is impossible. Frequent, reliable air service is also vital for public welfare and safety. For example, territorial residents who need emergency medical procedures beyond the capacity of the hospital in American Samoa must wait for one of the two weekly flights to Honolulu.

When approached by territorial officials in the past, U.S. air carriers have said that the market demand does not support their entry and service in Pago Pago. This response is puzzling. The territory's growing population as matter of course increases demand for air travel to other parts of the U.S. But due to the limited number of flights, the annual number of passengers leaving and arriving at Pago Pago airport has remained static notwithstanding significant population growth.

Furthermore, the natural demand in the territory for passenger and cargo services between Pago Pago and other U.S. points is increased by similar demand from nearby island nations. Pago Pago serves as the U.S. entry point for the neighboring countries of Western Samoa, Tonga, Fiji, and the Cook Islands. Residents in these countries also desire U.S. travel and U.S. products.

To demonstrate to U.S. air carriers that the market demand in fact exists in American Samoa for their air services, ASG requests a technical assistance grant in the amount of \$500,000. The grant will pay for a marketing report by professional economists on the market for U.S. air services in American Samoa. The surveys and evaluations by market specialists will then document the precise level of demand in the territory for passenger and cargo service between U.S. points and Pago Pago. This will also include the additional demand for such services in Pago Pago coming from the nearby island nations.

The marketing report will enable ASG to persuade U.S. air carriers that the market demand does exist to justify their providing air service in the territory for both passenger and cargo transport.

*Assistance to Tuna Industry—Purchase of Cold Storage*

Star Kist has dismantled its cold storage facility that occupied ASPA land. Star Kist's loss of its cold storage and the need of the local fishing fleet to have cold storage access due to an emerging new market provides American Samoa with a unique opportunity. Thus, American Samoa proposes to assist its main private sector employer, responsible for nearly 80% of the Territory's private sector economic activity, and at the same time, assist the local fishing fleet by purchasing the 2,400 ton cold storage freezer and relocating it across the bay at the Port Administration site immediately adjacent to the Port warehouse and making it available to the local fishing fleet and the two canneries alike in order to store landed fish.

The assistance to the local fishing fleet has many varied implications for the community. The ability for quicker turn around on fishing trips means more trips. More trips means more expenditure of money in the local economy for the purchase of provisions, fuel, repairs and manpower. Most importantly, with the revival of the alia fleet, which has largely lain dormant in recent years, ASG's purchase and access to a cold storage unit will assist this renewed industry player which will have much the same benefits as the local longline fishing fleet. However, access would mean much more to the alia community as alia have absolutely no capacity for cold storage on their much smaller vessels.

Because of Star Kist's strategic importance to the Territory, the continued availability of this cold storage capacity to the cannery is vital to their interests. Star Kist will be ramping up operations in March of 2011 in order to increase production pursuant to a significant contract award. Because the cold storage will be owned by ASG, Star Kist will be charged rent for their use of space within the cold storage facility, which will benefit the community through increased revenues for the government.

The cold storage acquisition supports American Samoa's expansion of export markets by providing the capacity for the local fishing fleet, including the Territory's alia fleet, to store fish for market, while maximizing the opportunities to continue fishing. The opening of the Asian market for export of fish from American Samoa provides a new and untapped market for the Territory. This will provide, in turn, greater opportunities for expansion of American Samoa's fishing industry and maximize the use of our resources.

*South American/Andean Countries Free Trade Agreements*

The Kennedy Administration promoted economic development in American Samoa through trade preferences and tax incentives. Preferential tariff rates and quotas have supported seafood processing in American Samoa.

But the trade preference for territorial products has steadily been diminished by changing American trade policy. Inconsistent congressional action—in narrowing, then repealing, then extending year-by-year the investment incentive only for companies that had qualified in the past—has also undermined the level of economic development in American Samoa.

The expected approval and extension of U.S. Free Trade Agreements with Colombia and the Andean countries are additional steps towards the elimination of trade preferences for American Samoa. Congress and the Administration in prior trade action have addressed the adverse impact on American business and workers. The territory requests that the Administration and Interior Department in the same manner help American Samoa adjust to these trade policy changes. Assistance to develop alternative industries and re-train workers is needed.

**Conclusion**

In Conclusion, Mr. Chairman, I wish to thank you and your colleagues for your time here today and for considering American Samoa's input into the FY 2012 budget of DOI OIA. Your support for American Samoa's dollars as contained in the 2012 budget is greatly appreciated and your consideration and support for the proposals discussed here today are critical. Thank you.

Soifua ma ia manuia.

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Dr. FLEMING. Thank you for that testimony today. And next up is Mr. Tom Bussanich. Oh, I am sorry. Before we go with our next witness, I want to recognize another Member here today: Mr. Southerland from the great State of Florida. Thank you for being here, sir.

So with that, Mr. Bussanich, you have five minutes. We look forward to your testimony.

**STATEMENT OF TOM BUSSANICH, DIRECTOR, BUDGET AND GRANTS MANAGEMENT DIVISION, OFFICE OF INSULAR AFFAIRS, U.S. DEPARTMENT OF THE INTERIOR**

Mr. BUSSANICH. Thank you very much. Mr. Chairman and members of the Subcommittee, thank you for the opportunity to testify on the President's Fiscal Year 2012 budget request for Insular Affairs.

The Office of Insular Affairs is responsible for the Federal Government's relationships with Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands. OIA also administers financial assistance provided to the Freely Associated States.

The Fiscal Year 2012 Insular Affairs budget totals \$474.4 million, an increase of \$23.5 million and two equivalent full-time positions from the 2012 appropriations. For 2012, mandatory commitments include an estimated \$145 million for fiscal payments to Guam and the Virgin Islands, and \$232.1 million for compact payments to the RMI, FSM, and Palau.

The request for current appropriations is \$97.2 million, a decrease of \$5.3 million from the 2010 enacted appropriation. Included in the current request is also a \$10.1 million being transferred from Defense for vehicles and supplies for the transportation of civilian students on Guam.

The Assistance to Territories Program includes American Samoa operations at \$22.8 million; Covenant Capital Improvement Projects at \$27.7 million; the Office of Insular Affairs, \$9.5 million; General Technical Assistance, \$13.8 million; Maintenance Assistance, \$2.2 million; Brown Tree Snake Control at \$3 million; Coral Reef Initiative at \$1 million; and Empowering Insular Communities at \$4.1 million.

General technical assistance allows OIA to provide funding for needs that affect multiple insular areas, or specific needs that may require quick action. The islands all benefit, and are very supportive of the program.

The \$27.7 million for Covenant capital improvement project grants is divided among Guam, American Samoa, the Virgin Islands, and the CNMI, using a competitive allocation system designed to elicit good government accountability.

For 2012, the \$27.7 million will be divided as follows. CNMI, \$9.5 million; American Samoa, \$10.1 million; Guam, \$6.1 million; and Virgin Islands, \$2 million.

In 2012 we are proposing legislative language that would allow CIP funding that has languished in a territory's account to be redistributed to other territories. When implemented, we believe that this change will be a strong incentive for each territory to utilize CIP funding more quickly.

The territories also receive mandatory funding under the Compacts of Free Association in the form of Compact Impact. Hawaii, Guam, CNMI, and Samoa share \$30 million annually to defray costs incurred as a result of increased demands placed on health, educational, social, or public sector services, or infrastructure related to such services, due to the residence of immigrants from the FSM, RMI, and Republic of Palau. The distribution of this

\$30 million is recalculated by the U.S. Census Bureau once every five years.

Of the full \$474 million budget request for Insular Affairs, only \$59 million is discretionary. Regarding the Guam military buildup, the President's proposed budget includes \$2.8 million for activities intended to lessen the socioeconomic burdens on Guam, with the purchase of new public safety equipment and technical assistance projects necessary for Guam to cope with population pressures.

Additionally, the request includes \$330,000 and two FTEs for a Guam field office to monitor and assist Guam with military relocation issues.

Last year the United States and Palau completed their review of the financial provisions of the Compact of Free Association, and signed a 15-year agreement that includes \$250 million in financial assistance to Palau for the period ending in 2024. For its part, Palau will undertake legislative, financial, and management reforms. Palau has been a steadfast ally of the United States and a strategic partner aiding United States' defense interests.

The 2012 budget includes an initiative called Empowering Encircling Communities; \$4.1 million is requested. \$1.1 million would be used to purchase public safety equipment for Guam; the remaining \$3 million would be devoted to implementing sustainable energy strategies.

The Department of Energy's National Renewable Energy Laboratory is analyzing the territories' energy needs and prospects, and will provide each territory with an energy assessment plan for energy efficiency and renewable energy deployment. The \$3 million will permit follow-on implementation of the N-Rail plans in the territories.

Another major initiative has been the gathering of data to produce GDP statistics. For the years 2002 and 2007, the gross domestic product for the territories was determined by the Bureau of Economic Analysis to be as follows: Guam's economic activity has increased 1.8 percent; American Samoa, .4 percent; Virgin Islands has grown at 2.9 percent; and the Northern Marianas has declined, at a 4.2 percent annually. The goal for the Bureau of Economic Analysis is to incorporate this valuable effort in the GDP mandate for the nation.

Mr. Chairman, I am confident that the President's 2012 budget request for the Office of Insular Affairs will empower insular communities by improving the quality of life, creating economic opportunity, and promoting efficient and effective governance.

Thank you very much.

[The prepared statement of Mr. Bussanich follows:]

**Statement of The Honorable Thomas Bussanich, Director of Budget,  
Office of Insular Affairs, U.S. Department of the Interior**

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to testify on the President's fiscal year 2012 budget request for Insular Affairs. The Office of Insular Affairs (OIA) is responsible for administering the Federal Government's relationship with the territories of Guam, American Samoa, the United States Virgin Islands (USVI), and the Commonwealth of the Northern Mariana Islands (CNMI). OIA also administers the financial assistance provided to the freely associated states (FAS) of the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau under the Compacts of Free Association.

Mr. Chairman, there are several island issues highlighted in this statement, but first, below is an overview of the President's 2012 budget request for the Office of Insular Affairs.

#### **Overview of the FY 2012 Budget Request**

The proposed fiscal year 2012 Insular Affairs budget totals \$474.4 million, an increase of \$23.5 million and two full time equivalent (FTE) positions from the 2010 enacted appropriation. The OIA budget contains two major categories: current and permanent appropriations. For 2012, mandatory commitments include an estimated \$145.0 million for fiscal payments to Guam and the U.S. Virgin Islands and \$232.1 million for payments under compacts of free association to the RMI, FSM and Palau. The request for current appropriations for 2012 is \$97.2 million. This amount is a decrease of \$5.3 million from the 2010 enacted appropriation. Included in this current appropriation request are \$59.5 million in discretionary funding and \$27.7 million in mandatory funding, plus \$10.1 million being transferred from Defense for vehicles and supplies for the transportation of civilian students on Guam.

The fiscal year 2012 OIA budget will focus on strategies that empower insular communities through programs that improve quality of life, create economic opportunity, and promote efficient and effective governance. Assistance to Territories programs include (1) American Samoa Operations (\$22.8 million), (2) Covenant capital improvement projects (\$27.7 million), (3) Office of Insular Affairs (\$9.5 million), (4) General Technical Assistance (\$13.8 million), (5) Maintenance Assistance (\$2.2 million), (6) Brown Treesnake Control (\$3.0 million), (7) Coral Reef Initiative (\$1.0 million), and (8) Empowering Insular Communities (\$4.1 million).

The three largest components of Assistance to Territories are American Samoa Operations, General Technical Assistance, and Covenant capital improvement project grants.

American Samoa Operations, with its budget request of \$22.8 million, is the second largest budget activity in Assistance to Territories. While it is considered a discretionary item, it is a directed appropriation that provides essential assistance to help the American Samoa Government provide basic services of health care, education, and support for the judiciary.

General Technical Assistance, for which OIA requests \$13.8 million in 2012, allows OIA to provide funding for addressing needs that affect multiple insular areas or specific needs that may require quick action. The islands all benefit and are very supportive of the program.

The largest component of Assistance to Territories is the \$27.7 million for Covenant capital improvement project grants (CIP). These funds are divided among the United States territories of Guam, American Samoa, the U.S. Virgin Islands and the CNMI using a competitive allocation system designed to elicit good-government accountability in the territories. This process uses a set of 10 objective criteria that measure the demonstrated ability of the territorial governments to exercise prudent financial management practices and to meet Federal grant requirements. These criteria include compliance with the Single Audit Act of 1984 and Federal grant project reporting requirements. The scoring process and all 10 criteria are explained on page 28 of the 2012 budget justification. Every year OIA provides each territorial government with the detail of their scoring for the 10 criteria and notifies them of the resulting CIP award amount. For 2012, the \$27.7 million will be divided as follows:

CNMI	\$ 9.5 million
American Samoa	\$10.1 million
Guam	\$ 6.1 million
U.S. Virgin Islands	\$ 2.0 million

Building upon our efforts to increase accountability for Covenant CIP funds using the competitive criteria, in 2012 we are proposing legislative language that would allow CIP funding, which has languished in a territory's account with an expenditure rate of less than 50 percent over five years, to be the basis of withholding or redistributing current year CIP funding to other territories. When implemented, we believe this change in procedure will be a strong incentive for each territory to utilize CIP funding more quickly for its intended purpose. Expenditure rates are calculated annually and shared with the territorial governments as part of the competitive criteria.

The territories also receive mandatory funding under the Compacts of Free Association in the form of Compact Impact. Section 104(e) of Title I of the amended Compacts of Free Association provides \$30.0 million annually through 2023 to aid in defraying costs incurred as a result of increased demands placed on health, educational, social, or public sector services, or infrastructure related to such services, due to the residence of qualified non-immigrants from the RMI, the FSM, or the Re-

public of Palau. The distribution of this \$30.0 million is done as required by law based on the size of the FAS populations in each affected jurisdictions as calculated by the U.S. Census Bureau once every five years.

Of the full \$474.0 million budget request for Insular Affairs, only \$59.0 million is discretionary.

### **Highlighted 2012 Budget Changes**

#### *Guam Military Build-up*

Long-term security interests of the United States in the western Pacific call for the relocation of 8,000 Marines and 9,000 dependents from Okinawa to Guam. This move will create major challenges for Guam's infrastructure in 2012 and subsequent budgets. Guam's population is expected to grow by 20 percent by 2016. In addition to inadequate port, road, power, water, wastewater, and solid waste systems shared by the military and the civilian community, Guam also faces a need to improve its healthcare and educational facilities, and to improve its public sector management. Guam will be forever changed by the military's build-up and its increased strategic visibility. Community support for this endeavor may be undermined if civilian facilities remain inadequate to meet the growing resource needs of the larger population.

For this reason, the President's proposed 2012 budget for the Office of Insular Affairs includes \$2.8 million for activities intended to lessen the socio-economic burdens on Guam that will result from the Marines' relocation from Okinawa to Guam. The 2012 budget would fund the purchase of new public safety equipment and technical assistance projects necessary for Guam to cope with population pressures.

Additionally, the request includes \$330,000 and two FTEs for a Guam field office to monitor and assist Guam with military relocation issues.

The 2012 budget also accounts for a \$10.1 million appropriations transfer from the Department of Defense to OIA for vehicles and supplies for the transportation of civilian students on Guam.

#### *Palau Compact of Free Association*

Last year, the United States and Palau completed their review of the financial provisions of the Compact of Free Association between the two countries. The two nations signed a fifteen-year agreement that includes payment by the United States of \$250.0 million in financial assistance to Palau for the period ending in 2024. For its part, Palau is committed to undertaking economic, legislative, financial, and management reforms. Palau has been a steadfast ally of the United States for many years. In the western Pacific, Palau is a strategic partner aiding United States defense interests. The President's 2012 budget includes no current appropriations for the Palau Compact. Once approved by the Congress as proposed in S. 343, the new agreement will be funded and a permanent appropriation of \$250.0 million with a payout to Palau of \$29.3 million in 2012.

#### *Empowering Insular Communities*

The President's 2012 budget request for Insular Affairs includes an initiative called "Empowering Insular Communities." The program is intended to strengthen the foundations for economic development and investment in the territories, including power, water, sewer, solid waste, healthcare and public safety. The request for this program is \$4.1 million.

In the first year of this program, \$1.1 million would be used to purchase public safety equipment for Guam to help satisfy the new public safety needs occasioned by the military relocation to Guam.

The remaining \$3.0 million would be devoted to implementing sustainable energy strategies. All of the territories and freely associated states suffer acutely because of their dependence on expensive fossil fuels. Territories often are forced to pay 40 cents per kilowatt hour for electricity—four times the rate in the continental United States. Utilizing \$750,000 in general Technical Assistance funding last year, the Office of Insular Affairs entered into an agreement with the Department of Energy's National Renewable Energy Laboratory (NREL) for analyses of the territories' energy needs and prospects. As part of the plan, the territories' governors visited NREL facilities in Colorado. This year, NREL will provide each territory with an energy assessment and initial plans for energy efficiency and renewable energy implementation and deployment. The \$3.0 million budgeted for Empowering Insular Communities would permit follow-on implementation of the NREL energy plans in the territories.

#### *Private Sector*

OIA has recognized a need for ongoing continuous linkages between private sector businesses in the territories and freely associated states with potential investors in

Hawaii and the United States mainland. Therefore, OIA is perfecting its web-based listing of business opportunities in the islands known as "Island Business Link." In the past, this has been accomplished through conferences, trade missions and our Island Fellows Program. These events created excitement and identified opportunities but previously they were not continuously available. Now, users of "Island Business Link" register by completing a form describing their business opportunities. A business on the United States mainland or anywhere in the world can then connect with another user through the Internet. The objective is to initiate the connection and facilitate discussion for a possible business relationship. It is then up to the users to communicate and follow-up with opportunities that benefit each other and the island community involved.

*Statistics Improvement*

Another major OIA initiative has been the establishment of Gross Domestic Product (GDP) statistics for the four United States territories. In 2008, OIA entered into a \$1.6 million agreement with the Bureau of Economic Analysis of the Department of Commerce for the gathering of data to produce GDP statistics. For the years 2002 through 2007, the GDP for the territories was determined to be as follows:

Guam	1.8 percent annual increase
American Samoa	.4 percent annual increase
Virgin Islands	2.9 percent annual increase
Northern Mariana Islands	4.2 percent annual decrease

With the basic data collected, the annual cost of maintaining the statistics is \$600,000, which is provided for in the 2012 OIA budget request. The goal is for the Bureau of Economic Analysis to incorporate this valuable statistics effort in its larger GDP mandate for the Nation.

*Federal Responsiveness*

Mr. Chairman, while there is no direct budget implication, last April, President Barack Obama signed Executive Order 13537, which strengthened the Interagency Group on Insular Areas (IGIA) by establishing IGIA co-chairs: the Assistant to the President and Director of Intergovernmental Affairs, and the Secretary of the Interior. Co-chair Cecilia Muñoz and Assistant Secretary Anthony M. Babauta, on behalf of the Secretary, welcomed more than twenty Federal agencies to yesterday's IGIA meeting where numerous territorial issues were discussed with territorial leaders. Strengthening the IGIA has improved agency responsiveness and collaboration on Federal policy issues with respect to the territories. The IGIA looks forward to more direct participation of the White House as we attempt to resolve sometimes difficult and seemingly intractable territorial issues.

**Conclusion**

I am confident the President's 2012 budget request for the Office of Insular Affairs will empower insular communities by improving quality of life, creating economic opportunity and promoting efficient and effective governance.

Dr. FLEMING. Well, thank you, Mr. Bussanich, for your testimony today. Very clear and cogent; a lot of numbers, but very important numbers for us to consider.

At this point, we will begin questions of the witnesses. To allow all Members to participate and to ensure we can hear from all of our witnesses today, Members are limited to five minutes for their questions. However, if Members have additional questions, we can have more than one round of questioning.

I now recognize myself for five minutes for questioning.

During my military career I spent time on Guam. I was stationed there from 1979 to 1981 while in the Navy. Delivered a lot of babies at the Navy Hospital there. But I also, Ms. Bordallo, I worked part time in the hospital there, in the emergency room, as well as for the drug and alcohol rehab, the methadone program and so forth.

I have a special place in my heart for Guam still. My eldest daughter was born there. And also, I hear what you are saying about the brown snake, because at least once a day, if not twice

or three times, the electricity would go out, and the brown snake always got the blame for it. I am not sure if that was the case, but I understand it is still a problem.

The time I spent on the island afforded me the opportunity to understand the unique attributes of the territories and their geographic remoteness. While I understand each island community is unique, there seems to be a common thread running across them, which is the reliance of the local work force on governmental jobs.

Similar situations are occurring here in the States. However, during these tight budget times, we need to refocus and look toward the private sector.

I would like to discuss with you both how the private sector can be developed on each of the territories by local entrepreneurs, not foreign investors, with the intent of making use of the local work force.

Mr. Bussanich, how does the Office of Insular Affairs support private-sector development in the territories?

Mr. BUSSANICH. Mr. Chairman, we do it in a number of ways. One of the new initiatives that we have is the creation of a web-based linking of business opportunities in the islands, that we call the Island Business Link. This is on the Internet, and allows the, it allows people with interest in doing business and island businesses to make connections with other business people throughout the United States, to connect and facilitate for a discussion for business relationships.

But in large measure, a lot of our role is to provide the basics for the private sector to operate. Certainly there are enormous needs for the type of economic infrastructure that underpin an appropriate environment for investing. And that is why we do invest significant amounts into water, power, and different physical infrastructures, so that the islands are a place that somebody can do business.

In addition, we have also assisted in the development of economic development plans, certainly in the area of tourism, and have directed investments in areas related directly to tourism, such as in the CNMI, the Plaza there, and elsewhere.

Dr. FLEMING. Yes. My concern is, and we have seen this happen before, is, other folks come in from the outside; they set up their entrepreneurial enterprises. And then, when there is something else that is maybe more profitable, they leave, and then there goes the business.

We have heard this with some factories and so forth. So certainly there is a tremendous need to have, if you will, indigenous entrepreneurship on the islands.

Governor, a follow-up question. Has the Island Business Opportunities shown results in terms of creating jobs?

Mr. BUSSANICH. I believe that it has. It is difficult to quantify completely.

Dr. FLEMING. I would love to have some specific numbers on that, but I understand that today you may not be in a position to provide those. So if you could get back to us with that, we would love to have that information.

Mr. BUSSANICH. I would be pleased to do that, sir.

Dr. FLEMING. Governor Tulafono, what actions can be taken to further develop the American Samoan economy?

Governor TULAFONO. Thank you, Mr. Chairman. American Samoa, as well as some of the insular areas, are greatly affected by policies of our nation that apply very well for the 50 states. But as applied, tends to create obstacles toward economic development for the territory. At least in my case, in American Samoa.

I can point to the effect of free trade agreements, that affects the way we do business. Our major industry is the tuna canning industry. And appropriately, even as long ago as maybe 30 years, when Section 936 tax credits were available, the only two companies that were attracted to the territory by that were the canneries. And we have tried to nurture the relationship with the canneries since that time.

However, when the minimum wage came into effect and the territories of American Samoa and CNMI became part of that law, the wages increased so substantially that it affected the way the industry was doing business. And to some degree, I would say to a large degree, it caused the closure of the cannery that I mentioned. And it is still threatening the future of our main industry.

So if I were to ask for anything, I would ask that there be some way that Congress can focus on the uniqueness of the territories and the way they do business, and the way that they are negatively and adversely affected by policies that are beneficial to our states. And I think that is the main thing that we would ask for.

Dr. FLEMING. Well, thank you both for your kind responses. So next up is the gentlelady from Virgin Islands, Dr. Christensen. You have five minutes.

Dr. CHRISTENSEN. Thank you, Mr. Chairman. And thank you both for your testimony.

Mr. Bussanich, H.R. 1, which funds the government for the remainder of the fiscal year, and passed the House about two weeks ago, would cut the General Technical Assistance budget by 8.33 percent. And you know how important this technical assistance is to my colleagues and I.

Can you tell us what that cut would mean, and maybe give us some examples of what kind of activities might not be able to be carried out? And as you answer that, would you also include, what has been the average level of funding for assistance for the territories over the past 10 years? Has it increased, decreased, or has it stayed the same?

Mr. BUSSANICH. In general terms, the amount of discretionary spending that the Office has had has remained pretty much flat. It has been in a flat range of money. There have been some years where it has gone up and gone down.

The impact on our Technical Assistance Program I think is really best demonstrated by the fact that under the Continuing Resolution, we are essentially finished with making grants for this year. And that particular program, as you may recall or as you know, is based on input from the islands. Much of it is generated by the Governors, based on the immediate needs of the islands, and always a significantly larger amount is requested than we ever have available. It certainly would be in the \$30 million range, and our resources are a third of that amount.

So we basically are done for this year, and there are any number of pending requests that cannot be considered or will not be considered.

Dr. CHRISTENSEN. Thank you. Thank you for that answer, because I am sure that there are some from the Virgin Islands and from every one of us that will not be able to be, would not be able to funded if we enact H.R. 1.

Governor, again, thank you for being here; I know you are far away from home. In reading your testimony and listening to you, you have taken the fiscal bull by the horns and made the really difficult decisions.

You recently announced that you and your Cabinet members will join other territorial government employees in taking pay cuts, as American Samoa, who tries to close a budget deficit. And you indicated that you expect the territory to save \$3.27 million a year by reducing work hours and pay for about 2500 employees, starting this month.

So we talked about the reasons that led you to take such drastic measures. But how could the budget that we are considering today impact future decisions you will have to make to address American Samoa's fiscal condition? And what would any cuts to, I guess it is the \$27.7 million plus the CIP funding, what would any cuts do to the already difficult position you are in?

Governor TULAFONO. Any further cuts to the program that the OIA provides will further reduce our ability to reverse the conditions that we have undertaken—as our tax base is reduced with the loss of many jobs. And sometimes it feels strange to say that we have lost just a little over 2,000 jobs. But when you are talking about the economy of 68,000 to 70,000 population, that is a huge number of jobs. And especially if you look at the economic numbers that we have provided, it is that our employment grew from 5 percent to over 20 percent in just a little over three years, because of the losses in industry.

So whatever is taken away from us with any cuts, it means that we will have to fare for ourselves from local funds, which you have already seen the serious trend that we are undertaking, requiring pay cuts, and the salary furloughs.

Dr. CHRISTENSEN. And you are talking about salaries that are very, very low already, by American standards. If I could just squeeze in one last question.

Mr. Bussanich, there are no funds included in the budget for Palau. How important is that funding to the new agreement with Palau?

Mr. BUSSANICH. There is no current-year funding requested in the budget. There is a legislative package, I believe it is S. 343, that has been introduced in the Senate, that incorporates the Administration's proposal for Palau. That includes the 20-year funding period.

The Administration believes that enacting this agreement is significant because of Palau's position in the Pacific, its long history with the United States, its proximity to Guam, and its continued support for the United States.

So certainly we look forward for the enactment of that statute. Otherwise, Palau will be relying completely on its trust fund re-

sources established under the first Compact of Free Association Funding.

Dr. FLEMING. I am going to have to get used to flipping this thing on and off; I apologize.

I thank our witnesses and their responses. I would like to now recognize Mr. Flores from the great State of Texas, and also the Congressman for my eldest daughter, the same one born on Guam.

Mr. FLORES. Well, thank you, Mr. Chairman. By the way, Texas is celebrating its 175th anniversary of independence today, so there are a lot of celebrations in Texas.

Governor Tulafono and Director Bussanich, thank you for joining us today. As I understand it, in recent history there was a mandated increase in the minimum wage to be paid to employees in American Samoa, and that had some impact on the economics of doing business in the islands.

Can you tell me what that impact was? And if that were to be rolled back, would that help your net employment situation?

Governor TULAFONO. Sir, a roll-back would be tremendously helpful. And the increases in the minimum wage has, in our opinion, caused devastating effects on the economy of American Samoa. And in talking to Governor Fitial, it has done the same for his territory. We were the only territories affected by that law.

For us, we believe that, one, it has accelerated the closure of one cannery, and threatening the future of the other canneries that are attempting to do business in American Samoa. And I think the GAO report that is forthcoming will again support our view, that it has caused the canneries to be unsuccessful, and for the most part, unprofitable; therefore, threatening the losses of more jobs.

For the Government of American Samoa, it has added greatly to its cost of operations. And we haven't been able, and having a difficult time raising revenues to make up for it.

We have attempted to accommodate the increases by adjusting internally, without having to raise taxes. But as you have heard, that we are finally resorting to cutting hours, and possibly cutting employment, if the trend does not reverse. Because as a result of the losses of jobs, we have lost a lot of revenue. And also a tremendous reduction in corporate income taxes, because they have also had to lay off workers from their own employment in the local service businesses.

Mr. FLORES. Sir, thank you. Director Bussanich, do you have anything to add to that?

Mr. BUSSANICH. Very little, sir. I think certainly the Governor has explained the circumstances in American Samoa, and made reference to the Northern Marianas.

I would note that there has been a two-year suspension in implementing the minimum wage due to economic circumstances, which should have some effect on the private sector. Beneficial effect.

Mr. FLORES. And Governor, is there still uncertainty because you have a two-year delay in the implementation of that? It is still causing the uncertainty and the lack of private sector job growth?

Governor TULAFONO. Absolutely. As a matter of fact, as we talk to potential investors, the uncertainty of not knowing where the policy is going to be going is causing people to delay making investments. And we have managed to attract back another cannery, but

so far has not been able to launch any meaningful operations. And the greater portion of their concerns is what will happen in 2012.

Mr. FLORES. OK, thank you. Director Bussanich, you mentioned that the inadequacy of the infrastructure—by the way, I am shifting gears to Guam for a minute. You mentioned the inadequacy of existing infrastructure in connection with our increased military presence in Guam.

Do you have an idea of the total infrastructure cost that it will take to get us to where we are not inadequate any more?

Mr. BUSSANICH. I almost hesitate to speak about numbers about that, because there have certainly been a number of studies that have been looked at by, within the Executive Branch and with the Government of Guam.

And in terms of overall just civilian infrastructure, it is a significant amount of money. And it far exceeds the resources available certainly through the Department of the Interior to do that.

As I say, I hesitate to put a tag on that number, but it has been in the hundreds of millions of dollars, by some estimates.

Mr. FLORES. Hundreds of millions, you said? OK. I was just directionally looking, is it billions or tens of billions, but you are talking hundreds of millions.

Mr. BUSSANICH. Hundreds of millions just on the civilian side.

Mr. FLORES. OK. And it looks like I am out of time. Thank you.

Dr. FLEMING. I thank the gentleman. And now I recognize Mr. Sablan for five minutes.

Mr. SABLAN. Thank you, Mr. Chairman. Mr. Bussanich, good morning. And good morning, Governor. Thank you for being here with us today.

I just want to let you know that I take some issues with the proposed administrative language pursuant to the arrangement being proposed on the distribution of Covenant 702 money. Because, in the first place, the reference to that money, Covenant 702 is a covenant that established the permanent relationship, political relationship, between the United States and the Northern Mariana Islands.

And for some reason, maybe because we had no representation here in Congress until the last Congress, that money was being used for others who have no covenant relationship with the United States. But it is all right, we will leave it at that.

And it is also, I take issue, you know, it is very hard, because we are going to be dealing with the person that is here. And you know, we have statisticians working the numbers; sometimes it doesn't work toward my advantage. So I just want to let you know.

I am going to ask you a question. When is the first Marine going to land on Guam? Any idea? Because you are planning here, you know, millions of dollars for this eventuality. And do you know when they are landing on Guam?

Mr. BUSSANICH. I honestly don't know the answer to that question.

Mr. SABLAN. And you are providing all this money for that eventuality. Public safety, school buses. I mean, no problem with that. I just want to know when.

Mr. BUSSANICH. If I may just consult for a moment.

[Pause.]

Mr. BUSSANICH. Sir, where we are, we really don't know exactly. I know that most of the details are still being worked out.

Mr. SABLAN. OK, thanks.

Mr. BUSSANICH. But it is our belief that it will take place.

Mr. SABLAN. Yes, I know it will take place. And we should support Guam for that, no question about it. I am just concerned that right now in my district, in the Northern Marianas, in Saipan we have three patrol cars. Three. And lucky if those three are operating. Because one or two of them would be broken. And crime is climbing. And I need help. Crime is climbing. And this is not, you know, I am not asking for government jobs here.

But while you are proposing for \$2.8 million under the Guam buildup for public safety equipment and technical assistance, another \$1.1 million for new public safety needs occasioned by the military under the empowering issues, so you have almost \$4 million basically for public safety for Guam in anticipation of the buildup.

Again, we should support the buildup. But we should also understand there are needs in the other jurisdictions.

I would like to compliment OIA for taking the initiative to help us out with the BEA analysis. For the first time we are getting real numbers. Unfortunately, the Northern Mariana Islands is the only one who saw a decrease in their GDP, a serious decrease of 4.2 percent. Everyone had an increase; the Northern Marianas have seen a decrease in GDP of almost 5 percent, Mr. Chairman. And that is how serious the situation is.

And that is how serious it is that we need to continue to maintain an increase in minimum wage. So that government employees would be eventually enticed to move into the private sector. Unfortunately, some people in this government want to continue, want to bring back minimum wage to three dollars an hour. I cannot imagine how a family of four could survive on minimum wage in the Northern Mariana Islands, when I know of a family who pays over 60 percent of their income just to utilities. They pay over 40 cents a kilowatt hour for utilities. Gasoline is almost five dollars a gallon. A sack of rice is over \$30. And we are going to ask people to reduce the minimum wage? That is immoral. And I will continue to fight that here in Congress so that it doesn't occur.

And then we are encouraging people in the government to move to the private sector, Mr. Chairman. And for someone, I understand that is an issue for American Samoa. But for the Northern Mariana Islands, we are encouraging people to move from the government to the private sector, and yet we don't want to give these private sector employees the decent wage for their services that contribute to the bottom line of the businesses, of the companies that do business there? I take issue with that.

And I yield back my time, Mr. Chairman.

Dr. FLEMING. OK. Thank you. Very interesting questions and responses; a lot of important issues raised.

I now would like to recognize the gentleman from Florida, Mr. Southerland.

Mr. SOUTHERLAND. Thank you, Mr. Chairman. Governor, I thank you for being here.

Tell me, outside, as a new member of this Committee and really learning about the issues that you face, and your citizens, tell me outside of the tuna canneries what type of private sector opportunities exist. It really pertains to small business. I am a small business owner, and so, you know, our family has been in small business for multiple generations.

So I am interested because I don't know of your citizens and the challenges that you face. I am learning. Could you address that?

Governor TULAFONO. I would be happy to. And most anything is available. And the tax credit scheme that was in place before was calculated to entice American businesses to the territories. It was successful for some. But speaking solely for American Samoa, we only attracted two canneries and a couple of other businesses that came up, and only took three years. Which caused me to change my policy that new investments will have to partner up with local business, so that if they choose to leave, that at least, you know, a local company can, if they want to, they can then take over that business.

Small manufacturing is very possible. Reassembly plants are very possible. Forward stations for mail order businesses are very possible. All of these are possible, except that they need to relate their investments to the cost of doing business on the islands.

The cost of doing business on the islands is fairly expensive, more expensive than in the States. I was hoping I would have a chance to respond to Congressman Sablan's comments about the minimum wage.

What we had proposed from American Samoa all along was that there be a special way of considering wages. Before the law changed in 2007, we had a Special Industry Committee that meets every two years. Some people have challenged that committee as ineffective, but we had proposed to improve on that committee how it was organized, what its work, and how the Federal laws may change that makes the hearings more meaningful.

For example, we pointed to a law prior to 1998, 1992, that required the canneries to provide full financial statements and even proprietary information, so that wages can adequately be considered. That was changed, and it was taken away from the law. And from that time, it was difficult to really determine where exactly the cannery's position was.

So it became an exercise in futility, because no one really knows. So they ended up with increases of two cents a year, two cents every two years. And we had been upset about that.

And trying to maintain those interests, we need to correlate how wages increase in conjunction with economic activity, economic growth and jobs and things like that.

Mr. SOUTHERLAND. Well, one thing I found interesting, that you have had a suspension of the implementation of the minimum wage for two years, because you say, or your statement was that it still, that two years still creates, it doesn't eliminate the uncertainty, in your testimony.

Governor TULAFONO. That is correct.

Mr. SOUTHERLAND. OK. And I agree with you. As a small business owner, we don't plan our business on two-year cycles. And yet,

we just got through going through I think a tax battle, prior to this Congress, to extension of tax rights for two years.

So I find that you agree with a small business owner. To invest millions upon millions of dollars into a community and think that you can get a return on your investment in two years in order to repay that back, that is not realistic.

I am a multi-generational business. We plan for 30, 40, 50 years on your investment. So I agree with you. I think you understand that very well. I appreciate you being here today. Uncertainty is something that we face not just in the islands, but also here in the States. And we have to do a better job I think of creating that certainty going forward. Thank you.

I see my time is up. Mr. Chairman, I apologize. I yield back the time I don't have.

Dr. FLEMING. Thank you. No, you did an excellent job. Excellent job. I thank the gentleman from Florida.

Next up we have questions from Mr. Faleomavaega. You are up, sir, for five minutes.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I think it is great that we have two physicians that make up our Subcommittee, and I certainly want to congratulate you, Mr. Chairman, for attaining the Chairmanship of this very important Subcommittee. And Dr. Christensen, as well.

It is somewhat ironic that we have three Members who have experience not only of living in Guam, but understanding the appreciation of the good people of Guam, the Chamorros, who are ably represented by our colleague from Guam, The Honorable Delegate Madeleine Bordallo.

It is unfortunate that our colleague, Mr. Flores, had to leave. I wanted to give him a little perspective about the minimum wage issue, as we have discussed it earlier this morning.

The minimum wage issue did not just start with American Samoa the past couple of years. We did a little review on how this whole thing came about. It became a national issue. And the fact of the matter is that in the early 1900s, the people working in the South, in the Southern States, were paid poor wages: 10 cents an hour, 15 cents an hour.

And it got to the point where the Senators and the Members of Congress debated the issue. Should there be a national minimum wage? Because our fellow Americans living in the South were poorly paid by a lot of these corporate types that came from the Northern States, set up factories and all of this, and that is what happened.

So in 1938, a minimum wage law was established to give our working people some sense of justice in terms of the challenges that they were confronted with.

Now, the irony of all this is that the territory of American Samoa was included as part of the minimum wage standards that we had set up. But something happened.

In the mid-1950s we had the CEO and the top executives of these tuna canneries that came and testified before the Congress, and said it takes three to five Samoans to do the work of one person from the mainland. Which I felt, after reading the transcripts, was very insulting.

And so what happened, the Congress set up this special Wage Committee, supposedly to measure exactly what the economic standing is of this territory. So that way the so-called minimum wage could have been adjusted.

So we set up this committee that every two years, they meet. But the problem here, and I wanted to share this with my colleague from Texas, is that it isn't the small businesses that were running the operations. There were companies like Purina Foods, Van de Kamp, Heinz Corporation that owns Starkist, Del Monte that also owns Starkist. So it was the big corporations.

And as the government had said earlier, we had minimum wage increases as a result of this because of the pressures brought forth by these canneries. Two-cents-an-hour increases, three-cents-an-hour increases. What can you possibly do with an increase of 24 cents a day, and you are working your butt off, and exporting tens of billions of dollars of canned tuna from this little territory of American Samoa?

So the issues that we were confronted with is that to say that the cost of living is less in the territory, but the fact of the matter is we never knew what is the cost of living. And I think this has been one of the most difficult issues that I have tried, for all these years, in trying to figure out what is the real economic standing of the territory. And that has been the problem that we have had dealing with the minimum wage issue for all this time.

So I just wanted to share that with my colleagues in understanding the issue a little more.

I wanted to again thank Governor Tulafono for his, for his statement, and just wanted to ask him, what is the current status of the new cannery now that is brought forth in the territory, Tri-Marine? What is the approximate investment that Tri-Marine has now made in coming in as the second cannery to operate in the territory?

Governor TULAFONO. So far Tri-Marine has spent approximately \$2.5 to \$3 million to purchase the old plant from Chicken of the Sea International.

As we speak, there is a team at home now inspecting and retrofitting a portion of the plant, to split it off to do a new kind of fish processing. This will be the fresh-frozen fish exported to, to mostly to Japan. And some of the skipjack tuna will be coming to the East Coast, the United States.

Mr. FALEOMAVAEGA. I am sorry, Governor, my time is running. But just one more question, Mr. Chairman.

In bringing this new cannery now to the territory, we are looking at ultimately, how many jobs are we looking at? When this new cannery starts its operations and getting everything set up.

Governor TULAFONO. Initially it will be between 80 and 150 jobs, depending on how fast the fresh-frozen will grow. And that portion can grow to as many as 200 jobs.

For the cannery, they are expecting to add 800 jobs.

Mr. FALEOMAVAEGA. OK, thank you. Thank you, Governor. I want to wait for the second round. Thank you, Mr. Chairman.

Dr. FLEMING. Yes, excellent questions, very interesting issue, this whole idea of where minimum wage should be.

I now recognize Mr. Pierluisi for five minutes, sir.

Mr. PIERLUISI. Thank you, Mr. Chairman and Ranking Member Christensen, for convening this hearing. I will have a brief statement. And I thank the witnesses, by the way, but I will have no questions.

With respect to the Insular Affairs budget, I want to associate myself with the views admitted for the record by Governor de Jongh from the U.S. Virgin Islands regarding the unfunded Insular Energy Program.

Our economic development is dependent on reliable, affordable energy. Yet, the cost of energy for Americans residing in Puerto Rico and the other territories is extraordinarily high as compared to their fellow Americans in the mainland.

The program authorized by the Energy Policy Act of 2005 would advance work toward the deployment of renewable energy technology. Regrettably, the recent update to the 1982 Territorial Energy Assessments omitted Puerto Rico, despite the fact that the underlying organization encompasses the island.

I ask that officials of the Interior Department remain cognizant and supportive of extending these energy solutions to all of the territories. It is worth noting that Puerto Rico and the U.S. Virgin Islands have already begun work to study the feasibility of grid interconnection, which is laying the groundwork for implementing these energy solutions.

I would also like to speak briefly about the work of the Bureau of Economic Analysis, which is supported by the Insular Affairs budget. The bureau's measurements produce GDP statistics for the territories, which help inform policy decisions and gauge economic activity. It is important that Puerto Rico not be overlooked by the bureau in the execution of its mission. GDP statistics produced for the 50 states, D.C., and now the territories, should also extend to Puerto Rico. So please, just keep that in mind.

Thank you.

[The prepared statement of Governor de Jongh follows:]

**Statement submitted for the record by Honorable John P. de Jongh, Jr.,  
Governor of the U.S. Virgin Islands**

Chairman Fleming, Ranking Member Christensen, and Distinguished Members of the Subcommittee, I am pleased to have the opportunity to present the views of the Government of the U.S. Virgin Islands ("Government" or "GVI") on the Department of the Interior's ("DOI") Office of Insular Affairs ("OIA") spending and the President's FY 2012 budget request for OIA. I understand that the Subcommittee at this hearing will also consider comments regarding other federal programs and issues of concern to the Insular Areas. My comments accordingly will address not only funding under OIA Technical Assistance, Covenant Grant, and Wastewater programs, which are in urgent need of increased funding, but also the energy-related program for Insular Areas administered by the Department of Energy that merits funding but for which Congress has not yet provided the necessary appropriations. Collectively, these comments are intended to strengthen and enhance programs which help improve the lives of our U.S. citizens in the Virgin Islands and the other Insular Areas.

But first, I would like to thank the Chairman for his leadership and efforts to ensure that this country responds vigorously and appropriately to the critical challenges the Insular Areas face. Under his leadership, we believe that the Committee on Natural Resources and the 112th Congress will reaffirm, and abide by, the principle that Congress has an important responsibility to ensure that the U.S. Insular Areas are treated fairly and equitably in all federal programs and economic policies.

My comments today will focus on three specific DOI programs, including the Technical Assistance, Covenant Grant, and Wastewater programs, and what we hope

will be an effective Department of Energy program to implement the Insular Energy provisions of the Energy Policy Act of 2005.

#### **OIA Technical Assistance Program**

In the past, OIA has used the Technical Assistance Program (“TAP”) largely to provide federal assistance to address the unique economic and other needs of the Insular Areas. In particular, TAP grants have been awarded to improve the productivity and efficiency of Territorial governments (*e.g.*, by funding training programs), as well as to address specific requests of Territorial Governors for financial support for critical projects not otherwise funded through, or addressed by, other OIA programs such as, most recently, the study of the uninsured in the Virgin Islands.

The Technical Assistance Program has been—and continues to be—an essential program that has not only enhanced institutional and governmental capacity in the Insular Areas, but has also resulted in practical and tangible benefits for our people. For example, the study of the uninsured in the Virgin Islands, which could only have been funded by the TAP, has produced essential data which will enable the Government to make better informed and strategic decisions in the implementation of healthcare reform in the Territory. While the funding for this study was relatively modest, it will have enormous impact over the next several years as the Government develops its reform strategies and plans. Thus, while the needs of the Insular Areas continue to be great, especially during the current economic crisis, the ability of Territorial governments to respond would undoubtedly be lessened in the absence of the Program. Accordingly, I urge the Subcommittee to continue to support, and, if possible, increase funding for, this vital Program.

In particular, I respectfully request that Congress consider increasing funding for the Program in order to address identified, but under-resourced, needs in the Insular Areas. In prior years, approximately \$12 million in TAP funds has been awarded annually to the Insular Areas. In more recent years we have seen a modest increase in funding, including \$13.3 million in FY 2009 and \$15.3 million in FY 2010, but the administration has reduced its requested funding for TAP in FY 2012 to \$13.8 million, which represents a decrease of about 10% from FY 2010. In light of the fact that TAP requests by Insular governors historically far exceed appropriated amounts, I respectfully request that Congress at least maintain current funding for this essential Program.

In addition, I would request that this Subcommittee take measures to ensure the funds are equitably allocated among each of the Insular Areas. Indeed, it would appear that, in the absence of equitable rules or guidelines, the Virgin Islands in prior years has been receiving significantly less, on a proportional basis, than our sister jurisdictions in the Pacific.

More specifically, in FY 2010, approximately half (about \$7.5 million) of the total annual TAP grants was distributed to the Insular Areas in the form of direct grants. The Virgin Islands received about \$1.5 million of that \$7.5 million, or approximately 20 percent. However, in prior years the Virgin Islands received a much smaller share of such direct grants. For example, in FY 2008, the Virgin Islands received only \$252,373 in direct grant funds—less than seven percent of the total direct grants awarded. While the direct grant amounts for the Virgin Islands in 2009 were higher (\$901,252) than in 2008, these amounts represented less than 14 percent of the total direct grants awarded.

Moreover, OIA awarded approximately two-thirds of the total amount of Program funds in non-direct grants, none of which was allocated to the Virgin Islands.

As these numbers demonstrate, the Virgin Islands has not received its fair share of Program funds in recent years. I am sensitive to the compelling needs of all of the Insular Areas, including those in the Pacific. In order to provide for more equitable distribution of the Program funds, however, while also protecting any Insular Area from a significant reduction in the amount it receives, I would respectfully propose that TAP funding be allocated as follows: 50 percent of the total amount appropriated each year should be allocated on an equal or proportionate (by population) basis among the Insular Areas (with a reallocation provision for any unused amounts), and the balance (the remaining 50 percent) should be allocated on a competitive needs basis (perhaps with statutory criteria). Not only would this allocation formula be more equitable, it would also provide a reasonably predictable stream of funding for each Insular Area and thereby minimize and mitigate the effect of any year-to-year changes in the amount of competitive grants received by each Insular Area.

I also would like to comment on a recent OIA initiative in the Program that will, in conjunction with the changes discussed above, help lead to more equitable distribution of TAP funds. We understand that, in FY 2009, OIA changed the manner in which TAP grant requests are processed in order to encourage advance planning

and more efficient use of Program funds. OIA now requires the Governor of each Territory and the President (or appointee) of each Freely Associated State ("FAS") to submit a consolidated Technical Assistance request on an annual basis. This is intended to facilitate a comprehensive review and comparative analysis of all TAP project applications, while helping Insular Area governments to better plan, implement, and track projects funded through the Program. We believe that this process will promote greater transparency regarding the award of Technical Assistance grants, and more efficient monitoring and oversight of funded projects.

#### **OIA Covenant Grant Program**

Covenant Grants provide an important source of funding for capital improvement projects ("CIP") in the Territories and Freely Associated States. The mandatory funding for CIP Grants in the President's budget is \$27.72 million, the same as in past fiscal years. The CIP base amount for each Territory and FAS is subject to adjustment (plus or minus up to \$2 million) based upon competitive criteria that are intended to measure the ability of each eligible government to exercise prudent financial management practices and to meet Federal grant requirements. While laudable in intent, the criteria, as a practical matter, do not adequately take into account the actual, or even comparative, infrastructure needs of each Territory. For example, the Virgin Islands has been under several EPA administrative orders requiring the Territory to expend resources it does not have to improve its solid waste facilities. Further, in 2010 the United States filed on behalf of EPA a complaint in U.S. District Court against the Virgin Islands Government and other entities seeking civil penalties and injunctive relief which would require the Territory to expend even more resources it does not have to address EPA's concerns.

We are also very concerned about the proposed recalculation of base amounts for FY 2012 and beyond. In a May 28, 2010 letter from Anthony M. Babauta, Assistant Secretary for Insular Affairs, we were notified that the base amount for the Virgin Islands will be reduced from the existing \$3.36 million to \$2.48 million starting in FY 2012. The recalculated base amounts are reportedly derived from the average of the previous five annual allocations. Because those five annual allocations resulted from the use of the overly restrictive competitive criteria, the Virgin Islands' recalculated base amount for FY 2012 and beyond is substantially understated. We believe that using a broader range of competitive criteria, including a needs assessment, the Virgin Islands' base amount would be, and should be, substantially greater than \$2.48 million.

Indeed, Covenant Grant funding is essential for financing the improvements required to comply with the EPA orders and to protect human health and the environment. Yet, the President's FY 2012 Budget proposes that the Virgin Islands receive only \$2.02 million, an amount substantially less than even its FY 2012 base amount of \$2.48 million and, in any event, far less than what is needed to address our pressing solid waste problems and comply with the EPA orders and litigation. Accordingly, I respectfully urge that the Subcommittee recommend to OIA that it expand its competitive criteria to include actual needs assessment and request that the Virgin Islands CIP allocation for FY 2012 be increased to no less than our original base allocation.

#### **OIA Water and Wastewater Program**

Total water and wastewater funding was \$1.9 million in FY 2010 and is currently being funded under the Continuing Resolution for FY 2011 at the same level. The Virgin Islands received, for the first time, \$900,000 in FY 2010 funding for wastewater infrastructure improvements. However, the President's Budget proposes to eliminate OIA Water and Wastewater Program funding for the Territories.

This funding, however, is critically needed for water and wastewater infrastructure in the Territories, including the Virgin Islands. The Territory remains under consent decree, EPA administrative orders, and a pending EPA complaint requiring us to increase expenditures to improve our wastewater and solid waste facilities. While my Administration has made significant progress in recent years, DOI water and wastewater funding is necessary to finance continued improvements. Accordingly, I respectfully request that, at a minimum, DOI water and wastewater funding in FY 2012 should be funded at levels no less than the current level.

#### **Insular Energy Program**

In 1980, Congress determined in the Omnibus Territories Act, Pub. L. No. 96-597, that (1) the Insular Areas are virtually completely dependent on imported sources of energy; (2) that dependence, coupled with the increasing cost and uncertain availability and supply of such energy sources, will continue to frustrate the political, social, and economic development of the Insular Areas and place increasingly severe fiscal burdens on the Insular Area governments; (3) the Insular Areas

“are endowed with a variety of renewable sources of energy which, if developed, would alleviate their dependence on imported sources of energy, relieve the fiscal burden on local governments imposed by the costs of imported fuel, and strengthen the base for political, social, and economic development”; and (4) appropriate technologies are available to develop these renewable energy resources. *See* P.L. 96-597, § 604(a), 48 U.S.C. § 1492(a). Congress further declared that it is the policy of the Federal Government to “develop the renewable energy resources” of the Virgin Islands and the other Insular Areas. 48 U.S.C. § 1492(b).

That law further directed the Secretary of Energy to prepare and submit to Congress a comprehensive energy plan for the Insular Areas that emphasized indigenous renewable energy sources. An initial plan was completed in 1982, but to our knowledge the plan was never acted upon. Two decades later, Congress revisited Insular Area energy issues. In the Energy Policy Act of 2005, Congress reaffirmed its earlier findings on the energy needs in the Insular Areas. Further, Congress determined that electric power transmission and distribution lines in Insular Areas are inadequate to withstand damage caused by the frequent hurricanes or typhoons and that such infrastructure required hardening. Most significantly, Congress found that the 1982 plan was outdated and needed to be updated to reflect significant developments since 1982 in energy production, consumption, infrastructure requirements, reliance on imported energy, opportunities for energy conservation and increased energy efficiency, and indigenous renewable energy sources in the Insular Areas. In response to Congress’ directive, the Secretary of the Interior updated the plan for each insular area in 2006. Those updated plans included recommendations for reducing imports of fossil fuels and energy costs, increasing the use of renewable energy sources and alternative technologies, and hardening of local power infrastructure.

In addition, the 2005 law authorizes the Secretary of Energy to implement demonstration projects and other programs contained in recommendations in the plan. Congress also authorized appropriations for DOE to carry out the purposes of the law, including providing financial assistance grants to Insular Area governments for demonstration and other projects and programs totaling up to \$6 million annually starting in FY 2006. To our knowledge, the Administration has never requested funding under the Insular Energy Program, nor has Congress specifically appropriated such funding. However, in an important first step, in FY 2009 Congress appropriated \$475,000 in designated funding for a technical feasibility study for a possible power grid interconnection between Puerto Rico and the Virgin Islands. And, the Virgin Islands is an active participant, along with the U.S. Department of Energy, in Energy Development in Island Nations (“EDIN”), which is an international partnership to advance the deployment of renewable energy and energy efficiency technologies in islands across the globe. But much more needs to be done to help reduce our reliance on imported fossil fuels and our energy costs, which are, because of our small size and geographic isolation, among the highest in the nation. Investments now to increase the use of renewable energy and other alternative technologies, as well as to harden our local power infrastructure to better withstand hurricanes and other natural disasters, will in the end save the federal government money.

Accordingly, because of the importance of clean, renewable, and affordable energy to the economic future, and environmental sustainability, of not only the Insular Areas, but the nation at large, I would respectfully urge this Subcommittee to work closely with the House Appropriations Subcommittee on Energy and Water Development to appropriate necessary funds under the Insular Energy Program in FY 2012 and beyond.

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Mr. Chairman, I appreciate the critical budget issues confronting our country. I understand that difficult choices must be made. But I would also like to remind you that our U.S. citizens living in the offshore Territories of the United States face unique challenges posed by our geographic isolation, our historic under development, and our constitutional status.

Congress has played a critical role over the years in assisting the U.S. Territories develop our economies and provide opportunity for our people. I look forward to working with you and the other distinguished Members of the Subcommittee in developing effective measures to foster the social, economic, and institutional development of the U.S. Virgin Islands and other Insular Areas of the United States. I would be pleased to answer any questions or provide any further information on these important and beneficial programs.

Thank you very much.

Dr. FLEMING. Well, I thank the gentleman for his questions. Next up is the gentlelady from Guam, Ms. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman. I had no idea we were so closely connected, through Guam. And you know, if you look at our culture, Guam and the Northern Marianas, American Samoa, and all the territories there in the Pacific, and even Puerto Rico, you and I would almost be related. You have a daughter, did you say, that was born there?

And so I would extend an invitation to you, Mr. Chairman, that you come out to Guam and see how we have grown over the years.

Dr. FLEMING. I would love to. I haven't been there since 1981, and I am just itching to have a codel to go out there.

Ms. BORDALLO. Well, we will have to arrange that. And also, I want to say good morning to Governor Tulafono. We go back a long ways. We both served as Lieutenant Governors, you of American Samoa, and me of Guam.

And there was one question I wanted to ask you, Governor. Eni, my good friend here, began to inquire about, you know, the unemployment. What is unemployment statistics right now in American Samoa?

Governor TULAFONO. It grew from 5 percent in 2007 to approximately 22 percent now.

Ms. BORDALLO. Twenty-two percent. I know we visited American Samoa with a codel about the time that the canneries were closing. And I am certainly pleased to know that now there is a new company that is interested in setting up their operation there. So I wish you well. I always think about all the unemployment, you know, when those canneries closed.

So we will keep an eye. And of course, we support you in everything we do.

I said yesterday at the IGI meeting that the territories are very closely—we work together on the Hill. Because many times our other colleagues just forget about us, you know. We are not in the mainland, and so we have to work a little bit harder than some of the other Members of Congress to get what we want.

It is my, in my eight years in Congress, I have invited about, over 100 Members of Congress to visit Guam. And now they have a different look, you know. They realize we are U.S. citizens, we are out there. And as my colleagues have all said, it is very difficult to make a living out there; expenses are high. And of course my good friend here, Donna Christensen.

And I would say, too, that we are in good position here health-wise. We have two doctors heading this committee. So if you have any problems or—

[Laughter.]

Ms. BORDALLO. All right. Now, seriously, good morning, Director Bussanich. I thank the Department, first of all, for its request to increase the Capital Improvement Project budget for Guam for the Fiscal Year 2012. And as you are well aware, and as the Department stated in its budget justification, the military buildup on Guam will not be successful without improvements to our infrastructure.

The CIP has assisted the Government of Guam over the past few years. However, will the Governor have any flexibility as to eligible CIP projects for Fiscal Year 2012?

Mr. BUSSANICH. Yes, ma'am. I mean, certainly the Governor should make his needs known to the Department, and certainly they will be considered.

We do have to plan out some years ahead, but the capital improvement process and the selection of projects has a lot to do with the establishment, established priorities by the local governments and the Governors. So that—

Ms. BORDALLO. So there will be flexibility there.

Mr. BUSSANICH. Yes, ma'am.

Ms. BORDALLO. Thank you. And another question I have. I am concerned that project proposals for Fiscal Year 2011, water and wastewater funding, have yet to be received.

Would the Government of Guam be able to leverage unobligated water and wastewater program funds toward loans from the U.S. Department of Agriculture and Agriculture's Rural Development Program?

Mr. BUSSANICH. There is existing authorization to allow grants from the Department of the Interior to be used in conjunction with USDA programs. And I believe that also applies to the water and wastewater. It certainly applies to the capital improvement projects. So that is a distinct possibility.

Ms. BORDALLO. So could we then, my staff and my office, be able to work with you to find out if it is definite or not?

Mr. BUSSANICH. Certainly. Yes, ma'am.

Ms. BORDALLO. Thank you. And Mr. Chairman, I yield back.

Dr. FLEMING. Thank you, gentlelady from Guam. Next up we have Mr. Duncan. Sir, you are recognized for five minutes.

Mr. DUNCAN. Thank you, Mr. Chairman. And as a freshman member of this Subcommittee and of Congress, just learning all the issues with American territories. And I want to thank you for having this hearing.

In just reading through some of the materials, I notice that the U.S. Virgin Islands recommended, in its written testimony, that 50 percent of the technical assistance should be allocated on an equal or proportionate-by-population basis to create reasonably predictable funding for the territories.

Have you all delved into that? Is that in your assessment, as well? Or recommendation as well?

Mr. BUSSANICH. Sir, I just saw that yesterday, and we certainly have to consider that.

I do know that within our technical assistance program there are certain sort of ongoing programs that provide assistance to all the territories that are sort of built into the program. These include some of our training programs and certain other things.

But an amount of money, and generally speaking, an equivalent amount of money is set aside from that for each of the islands to apply for. But it is about half of the total that is available for each territory.

Mr. DUNCAN. Thank you for that.

Mr. BUSSANICH. but in terms of 50 percent, we have not considered that fully. The first time we saw that was yesterday.

Mr. DUNCAN. Just on a little different line of questioning, just because it is a personal interest of mine, is that, you know, American energy independence and security is something that I feel like we have to strive for. And I can only imagine the logistical concerns of getting available fossil fuels to you.

I guess the first question is, is rising oil prices a concern? And then how to, just for my edification, how do you all deal with fossil fuel and energy sources and shortages at times?

Governor TULAFONO. As an island jurisdiction, fossil fuel is a challenge. And it is very expensive. There are no sources close enough to us to make it reasonable. And sometimes we also have issues of conflicting requirements and national law, because the best we can do is draw from supplies in the Far East. And yet we have to comply with our national laws, and it creates those conflicts for us.

There is no doubt that if we can do away with it tomorrow, we would. But I know we cannot. And even with the advent of the programs for renewable energy and all those good programs, I don't think an island jurisdiction could ever be independent of fossil fuels.

So there is going to have to be some level of usage of fossil fuels. So we will always be dealing with the cost of it. How much we can reduce with the adoption of a program, as we are doing now, of renewable and alternative fuels, it is going to be slow and painful. But I hope that for American Samoa, that by the year 2020, that we will achieve at least 20 percent to 25 percent of our energy being produced from renewables and alternatives.

Mr. DUNCAN. Thank you, Mr. Chairman. I yield back the balance.

Dr. FLEMING. OK, thank you. We are right on time here, and we are about to close our first panel. But we have two Members who requested a final comment or question. So first I am going to recognize Mr. Faleomavaega for a comment or question.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I didn't have a chance to ask Mr. Bussanich, but I do want to carry, pass this message on to Secretary Salazar and Assistant Secretary Babauta.

The State of Hawaii has had to absorb some \$120 million of its own funds to take care of the Micronesians who are immigrating or migrating to the State of Hawaii: Marshallese, Palauans, and FSM. And I wanted to know if the Administration is doing anything about this problem.

Because this wasn't something that the State of Hawaii had anticipated. The fact that the government-to-government relationship between the Compact States and the Federal Government, we have thousands of our Micronesian brothers and sisters who are homeless. And their healthcare needs and all of this had to be taken care of by the State of Hawaii.

And I just wanted to pass that message on to you, Mr. Bussanich, and to the Department of the Interior, whether or not the Administration is doing anything about this. Thank you, Mr. Chairman.

Dr. FLEMING. And I now recognize Mr. Southerland for a comment or question.

Mr. SOUTHERLAND. I know earlier on, and my comment is directed toward the Director, and thank you. I didn't get to speak to you earlier, but thank you for being here today.

You know, some of the details that we talked about as far as employment and the technical assistance programs, one thing that would be very helpful—and I would ask if your office could perhaps provide for me—is some quantifiable data, you know, in order to evaluate the programs that are currently there. I believe if you don't evaluate, you can't elevate. And I think that just in a desire to do that, to get a handle on the unemployment numbers, the business opportunities that currently exist, that need to exist, and then how proper programs are put in place to maximize the dollar, as well as maximize the potential future of people that want to take advantage of these programs.

So I would just ask if that is something that could be provided for us going forward. That would be helpful.

Mr. BUSSANICH. We will certainly do what we can do, sir.

Mr. SOUTHERLAND. Thank you very much. Thank you, Mr. Chair.

Dr. FLEMING. And we are now out of time for panel one. I want to thank our witnesses for very thoughtful statements and responses.

Members of the Subcommittee may have additional questions for the witnesses. And we ask you to respond to these in writing. The hearing record will be open for 10 days to receive these responses.

And with that, I thank you. And we will ask panel two to step up.

[Pause.]

Dr. FLEMING. Well, I want to thank our second panel, which consists of one witness, for coming forward. I would now like to welcome the Acting Director of the U.S. Fish and Wildlife Service, Dr. Rowan Gould, who has had a distinguished 35-year career in the Service.

Among the highlights of his career, Dr. Gould was the coordinator of the Service's response to the *Exxon Valdez* oil spill in 1989, and more recently the Deepwater Horizon accident in the Gulf of Mexico.

Dr. Gould, you are reminded that your complete written testimony will appear in the hearing record, and you have five minutes to summarize it. And before I recognize you, Mr. Gould, I want to recognize another Member, Mr. Runyan from New Jersey. And welcome today, sir, and we look forward to your questions.

Mr. Gould, you have five minutes. And we are very anxious to hear from you today.

**STATEMENT OF ROWAN GOULD, ACTING DIRECTOR, U.S. FISH AND WILDLIFE SERVICE, UNITED STATES DEPARTMENT OF THE INTERIOR**

Mr. GOULD. Good morning, Chairman Fleming and members of the Subcommittee. I am Rowan Gould, Acting Director of the U.S. Fish and Wildlife Service, and I appreciate the opportunity to testify before you today on the Service's Fiscal Year 2012 budget request.

I would also like to thank the Subcommittee for its continued support of our mission to conserve, protect, and enhance fish, wild-

life, and plants and their habitats, for the continuing benefit of the American people.

The total request for the U.S. Fish and Wildlife Service for Fiscal Year 2012 is \$1.7 billion, a net increase of \$47.9 million when compared to Fiscal Year 2010 enacted budget.

During these difficult budget times, the Service's budget reflects the priority that this Administration places on conservation, and acknowledges that for every Federal dollar spent, the Service supports job creation and economic development at the local level.

According to our 2006 Banking on Nature report, recreational activities on national wildlife refuges generated \$1.7 billion in total economic activity. According to the study, nearly 35 million people visited national wildlife refuges, supporting almost 27,000 private sector jobs, and producing about \$543 million in employment income.

In addition, recreational spending on refuges generated nearly \$185.3 billion in tax revenue at the local, county, state, and Federal level.

In addition, 2010 Service economists published a peer-reviewed report of the economic contribution of the Fisheries Program, that attributed \$3.6 billion per year to the economy from aquatic habitat conservation subsistence fisheries, invasive species management, and most importantly, public use.

The total number of jobs associated with this economic output is over 68,000 jobs. The Federal investment in the Service supports economic development and job creation throughout the United States.

The Fiscal Year 2012 budget request focuses on the agency's highest-priority conservation initiatives, while containing costs through management efficiencies and other savings. The budget proposes an increase for the North American Wetlands Conservation Act of \$50 million, as well as an increase of \$4 million for activities supporting renewable energy development, including \$2 million for the Endangered Species Consultation Program and \$2 million for conservation planning assistance.

The budget will also support large-scale ecosystem restoration projects, such as Chesapeake Bay, as examples of the Service's commitment to a science-driven partner-engaged approach to conservation.

The Service has requested \$140 million from the Land and Water Conservation Fund for Service-identified Federal land acquisitions; \$15.7 million to provide support for Youth in the Great Outdoors, an initiative to demonstrate the importance of fish and wildlife conservation and encourage careers in the natural sciences.

Recognizing the need to make difficult choices during challenging economic times, the Service is participating in an aggressive, Department-wide effort to curb non-essential administrative spending. In accordance with this initiative, the Service's Fiscal Year 2012 budget assumes \$26.5 million in savings. Savings will be realized in several areas, including travel, employee relocation costs, and supplies.

In 2009, the Service received \$280 million for construction and resource management after the President signed the American Recovery and Reinvestment Act of February 17, 2009. In the months

leading up to the bill's passage the Service worked with the Office of Management and Budget and Congress to identify potential construction, maintenance, and restoration projects that could be started quickly in an effort to help create jobs and stimulate the economy.

The funds received by the Service supported 713 projects. Of this funding, \$115 million was for construction projects, and \$165 million was for resource management projects. By the end of Fiscal Year 2010, all Service funds were obligated and projects mobilized, resulting in 1,072 contracts awarded and 371 grants or cooperative agreements. In total, Service recovery funding led to the creation or retention of 4,020 jobs.

Thank you for the opportunity to testify this morning. I am happy to answer any questions the Subcommittee may have, and look forward to working with you through the appropriations process.

[The prepared statement of Mr. Gould follows:]

**Statement of The Honorable Rowan Gould, Acting Director,  
U.S. Fish and Wildlife Service, U.S. Department of the Interior**

Good morning Chairman Fleming, and Members of the Subcommittee. I am Rowan Gould, Acting Director of the U.S. Fish and Wildlife Service (Service). I appreciate the opportunity to testify before you today on the Service's Fiscal Year 2012 budget request. I would also like to thank the Subcommittee for its continued support of our mission to conserve, protect, and enhance fish, wildlife, and plants and their habitats for the continuing benefit of the American people.

The President's FY 2012 budget request of \$1.7 billion for the Service will focus funding on the agency's highest priority conservation initiatives, such as the America's Great Outdoors initiative, while containing costs through management efficiencies and other savings. The requested \$1.7 billion is a net increase of \$47.9 million compared to the FY 2010 enacted budget. The budget also includes approximately \$1 billion available under permanent appropriations, most of which will be provided directly to States for fish and wildlife restoration and conservation.

The budget principally focuses on large-scale, conservation efforts by supporting the President's America's Great Outdoors initiative. Additionally, an increase in Cooperative Landscape Conservation will enable the Service to continue working with partners to conduct collaborative landscape-scale biological planning and information gathering by completing a national network of Landscape Conservation Cooperatives (LCCs) initiated in FY 2010.

The President's America's Great Outdoors initiative provides the Service with \$140 million from the Land and Water Conservation Fund for Federal land acquisitions the Service has identified as having the greatest conservation benefits, and \$15.7 million, an increase of \$2.5 million to support Youth in the Great Outdoors by providing a platform and programs to orient children and young adults to the importance of fish and wildlife conservation and encourage careers in natural science.

The budget proposes an increase of \$4 million for activities associated with renewable energy development, including \$2.0 million for the Endangered Species Consultation program to support development of renewable energy projects and \$2.0 million for Conservation Planning Assistance (CPA). The increase for the CPA program will enable the Service to participate more fully in priority landscape level planning to assist industry and State fish and wildlife agencies' siting of renewable energy projects and transmission corridor infrastructure, aiding in the President's mission for increased renewable energy development.

The budget will also support large-scale ecosystem restoration projects as examples of the Service's commitment to a landscape-scale, science-driven, partner-engaged approach to conservation. Some of these projects include efforts in the Chesapeake Bay watershed and the California Bay-Delta region, where water supply, healthy watershed and sustainable populations of fish and wildlife are being addressed.

The Service recognizes the need to make difficult choices during challenging economic times. In support of the President's commitment to fiscal discipline and spending restraint, the Service is participating in an aggressive Department-wide

effort to curb non-essential administrative spending. In accordance with this initiative, the Service's FY 2012 budget assumes \$26.5 million in savings, built upon management efficiencies the Service began implementing in FY 2011. Savings will be realized in several areas, including travel, employee relocation, and supplies.

#### **Cooperative Landscape Conservation**

The requested funding increase of \$10.2 million will enable the Service to continue working with partners to conduct collaborative landscape-scale biological planning and information gathering by completing the network of Landscape Conservation Cooperatives initiated in FY 2010.

LCCs will continue to act as a focal point for collaborative work with partners to disseminate applied science products and tools for resource management decisions across landscapes. This collaboration provides partners the scientific information to target resources on activities that will produce the greatest benefits for fish and wildlife for the American people. Within the Service, LCCs help support and augment many ongoing programs, including Endangered Species Recovery Plans, Refuge Comprehensive Conservation Plans, fish passage programs and habitat restoration.

#### **Adaptive Science**

With an additional \$7.2 million in funding, the Service will be able to acquire the necessary science to make better conservation decisions. The funding will be used to acquire risk and vulnerability assessments, conduct inventory and monitoring, develop population and habitat assessments and models, design conservation measures, evaluate management options for LCC partners, and increase our understanding of conservation genetics.

#### **National Wildlife Refuge System**

Funding for the operation and maintenance of the national wildlife refuge system is requested at \$502.9 million. The request includes an increase of \$6.5 million, for National Wildlife Refuges (Refuges) operations, enabling Refuges to complete additional habitat improvement projects. An additional \$2.0 million will be used for the Service's youth program to engage young Americans in conservation by offering public service opportunities, science-based education, and outdoor learning laboratories. The request includes an increase of \$1.5 million for Chesapeake Bay restoration and \$750,000 for Gulf Coast restoration activities at Refuges. With 10 National Wildlife Refuges along the Gulf coast line, protecting more than 300,000 acres, the Service is committed to working towards repairing the damage caused by the unprecedented Deepwater Horizon explosion and oil spill. Additionally, an increase of \$2.0 million is also requested for deferred maintenance at Refuges.

In support of LCC development and adaptive science management, the requested increase of \$8.0 million within the Refuge program will be used to continue building the landscape scale, long-term inventory and monitoring network the Service began in FY 2010.

#### **National Wildlife Refuge Fund**

The Service proposes the elimination of the entire appropriated portion (\$14.5 million) of the National Wildlife Refuge Fund. The Fund was originally conceived to assist communities in lieu of taxes for lands acquired and managed by the Service. Over time, Refuges have been found to generate tax revenue for communities far in excess of tax losses from Federal land ownership. Refuge lands provide many public services, such as watershed protection, and place few demands on local infrastructure when compared to development that is more intensive. Importantly, Refuges bring a multitude of visitors to nearby communities, providing substantial economic benefits. Recreational spending on Refuges generates millions of dollars in tax revenue at the local, county, State and Federal levels. The mandatory receipts collected and allocated to States under the program would remain.

#### **Law Enforcement**

The Service budget request provides \$62.6 million for the law enforcement program to investigate wildlife crimes and enforce the laws that govern the Nation's wildlife trade. The request is \$3.1 million below the 2010 enacted level, which reflects the elimination of funding for a new class of agents who were hired in 2010.

#### **Endangered Species**

The FY 2012 budget includes \$182.7 million to administer the Endangered Species Act (ESA), a net increase of \$3.3 million over the 2010 enacted level. This includes a \$2.0 million increase for renewable energy consultation and \$3.4 million for ecosystem-specific consultation and recovery.

The Service also is requesting an increase in funding for the Endangered Species Listing Program, to reflect the increasingly large number of ESA petitions being received. Between 1994 and 2006, the Service received an average of 17 petitions annually, covering an average of 20 species per year. In contrast, since 2007, the Service has been petitioned to add more than 1,230 species to the list of threatened and endangered species, more species than the Service listed during the previous 30 years of administering the Act. With additional funding, the Service projects to complete 39 additional 90-day and 12-month petition findings, while also initiating proposed listing determinations for 93 species.

#### **Fisheries and Aquatic Resource Conservation**

The budget request includes a total of \$136.0 million for the Fisheries and Aquatic Resource Conservation program, a decrease of \$12.2 million from the 2010 enacted level. Facilitating the Service's role and responsibility in promoting ecosystem health, fisheries, and aquatic resource conservation, the budget includes increases for the Chesapeake Bay and California Bay-Delta program as well as an additional \$2.9 million for Asian carp activities in the Great Lakes. Moreover, the budget proposes an increase of \$380,000 to protect polar bears in compliance with the Marine Mammal Protection Act.

#### **National Fish Hatchery Operations—Mitigation**

The FY 2012 request contains a reduction of funding for National Fish Hatchery general program activities of nearly \$6.8 million. At several of its hatcheries, the Service produces fish to mitigate the adverse effects of Federal water development projects constructed by other Federal agencies. States depend on these activities to stock fisheries which provide economic benefit to local communities. At the direction of Congress, the Service is working to recover costs from the Federal agencies that built and operate these water infrastructure projects. The U.S. Army Corps of Engineers (Corps), is the largest customer for these mitigation fish, and it has \$3.8 million in its 2012 request to fund mitigation fish production. The Service will continue ongoing discussions with the Corps as well as the Tennessee Valley Authority, Central Utah Project Completion Act, and the Bonneville Power Administration to seek reimbursement and negotiate reimbursable agreements for the operation of mitigation fish hatcheries.

#### **Migratory Birds**

The Migratory Birds program is funded at \$54.4 million, just slightly below FY 2010 enacted level. The North American Wetlands Conservation Fund is funded at \$50 million, \$2.4 million over the FY 2010 enacted level. The North American Wetlands Conservation grant program plays a vital role addressing wetland habitat loss, with every grant dollar matched 1:1, and in some programs as much as 4:1.

#### **International Affairs**

The budget request provides the International Affairs program with just under \$13.0 million, a net decrease of \$1.4 million from the 2010 enacted level. The Multi-national Species Conservation Fund is funded at \$9.8 million, a decrease of \$1.8 million.

#### **Coastal Impact Assistance Program**

Under the Energy Policy Act of 2005, the Secretary of the Interior is authorized to distribute \$250 million for each of the fiscal years 2007 through 2010 to states and their coastal political subdivisions (CPS) with oil production in the OCS off their shores. This money is available to Alabama, Alaska, California, Louisiana, Mississippi, and Texas by formula for ecosystem restoration projects.

This program has been implemented from its inception by the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), formally the Minerals Management Service (MMS). However, in FY 2012, the Coastal Impact Assistance Program will be transferred to the Service as the purpose of the CIAP aligns more directly with the mission of the Service. The two bureaus are working together to implement the transfer as quickly and smoothly as possible. The transfer will allow BOEMRE to focus on programs more directly aligned with its regulatory and enforcement mission.

#### **Recovery Act Funds**

The President signed the American Recovery and Reinvestment Act (Recovery Act) on February 17, 2009. Of the \$280 million the Service received in Recovery Act funding for 839 projects, \$115 million was for construction projects and \$165 million was for resource management projects. The Service awarded 1,072 contracts and

371 grants or cooperative agreements that led to the creation or retention of 4,020 jobs, according to award recipient reports as of December 31, 2010.

Thank you for the opportunity to testify this morning. I am happy to answer any questions the Subcommittee may have and look forward to working with you through the appropriations process.

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Dr. FLEMING. Thank you, Mr. Gould, for your opening comments. Now I would like to recognize myself for five minutes for questioning.

Let us look at the budget. For Fiscal Year 2008, the land acquisition budget for your agency was \$35 million. The budget that President Obama just proposed, and is before our Subcommittee today, is \$140 million, or a 300 percent increase. Let me repeat that. You are here today asking for a 300 percent increase in a budget, when of course we are doing nothing if we are not cutting the budget, as you well understand.

Land acquisition budget compared to what we spent in 2008. This, mind you, is on top of the \$280 million the Service received from the 2009 Stimulus Act, as well.

Together with this year's current expenditure of \$86.3 million, the Obama Administration will have spent, in just two years, more than in the last five years of the previous administration.

While I favor appropriate land conservation and habitat protection, I am not sure how any agency can propose such a budget increase in the light of our nation's huge deficits. But you have been invited here to do just that. So I want to start off by having you explain to the American public why a \$105 million increase—that is, 300 percent—is needed for this program.

Mr. GOULD. Well, first of all, I would like to point out that that increase that we are asking in land acquisition isn't just the titled land acquisition. A significant portion of that land acquisition funding is in easements for conservation.

The Service has, in the last few years, recognized the importance of working with working landowners, large plots of land, in cattle ranching and other such agricultural activities, the importance of them staying on the land, and them being a vital part of the land program of the Fish and Wildlife Service.

There is only one new refuge, new acquisition, in the proposed land acquisition budget for this fiscal year, and that is for the Flint Hills. In that case, there is literally no money there for fee acquisition; it is all for conservation easements. And there is a lot of money there. I don't know the exact amount, but that is the place where the Farm Bureau, the local landowners, the ranching community has come together and recognized the importance of the Tall Grass Prairie for conservation and their livelihood. And we are working together to create a conservation unit that will do both great things for ducks and wildlife and other kinds of critters, at the same time recognizing the importance of the working landscape and the importance of family farms and large ranches to the culture and economy of this country.

Dr. FLEMING. OK. Well, I thank you for that. But you know, your predecessor always indicated to me that it was better to maintain what you have before you go purchasing others.

This budget calls for an acquisition of 70,000 new acres for inclusion within the system. Now, why is this acquisition and new con-

struction a priority over maintenance and upkeep, which is, we have really gotten behind?

Mr. GOULD. While we appreciate all the work we need to do for maintenance and upkeep, the ARA funds did us a favor in taking a good whack out of our list. In terms of the acquisition, we are talking about specific acquisitions. You will find that those acquisitions are all acquisitions within an existing refuge boundary.

And we have found that in working with willing sellers, and when we can put lands within the existing refuge boundaries, we actually save money in terms of maintenance and oversight and public access, and all of the good things that come from running a national wildlife refuge, if we have a contiguous block of land.

Dr. FLEMING. Well, let me follow up. During a briefing last month, a representative of the Department of the Interior candidly responded that one of the motivations for increasing the request for land acquisition was the fact that land values in this country have plummeted in the last three years. Isn't this an example of big government exploiting the private sector once again?

Mr. GOULD. I would submit that with the emphasis on easements, and actually letting the land managers out there actually be—the refuge managers could be those ranchers. They could be very good refuge managers.

And what they need to be is paid for conserving their lands, for multiple benefits, including conservation, fish and wildlife conservation. And we value the fact that those land managers, those private-citizen refuge managers, are going to be paid for what they are doing. And at the same time, it codifies economically their way of life, keeps their land intact, keeps it in the family. There is all kinds of economic benefit that—

Dr. FLEMING. Let me interrupt you. I apologize, because I am running out of time. But why do we have to pay them? Why do taxpayers, in times of a \$14 trillion—going on \$15 trillion—debt, why do we have to pay them to do the right thing?

Mr. GOULD. We need to pay them for doing the right thing because they are locking out potential other uses of their land, given other economic opportunities in the future, which we can't foresee. But we do know right now that the American public values the fish and wildlife of this country, both economically, culturally, for the future generations; values that important aspect of the American psyche. And they are giving up their rights to make a change, with an easement payment, and it accomplishes all kinds of good things.

Dr. FLEMING. Well, I thank you for that. I would just end my five minutes, going over, to say that those are all great platitudes. But again, in our fiscal situation, it really doesn't, the priorities really don't make it, as far as I am concerned.

With that, I want to recognize the Ranking Member. Dr. Christensen, you have five minutes.

Dr. CHRISTENSEN. Thank you, Mr. Chairman. And thank you, Mr. Gould. And I want to compliment the Service for the \$26.5 million in savings. It is a good amount of savings, and we really appreciate your addressing the fiscal crisis by trying to rein in your costs.

I have a question specifically related to my district, to begin with. In the Caribbean we are facing a severe lionfish invasion.

They are causing harm to our native fish, our coral reef ecosystems, which support important components of our coastal economy, including jobs, fishing, and tourism.

And while I realize we can't eliminate these lionfish entirely, we have to keep them, their levels as low as we can.

So Dr. Gould, can the funds from the Pittman-Robertson or Dingell-Johnson Programs be used to educate my constituents about this invasion, and be used to capture and remove these invaders? You know, our divers, our fishing community, our boaters are doing what they can. But if we cannot use those funds—well, I hope we can. But if not, what other sources of funding would be available?

Mr. GOULD. We recognize lionfish are a significant problem, an invasive species that are a problem not only in your area, but in the Gulf. They are spreading everywhere.

Dr. CHRISTENSEN. From North Carolina down.

Mr. GOULD. We can't really focus any efforts on making them injurious species, because all that does is regulates the transport of these species. And quite frankly, they are already there, so we really can't spend money to do that sort of thing.

However, the concept of using Pittman-Robertson and Dingell-Johnson money, I would have to check into it, but it seems like a reasonable approach that is driven by a state or territory, depending on their specific needs. And the whole system is designed to recognize that each area has specific both responsibilities and prerogatives.

So I will work with you in the future, and work with our Wildlife Sports Fish Restoration Program. And I am fairly sure you can use the money for that sort of thing, but we will check on it.

Dr. CHRISTENSEN. Well, thank you, and we will be in contact with your office on that.

H.R. 1, the Continuing Resolution that passed the House February 19, zeroed funding for the State and Tribal Wildlife Grants Program. So Dr. Gould, what impact, could you tell us what impact this will have on the Service's ability to help states and tribes implement their wildlife action plans, which really go to preventing our nation's wildlife from becoming endangered and having to be put on the endangered species list?

Mr. GOULD. As you have indicated, the goal of state wildlife SWIG money, state wildlife grant money, is to implement a plan that will keep species from going onto the endangered species list.

Dr. CHRISTENSEN. Right.

Mr. GOULD. And it is done in such a way in solid partnership with the Fish and Wildlife Service.

Our relationship with the states and the territories has got to be strong if we are, as a group, conservation regulators and managers, is going to be effective. It is literally going to cut down the non-game programs of all states and territories, because that is where they are getting the money from.

Now, they are in a world of economic hurt right now. Obviously, they don't want to lose that support, and we don't want to lose the strong partnership.

Dr. CHRISTENSEN. Well, thank you. The states are in a world of hurt, as are the territories, and we need the support for this program.

Another question about the National Wildlife Refuge System. I was really impressed with the amount of funds, revenue that it generates. They are really economic engines in local communities, returning an average of four dollars in economic activity for every one dollar appropriated by Congress.

So can you describe for us the ramification on jobs and visitor services, on hunting programs and the refuge system inventory and monitoring program, if the funding for the refuge system reverted to 2008 levels?

Mr. GOULD. There would be a significant reduction in outdoor-related both consumptive and non-consumptive use of resources. It would really revolve around a reduction in the ability to provide access for folks.

The Refuge System is an incredible economic generator. And in fact, as you indicated, the amount of money resulting from their operations dwarfs the amount of money going into operating them.

And so I can't give you an exact amount of reduction, but I can tell you it would be significant.

Dr. CHRISTENSEN. And it would hurt the states.

Mr. GOULD. Oh, it would hurt—

Dr. CHRISTENSEN. And the local areas.

Mr. GOULD.—the local economies, mostly.

Dr. CHRISTENSEN. Thank you.

Dr. FLEMING. Well, time is up for that question. Next we have Mr. Southerland from Florida.

Mr. SOUTHERLAND. Thank you very much for being here. I wanted to follow up on some of the stimulus spending money from 2009.

How many of the 713 projects that were ultimately approved by the Office of Management and Budget were shovel-ready in 2009?

Mr. GOULD. I don't have that specific number for you, Congressman, but I will work with you to get that information to you as soon as I can.

Mr. SOUTHERLAND. Do we know the status of the projects that were, that those funds were designed for? I mean, do we know if the taxpayers can be satisfied that their hardworking dollars have been spent being maximized?

Mr. GOULD. Yes. We have continual IG oversight of what we are doing in terms of implementation, and in terms of documentation of our progress on those ARA projects. So far, Fish and Wildlife Service has been held up as an example of how to do it right, both in contracting efficiency and the ability to get the money obligated quickly, and get the jobs and activities on the ground. And we are very proud of that.

Mr. SOUTHERLAND. I mean, are these projects, do you have any projects that have been completed? Totally done?

Mr. GOULD. Yes. And we, in fact, we are rolling out several projects as they—very large projects. Visitor centers, some progress on maintenance projects. We have several restoration projects that are completed. In fact, it is a favorite activity of mine to go out and cut ribbons, and demonstrate to folks that we can get the job done.

Fish and Wildlife Service is very proud of our, as I indicated, very proud of our progress and our performance in spending that money efficiently.

Mr. SOUTHERLAND. One of the things that I found interesting in your comments earlier, I know the Chairman made some comments about paying landowners to do the right thing with their properties.

I mean, I appreciate that, but that sounds a little ludicrous, to be just very blunt with you. For someone to pay me to do what they want me to do with property that I pay for, property taxes that I pay for, and also—I mean, I think it is sad that we have gotten to the point that the government feels that it is its responsibility to inject its opinion on what I should do with the property that I own, that I pay for, and that I want to use not just in my lifetime, but if I want to perpetuate that to my children.

You take great pride, it seems like, in being able to do that very thing that I think that is a key problem to the swelling budget. Because I look at the dollars, you talk about the easements. I mean, we are broke. And I mean really broke. And the American people and our small businesses that we operate, we can't spend more money than we have.

And for me to—and I can't just raise my prices. I can't go out there and find dollars that I don't have. And I find that it is bothersome, quite honestly, that the budget has swelled some 300 percent, as the Chairman so duly noted.

That kind of action is not available to the American people. And I just, I am amazed that you would ask for such monies, when there is such pain out there in this country. I am astonished, really.

Mr. GOULD. And I understand your point of view. But I also understand—

Mr. SOUTHERLAND. No, no, that is reality, OK. It is not a point of view. It is a reality that we are broke.

And so for the Department to ask for an increase of such cataclysmic numbers, that does not apply to small businesses around this country, which represent 85 percent of our economy. And 40 percent of the unemployed have come from small business.

I don't understand the rationale. And if that is how we go about handling and getting fiscal responsibility implemented into the Department, you are going in the opposite direction of what the American family budget is going. Do you see that?

Mr. GOULD. I understand what you are saying. But also remember that that money results in a multi-fold economic benefit to the American public, in terms of hunting, fishing, bird-watching, the existence of that land out there that is part of your states.

Mr. SOUTHERLAND. But I appreciate that, and I live in Panama City, Florida.

Mr. GOULD. So it is an economic driver.

Mr. SOUTHERLAND. We can fish two months a year now to catch the two fish, and we have five-dollar gas at the pump, OK, at the marina. So, I mean, there is a movement to turn the Gulf of Mexico into an aquarium, sir.

And so if you want me to thank you for the economic benefit, OK, of running our family business and working 70, 80 hours a week,

and having that one Saturday a month that I could go offshore, paying \$600 to put gas in my boat, to pay the fees, to go offshore, only to catch the two fish that people in lab coats say that I can catch, I am not going to thank you for that. I am not going to feel that I should be appreciative of that.

What I don't appreciate is asking for this unbelievable amount of money at a time when the American families are hurting so much. It is just bothersome. And Mr. Chairman, I apologize.

Dr. FLEMING. Thank you. And next recognized is Mr. Sablan.

Mr. SABLAN. Thank you, Mr. Chairman. Mr. Gould, thank you for being here. I support many of the programs of Fish and Wildlife. I come from the Northern Mariana Islands, island units that are surrounded by water.

But I have also some issues with—and I actually, short of joining the other side of the dais, let me give you an example.

On the island of Rota, 32 square miles, a growing population obviously, people, some people cannot build homes. Not businesses, homes. Because of the restrictions imposed by Fish and Wildlife regulations.

At the same time, I also am conscious, and I appreciate that we need to strike a balance here between preserving what we have, the small—but regulations that were meant for large land areas in the United States are hindering people from building homes for their families.

And so some of these people remain living with their parents. And so you have two families in a home, or three families. And we live with that, because we are extended family.

I would like to work with your office and find a way to resolve some of this, or maybe start planning to resolve some of this, short of striking out an entire regulation.

Another thing, and let me ask this. Last year, I mean in 2009, and despite the strong opposition of my good former Chairman, Mrs. Bordallo, and Governor Bush went ahead and declared the Mariana Trench Marine Monument. The size of that monument is the equivalent of the State of Arizona. And no, not one penny was paid for it, despite the three island units and some volcanic units. Not one penny was paid for it in the establishment of this marine monument reserve.

But there were promises made. There were promises made. And I am concerned that there is no thought, in Fiscal Year 2012 budget proposal, to support the Mariana Trench Marine National Monument.

At the same time, NOAA just solicited proposals for the preparation of management plans to address, among several things, the examination of the creation of outreach and educational films to develop the monument.

Is your office or your agency, does it intend to support the monument? Is it anywhere in the radar in the next decade? And are you working with NOAA on—

Mr. GOULD. Yes, Congressman, we are collectively working out the details of each of us individually putting out notice of intent to start the management planning process for it. And based on the information I have right now, we should have that notice of intent out and start the process very shortly. We should, in fact, in the

matter of the next few weeks we should have, we should start the management process.

I want to point out that for the Remote Islands Unit, there is significant funding in our base funding, which we want to continue to use. I was just looking at, if it is \$1.485 million, \$1,485,000, for working out there in a very remote and a very large area, as you indicate. But we need to get an advisory panel in place, which we are making progress on; and we have to start our planning process, which we are going to start, I promise you, very, very shortly.

Mr. SABLAN. Thank you. But could we also, your office and my office, work together on trying to look into these regulations?

Mr. GOULD. Absolutely.

Mr. SABLAN. That actually prohibits people from building homes, not businesses, now; homes on their property because of regulations. Again—

Mr. GOULD. We are very willing to sit down and work with you on that.

Mr. SABLAN. We heard Mr. Southerland on this issue, that sometimes the regulations are—but then again, I appreciate that the regulations also provide some protection for the areas around the Northern Mariana Islands. Thank you very much, Mr. Chairman.

Dr. FLEMING. I thank the gentleman from the Marianas. Next we are going to recognize Mr. Duncan from South Carolina.

Mr. DUNCAN. Thank you, Mr. Chairman. And thank you, Mr. Gould, for being here today.

Let me just preface my comments by saying a couple of things. I asked to be on this Subcommittee because I am an avid outdoorsman, and I don't think you are going to find a Member of Congress that spends more days afield enjoying hunting and fishing, whether it is offshore or whether it is shooting waterfowl.

And during the course of my adult life I have had the opportunity to visit a number of national wildlife refuges, whether it is down at the bayou meet in Arkansas or the Congaree Swamp in the Santee National Wildlife Refuge in my home State of South Carolina. I understand your mission. And I have been the benefactor of higher waterfowl numbers, OK.

So having prefaced that, Mr. Chairman, I want to thank you for, in your opening statement, where you point out the extraordinary times that we are living in today, with the amount of national debt. And we can rehash the numbers, \$14 trillion in national debt; we are spending a trillion and a half more than we are bringing in. Steve Southerland was right: We are broke in this country, and we have to make some hard decisions about what we spend money on.

And so it saddens me when I see the President's request is 145 percent higher than when he took office, and I see where some of the money has been spent to purchase land. And I think about, as a small business owner and owning rental property, when times are good, you can go out and acquire more property. But when times are tough, and it is taking everything that your rental property is bringing in just to maintain that property, you don't go out and purchase more. Because you don't have the maintenance budget to continue maintaining what you have got, much less the additional property.

And so when I see that you all have not only, let us see if I can find the data, but Fish and Wildlife Service built 15 new headquarters and visitor centers with the stimulus money? It is hard for me to justify that.

You indicate in your statement that you guys had to make tough choices. That doesn't look like tough choices to me; that looks like wish-list desires, when you build new offices in tough economic times. When money is good, I understand the need to do that. But the times are tough.

So the question I have for you is when you talk about making tough choices, and you indicate that the cut in law enforcement was one of the tough choices; and I review your budget, and it is clear that tough choices are also made, refuge operations, maintenance, construction, fisheries, National Wildlife Refuge Fund, et cetera. Couldn't the Service have avoided these tough choices by requesting more realistic amounts or being a little more frugal with your spending?

And I am going to let you answer that question in just a second. But Mr. Chairman, we had a hearing yesterday on BLM, on what I perceive as a land grab in the Western States. And I see this as falling in a similar pattern, of acquiring land at a time when we don't have a lot of money to do that with.

So the question is, back to the tough choices that you said you made when you built 15 new offices, and you continue to acquire more land, but yet you are going to cut law enforcement officers. Rationalize that decision for me, please.

Mr. GOULD. Well, first of all, we are not cutting law enforcement officers; we are maintaining the number we have. The actual reduction in law enforcement budget was an add-on in 2010 to fund a new class to go through. We now have those people through. We do have the money to support those people, and we will continue to fund the high-priority law enforcement actions that are important to this country.

In terms of the land acquisition, as opposed to that hard decision. Again, all I can say is we are trying to focus on easements, willing sellers. Whether you believe in the concept of a conservation easement or not, in land acquisition itself, it actually saves us operating money by buying land within the existing boundaries of a refuge.

Mr. DUNCAN. He was just sharing with me the ARA new visitor centers, and \$91 billion.

Mr. GOULD. Ninety-one million, yes.

Mr. DUNCAN. That is a large number. I am just going to yield back my time, because I am afraid I will get as passionate as Mr. Southerland. Thank you.

Dr. FLEMING. I thank the gentleman and the witness. Next I would like to recognize Mr. Faleomavaega for five minutes, sir.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. And I want to thank Mr. Gould for his testimony this morning.

I don't think there is anyone here, Members of Congress, who are more conscious of the fact that we do have a very serious deficit problem in our national debt, and the situation where I am sure not only the Administration, but both Houses of the Congress, are very conscious of this reality and this fact.

I want to ask Mr. Gould, when was the National Fish and Wildlife Service, when did it start? How many years have we had this service?

Mr. GOULD. We started back in 1872. And we actually started as the Fishery Service, and evolved over time into a much broader program.

Mr. FALEOMAVAEGA. Now, I notice that our current budget proposal now for the Service, for continuing the service that was enacted by law by the Congress in the 1800s, and you now have a budget of \$1.7 billion. Can you help me if we could translate this in some kind of a leveraging? That we are going to expend \$1.7 billion to establish what? What benefit are we going to get? Or disincentives, I suppose, in terms of what some of my colleagues on the other side have argued I am sure for waste and corruption and fraud and all of this. We all are very much aware of this.

But I want to ask you, Mr. Gould, we are going to expend \$1.7 billion as proposed by the Administration. But as a result of this expenditure, what benefits are we going to get as a country, and to the American people?

Mr. GOULD. All Americans, in my view, have a shared responsibility to protect wildlife and habitats for future generations. Conserving our natural resources at this time will ensure that we have places to hike, boat, fish, hunt, see wildlife, or just enjoy the quiet and peace of nature.

Mr. FALEOMAVAEGA. In other words, you have commercial fishing, you have all these other things that are—

Mr. GOULD. All these other things.

Mr. FALEOMAVAEGA.—related to these things that you regulate.

Mr. GOULD. And not only that, it is a trust we pass on to future generations. If we let that go now, it won't be available. It goes away, it is gone.

And one thing everybody has to realize is the Fish and Wildlife Service is an incredible economic generator. Incredible economic generator.

Mr. FALEOMAVAEGA. Well, that is what I am trying to get at, Mr. Gould.

Mr. GOULD. It is the point.

Mr. FALEOMAVAEGA. Tell us exactly what economic benefits that we are going to get from this.

Mr. GOULD. Well, I can give you some examples. Since I had a feeling that question would come up.

Mr. FALEOMAVAEGA. I realize that \$1.7 billion is not peanuts, as I am sure that we are very much conscious of the fact.

Mr. GOULD. According to, and this is my old program, the National Survey of Fish and Hunting and Wildlife-Associated Recreation that comes out every five years found that more than 87 million Americans, or 38 percent of the United States population aged 16 and older, pursued outdoor recreation in 2006. They spent \$120 billion that year pursuing those activities. About 71 million observed wildlife, while 30 million people fished, and 12.5 million people hunted.

Mr. FALEOMAVAEGA. And I am also aware of the fact that some 150 million of our fellow Americans live on the coasts, coastal states of our country.

Mr. GOULD. They do.

Mr. FALEOMAVAEGA. And of that 150 million, does that relate also to the fact that by you expending \$1.7 billion, and you just noted earlier how much are we benefitting from this?

Mr. GOULD. Oh, according to that study, \$120 billion.

Mr. FALEOMAVAEGA. Is that just one aspect of it? Or are there other factors?

Mr. GOULD. That is just the hunting, fishing, and wildlife utilization. That doesn't include some of the economic benefits driven by guiding industry and—

Mr. FALEOMAVAEGA. Well, with the \$120 billion that you are getting on this as a benefit, you are talking about how many people are employed?

Mr. GOULD. Let us see. I don't have that figure, but I can get it for you.

Mr. FALEOMAVAEGA. Can you submit that for the record?

Mr. GOULD. I will try to find that for you.

Mr. FALEOMAVAEGA. The National Wildlife Refuge System, I think you are proposing about a \$500 million budget. Why is this so important and critical, as far as having to expend this amount of money for the refuge system?

Mr. GOULD. Well, it is part of that larger benefit that I indicated, in terms of conserving fish and wildlife for our future generations, both for economic benefit, just the existence value of that, of that land.

It is amazing, when I was doing the *Exxon Valdez* oil spill we did an intrinsic value study on just the value of fish, wildlife, and habitat.

Mr. FALEOMAVAEGA. My time is up, Mr. Gould. But I just want to say this. We are expending \$1.7 billion for the services of your agency that produces over \$120 billion benefit, not only for employment, but for all different services that are related to your function.

Mr. GOULD. That is true.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. Thank you, Mr. Gould.

Dr. FLEMING. I thank the gentleman. Let us see, I now recognize Mr. Runyan from New Jersey.

Mr. RUNYAN. Thank you, Mr. Chairman. Mr. Gould, I am honored to actually represent New Jersey's Third Congressional District, which has a beautiful section of shoreline. And when I say New Jersey shore, yes, "Jersey Shore" is filmed in my district.

[Laughter.]

Mr. RUNYAN. But kind of leading off at the last line of questioning, you know, it is my understanding that Fisheries budget has been cut by \$12 million under Fiscal Year 2010's levels, and land acquisition has increased by over \$50 million over Fiscal Year 2010's levels. And we just talked about the amount of money recreational fishing costs. I mean, it accounts for nearly \$38 billion annually.

So with Fisheries spending being cut, and you just said yourself that it spurs the economy, how are we really, what is the rationale behind this shift from moving fish from fisheries, which we admit, you know, the fishing industry I have—recreational, commercial, charter boat—they are all struggling because of that. And we are

not supporting the fisheries aspect of it. What is the rationale behind that and that job loss?

And how is the land acquisition, you know, the additional \$56 million that we are going to spend on land acquisition, how many jobs is that really going to create?

Mr. GOULD. Well, I will start with the fisheries. There was a \$12.2 million decrease; of that, \$4.2 million were one-time Congressional add-ons.

There was a one-time expenditure for ecosystem restoration in the Bay Delta ecosystem, which had to do with water issues, that was also a one-time addition to our budget.

Approximately, remember I indicated that there was going to be somewhere around, from now until the end of Fiscal Year 2012, a reduction of \$26 million in administrative efficiencies. For the Fisheries program, approximately—that is their share, \$1.9 million.

The rest of it has to do with mitigation hatcheries. And there is no specific mitigation hatchery in your district, but that is our attempt to implement a user-pay concept for mitigation hatcheries that we actually operate, that actually do work for lost services that result from Corps of Engineers dams, Central Utah Project TVA. And we have been trying for years, and now are making significant progress, in actually the people that we are doing that mitigation work for, instead of it coming out of our resource management money, it is going to come out of their budgets.

And in fact, 2012, we have made almost \$4 million of that \$6.3 million, we have actually got agreements for that they will continue that work. We agree those hatcheries are incredibly important to the economy. We agree those hatcheries are incredibly important to the, to hunting and—well, fishing. And we agree that they are really important to tribal interests, too. The only difference is that somebody else is going to be paying for the responsibility we are carrying out for them.

Mr. RUNYAN. And with that being said, Mr. Duncan touched on it earlier. You have \$91 million being spent on new visitor centers. And within the Hatchery Program, many of those facilities are nearing 100 years old. And you are in a budget crisis. Isn't there a better way to really, quite frankly, you know, mission-critical projects? A better use of our money, especially in the budget crisis that we are in.

Mr. GOULD. Well, we have found that those visitor centers do a lot in terms of creating awareness of the outdoors and the importance of a natural environment, hunting and fishing and the like, through those visitor centers. Those visitor centers were developed using ARA funds, as was indicated, and we are making significant progress in getting them done.

We picked those visitor centers in high, in areas where we would have a lot of people coming through, so that they would have a better appreciation for fish, wildlife, and their habitats. And we would create a lot of jobs.

We have a very standard format that we have for creating these visitor centers, so they are very efficiently built. We got quite a few of them for the \$91 million that we spent. And ultimately, after all is said and done, maybe in the years to come they are going to pay

off in terms of understanding of wildlife, understanding of the importance of the environment, understanding of conservation, and understanding that the people of this country have both an economic and a cultural responsibility to maintain our fish and wildlife habitat in good order.

Mr. RUNYAN. Well, with that being said, I just hope every department in the U.S. Government—I know this Congress is making a valiant effort at tightening their belts, like other Americans are doing. I hope your Department goes down that path with us as we move toward fiscal sanity.

And I yield back, Mr. Chairman.

Dr. FLEMING. Thank you. We have been joined by another Member this morning, and so I would like to recognize Mr. Markey of Massachusetts. Five minutes, sir.

Mr. MARKEY. Thank you very much, Mr. Chairman. Mr. Gould, just to clarify, the money that is used for land acquisitions through the Land and Water Conservation Fund comes from funds paid to the United States by oil companies, and for their oil and gas production, on the public lands owned by people of our country?

Mr. GOULD. From the public lands, yes.

Mr. MARKEY. And it does not come from general tax revenues from our struggling families and small businesses, but from extremely profitable oil companies that are drilling on the lands of those families. Is that correct?

Mr. GOULD. Yes, yes, that is correct. But the lands obviously we are purchasing through conservation easements, and that does come from the public coffers.

Mr. MARKEY. It comes from the public coffers.

Mr. GOULD. Yes.

Mr. MARKEY. Not from the money that comes from the oil and gas production on public lands?

VOICE. No, he is correct.

Mr. GOULD. No, it does. You are correct.

Mr. MARKEY. Want me to revise that again?

Mr. GOULD. Yes. You are correct, sir.

Mr. MARKEY. OK, good, that is a good answer.

Mr. GOULD. Yes.

Mr. MARKEY. As I answer with my wife, you are right, I am wrong. That is the correct answer.

Now, can you describe the workload you are anticipating in the coming years for the Endangered Species Act consultations on renewable energy projects? How will the \$2 million increase for these consultations in Fiscal Year 2012 request help to move these projects forward? It is very important that we get these renewable energy projects up on public lands, while ensuring that we protect our environmental values.

Mr. GOULD. Right. For the last three years we have been proposing, and have received to date, increases of \$2 million in 2010, and we are proposing a \$2 million increase in 2011, another \$2 million in 2012. And the reason is we are ramping up. Because as you indicated, us working with the renewable energy industries in terms of being effective stewards of the land, as well as providing renewable energy to our country, we see this as a big need. So that is why we have been ramping up over time. And we will

continue to ramp up as we see the need, and not only on public lands. The Endangered Species Act has some responsibility to deal with renewable energy on private lands. And so we are also going to be looking in the future at the possibility of a need there.

Mr. MARKEY. OK, great. Thank you. Section 704 of H.R. 501, which is my bill, along with many other Members, to implement the recommendations of the BP Oil Spill Commission, would allow the Secretary to recover response costs and damages for injury to units of the National Wildlife Refuge System, such as the Delta National Wildlife Refuge in Louisiana. Does the Service support that provision?

Mr. GOULD. I am not aware that we have actually taken a position on the bill. I don't know, sir. I will check on it.

Mr. MARKEY. OK, please. I would like a recommendation from the Department.

Mr. GOULD. Yes, sir.

Mr. MARKEY. One of the most powerful arguments made in the course of trying to get a fair settlement from Exxon after the *Exxon Valdez* spill was an economic study conducted by the State of Alaska. This study estimated the willingness of Americans to pay to prevent another *Exxon Valdez* to be approximately \$2.8 billion. Is the Service carrying out similar or better studies today for the Deepwater Horizon disaster?

Mr. GOULD. First of all, I was on the management team for the *Exxon Valdez* that set up those intrinsic values. They were incredibly powerful tools. And yes, we are doing that for the Deepwater Horizon in our DA process.

Mr. MARKEY. And what is your schedule for the completion of that project?

Mr. GOULD. It is being managed by NOAA at this time, and I don't have the specific date of when that project will be completed.

Mr. MARKEY. Can you report that back to the Committee, please?

Mr. GOULD. Yes, sir.

Mr. MARKEY. Thank you. The EPA is required to consult with the Service on the effects of pesticides on endangered and threatened species. However, the programs responsible for this consultation are in need of additional expert biologists to address the backlog of more than 1100 pesticide reregistration and other water-quality criteria consultations under the Endangered Species Act.

Can you tell me how your budget request addresses this need?

Mr. GOULD. Within our existing budget, we are working right now very closely with EPA to assess the—scientifically, using best science, to determine how that consultation will proceed. We are right now just working with EPA, and I don't know exactly when we are going to complete that process.

Mr. MARKEY. So you don't know how many FTEs will be dedicated to addressing the backlog?

Mr. GOULD. No, sir, I don't. I will find out for you.

Mr. MARKEY. OK, thank you very much. Thank you, Mr. Chairman, I appreciate it.

Dr. FLEMING. I thank the Ranking Member of the Full Committee. I now recognize Mr. Pierluisi.

Mr. PIERLUISI. Thank you, Mr. Chairman. Dr. Gould, I am encouraged by the work the Service is undertaking in the Caribbean

region, particularly across the seven wildlife refuges within Puerto Rico, and through the efforts of the Ecological Services to recover the endangered Puerto Rican parrot. I am also interested in the Service's research to conserve manatees in both Florida and Puerto Rico.

And I hope the budget before us for the coming year will provide resources sufficient to protect the progress that has been gained through these programs, and to support overall ecosystem-based habitat management in Puerto Rico.

In general, I support the emphasis the President's budget places on youth, and I am pleased by an increase proposed for initiatives to educate young people across the country about fish and wildlife conservation. These initiatives help instill civic responsibility, and ensure future generations of Americans are engaged citizens and wise stewards of our environment.

I will note that I am concerned, however, about reductions to law enforcement that are contained in the Service's budget. Specifically, a 2005 analysis by an international association of Chiefs of Police detailed the need for 845 full-time law enforcement officers to protect visitors and respond to illegal activities across the refuge system. Yet, in 2010, the refuge system reportedly had about 200 officers on patrol, roughly 24 percent of the professional recommended level.

In general, Doctor, what percentage of refuges in the system with established visitor services today lack dedicated law enforcement officers assigned to the staff?

Mr. GOULD. I am going to look to the back here, but I believe we have about 55 percent that have refuge officers. Is that, 55?

VOICE. That is right.

Mr. GOULD. We have 55 percent that have refuge officers. We have zone officers that cover other areas where we don't have specific law enforcement presence. We have somewhere on the order of between 250 and 300 refuge law enforcement, and that is not our special agents. It is not our LE budget. That is the refuge law enforcement.

Mr. PIERLUISI. That would be including part-time officers?

Mr. GOULD. No. That would be, we have a few part-time officers, but not very many. The 300 number I gave you, approximately 300, includes some part-time officers.

Mr. PIERLUISI. See, one thing that troubles me is that even if you, if I take that, I mean, at face value, and I don't have any reason to doubt it really, I see that back in 2003 you had 238 officers. And all I can tell is that whatever need you had back then, you must have now even more. It must have increased. Because the refuge system itself has expanded in the last eight years. So by just logic and common sense, I would have to believe that the law enforcement component or need should have also increased.

What is the right level of law enforcement personnel, in your view? You know, keep your mission and do what you are supposed to do.

Mr. GOULD. I just checked with my folks in the refuge system. We indicated that at some point in time, we would like to see somewhere around 400 officers. And we are getting there. We value that, that function a lot.

But what we are doing is we are slowly ramping up into that number, given the fiscal realities we have to deal with, and understanding that we have to spread our people around a little bit. But we are covering the most important areas.

Mr. PIERLUISI. Thank you, Director. My time, I yield back the seconds I have left, Mr. Chairman, on my time. I yield back.

Dr. FLEMING. OK, I thank the gentleman. And next, the Chairman would like to recognize Chairwoman Emeritus, Ms. Bordallo.

Ms. BORDALLO. Thank you, Mr. Chairman, and also for the new title.

[Laughter.]

Ms. BORDALLO. Good morning, or good afternoon, Director Gould. I am going to follow up some of the questions that the Representative from the Northern Marianas asked earlier. I really wasn't satisfied with some of the answers. And I am sure as Director of the agency, Acting Director, you must have some kind of an idea on the timeline.

The National Wildlife Refuge System is the only Federal land system dedicated first and foremost to wildlife conservation. So in 2009 the system's management jurisdiction grew by over 50 million acres, with the designation of three new marine national monuments in the Pacific Ocean, one of them being the Rose Atoll in American Samoa; the PRIA, Pacific Remote Island Areas; and the Marianas Trench, Guam, in the Marianas Island.

These monuments, Director, they provide critical habitat and spawning areas for many species of fish, coral, birds, and other wildlife.

So my question is the same question that the Representative from Northern Marianas asked. I understand you may internally budget these within your base budget for the refuge system. What are the proposed operating budgets for these three sites in Fiscal Year 2012? Can you answer that more specifically?

Mr. GOULD. Well, specifically for the Remote Islands Unit, it is \$1,485,000. And that includes the Marianas Trench, Palmyra, Rose Island, and all of those areas.

In terms of the, you had indicated some concern about the notice of intent to get a management plan. We have already released the management plan for Rose Island. That is because there is no shared jurisdiction in that area with NOAA. And so that has already gone out. I was just looking here to see exactly; it went out in November of 2009. It is just we are—and I would like to give you a specific date when the new proposed management plan notice of intent will go out. I will have to find out for you; I do not know the answer to that.

Ms. BORDALLO. You have absolutely no idea.

Mr. GOULD. Any day. I don't know.

Ms. BORDALLO. Any day. Well, I guess, because you know, the timeline has gone by.

Mr. GOULD. Right.

Ms. BORDALLO. So this is the management plan. What about the advisory council?

Mr. GOULD. Well, as you are aware, we at one time had submitted all the names for the advisory council. There was, unfortunately, a change of one name, because one individual had to drop

off. And I don't believe we have the name from, I don't know where it came—

VOICE. We are waiting on the names from the Commonwealth of the Marianas.

Mr. GOULD. Commonwealth of the Marianas, we are waiting for a name.

Ms. BORDALLO. A name.

Mr. GOULD. So that we can resubmit. And we just haven't received it yet.

Ms. BORDALLO. And for the record, you know, I will speak to the delegate from the Northern Marianas. And that is the only—

Mr. GOULD. That is the only thing that is holding us up.

Ms. BORDALLO. All right. Otherwise, well, thank you. Because that gives us a little more assurance of—now, I have a few more questions here to ask.

The North American Wetlands Conservation Act has been very successful in building durable partnerships between the Federal Government and non-Federal stakeholders, to support grant projects, to protect and serve, recover, or restore wetland habitat important for migratory waterfowl and other wildlife.

H.R. 1 zeroed funding for the North American Wetlands Conservation Fund. Can you please explain what impact this will have? Especially since this matching-grant program usually leverages three times the amount of the Federal grant in non-Federal matching contributions.

Mr. GOULD. Yes. Currently, NAWCA generates an average of 2.1 non-Federal dollars in match for every grant dollar. In the U.S., where over 90 percent of the NAWCA money is spent, the ratio is 2.7-to-1. As you are aware, NAWCA money can be spent in Canada and in Mexico.

And ultimately, it is our estimate that that \$50 million would result in actual \$150 million, so almost twice. That is a conservative estimate of money that will not go to wetlands protection and ducks.

Ms. BORDALLO. All right. And has the Service assembled information on the economic benefits to committees of refuges? Specifically, to property values and from tourism and ecosystem services.

Mr. GOULD. Yes, we have. I don't have that information directly in front of me, but we will provide that information for the record.

Ms. BORDALLO. All right. And then my final question is—I know my time is up, Mr. Chairman, one more quick—what is the value of volunteerism on refuges and fish hatcheries? Will the cuts in H.R. 1 to the refuge program and to conservation programs, like the Land and the Water Conservation Fund and the North American Wetlands Conservation Fund, have an impact on this value? The volunteers.

Mr. GOULD. The volunteers? Likely not. We still have an incredible number of volunteers, somewhere on the order of 40 million volunteers a year.

Ms. BORDALLO. Very good.

Mr. GOULD. And there are 1.5 million hours, volunteer hours, a year. And so we expect that to continue.

Ms. BORDALLO. Thank you, Mr. Chairman, my time is up. And I thank you for the extension.

Dr. FLEMING. I thank the gentlelady from Guam. That completes round 1. And Mr. Gould, I appreciate your patience with us. This is very important topics. We do have an interest in a second round; I think it will be much briefer.

But before going to that, Chairman Hastings of the Full Committee asked me to read into the record a statement, and then a question for you. And we would like to have your response for the record, as well. So it goes as follows.

"Because of other commitments, I regretfully am not able to participate at this hearing today, but have requested that Chairman Fleming specifically raise one issue of very great concern. And that is, the Fish and Wildlife Service's draft recovery plan for the Northern Spotted Owl.

"As you know, last fall I and several House colleagues requested an extension of the public comment period on the Fish and Wildlife Service's release of this sweeping proposal that would impact a huge amount of private forest lands in the Northwest. I was deeply disappointed that the Service extended that period for only 30 days.

"However, since then I have made aware that the Forest Service and the Bureau of Land Management, both Federal land management agencies directly affected by the proposal, have raised serious concerns about the lack of science and transparency on the plan's provisions. Most concerning is that according to the BLM's Director, Bob Abbey, the plan as written could reduce Northwest commercial timber harvests by as much as 50 percent. This would severely impact Northwest forest jobs and local economies.

"I will be sending another letter to you and Secretary Salazar in the near future elaborating on my concerns. But in the meantime, I would like your commitment today, for the record, that the Service will reopen the public comment period to allow a much more robust opportunity for those most affected to comment and review your proposals. Can I have your commitment on that today?"

[Pause.]

Mr. GOULD. In appreciation of the need in this very complex issue to move forward with some speed, we have extended the comment period because of the need to move very quickly, in recognition of the fact that BLM has to move forward quickly with their planning process.

As you are aware, we were in this game because we had, there was legal concerns about the efficiency of the WORP, or the Western Oregon Resource Plan. And so, at this time I can't make that commitment.

But what I can commit to is that we will work, we are working very closely with the Forest Service and BLM to resolve any issues that might exist regarding the science and the content of the Recovery Plan itself.

I have had conversations with our Regional Director, we have had conversations with the Forest Service not any later than a week and a half ago. And I think the Forest Service is pretty good with where we are right now. We still are working with BLM, and in fact we are doing that this week, and should have more information next week or the week after regarding a direction we are going to go for in terms of the recovery plan.

Dr. FLEMING. Well, I hear what you are saying. But you are saying that you are not willing to—apparently there hasn't been adequate public comment. I hear a lot of administrative discussion agency to agency, and we will work things out. But Chairman Hastings and I cannot have your commitment today that you will open this up for further comment to those who are affected?

Mr. GOULD. What we can do is commit that we will meet with Congressman Hastings and discuss the effort and the ongoing coordination, to see if what is going on might be in keeping with what he has in mind.

Dr. FLEMING. Well, that is not the commitment we would like to have.

Mr. GOULD. OK.

Dr. FLEMING. But certainly Chairman Hastings will look forward to further discussion, and hopefully working something out with you.

Well, thank you. That concludes the first round for the second panel. And I would like to now recognize the Ranking Member for five minutes. And then we will go to Mr. Duncan, and then I will conclude.

Dr. CHRISTENSEN. Thank you, Mr. Chairman. And thank you, Dr. Gould.

I have a question sort of relating to one of my other committees. In 2009, the Department of Homeland Security agreed to provide \$50 million to the Department of the Interior to mitigate damages to natural resources from border infrastructure.

It is my understanding that the Department of the Interior has only received about \$7 million of this \$50 million. So what action is the Department of the Interior taking to ensure that the remaining \$43 million is provided by the Department of Homeland Security?

Mr. GOULD. As you indicated, there is approximately \$7 million that had been spent of the \$50 million. And our working relationship with Customs and Border Patrol is very good, and we are in constant dialogue.

And in fact, there is a list of land acquisition projects that exists right now that relates to that particular commitment with Customs and Border Patrol that is now being evaluated by Customs and Border Patrol of the \$20 million. So we are making significant progress, effective progress, to get that \$50 million spent.

Dr. CHRISTENSEN. Great. And another question about the Wildlife Refuge System. The Fiscal Year 2012 budget request for operations and maintenance of the National Wildlife Refuge System is essentially the same as the Fiscal Year 2010 enacted level. Will the Service be able to maintain management capabilities for the Refuge System with no increase, while at the same time standing up a national network of landscape conservation cooperatives?

Mr. GOULD. Yes, we will, mostly because conservation easements require little, if any, maintenance requirements. So we will be in good shape.

We have a backlog list, and ARA funds was very useful to us to produce that backlog list. But we will be able to move forward effectively with what we have proposed in the budget.

Dr. CHRISTENSEN. Great. And the Service has received petitions to list the bluefin tuna and the salt marsh top minnow populations. What are you doing to determine whether these populations of either of those species, whether they face or do not face a higher risk of extinction? And if they do, how will you evaluate the costs? And which would be the responsible parties to pay for this, of a new endangered species listing in the Gulf? Do you understand that question?

Mr. GOULD. I believe the bluefin tuna is the responsibility of National Marine Fisheries Service, so I can't specifically give you an answer there.

In terms of the minnow, I don't know the answer regarding the top minnow. And we will provide you that answer in the record.

Dr. CHRISTENSEN. OK. But both of these species are maybe at risk for extinction in the Gulf Coast. And would you expect that maybe BP or one of the companies involved in the Deepwater Horizon would be responsible for paying?

Mr. GOULD. I really don't have an answer to that question.

Dr. CHRISTENSEN. OK. We will await a response from the Service. Last question. I was really distressed to hear that the white-nose syndrome has now been confirmed in Indiana and North Carolina for the threatening Eastern bat populations. I am sure that Ms. Bordallo would even be more upset about this.

But given the increase in transmission of this disease, will the Department continue to view this as a high priority? And what funding, if any, would be allocated to further develop and implement state response plans?

Mr. GOULD. We have hired a coordinator. It is a very high priority of the Service; it is a big concern of the Service. You will see, in the 2012 budget, a reduction, but that was for a specific add-on. Our base budget continues to be the same.

What is also important to note is that other agencies that are supporting us, like USGS and some of the state agencies, are also coming forward with some funding to help us better understand the problem and move forward.

But we also share your concern about both the enormity and the potential disastrous outcome of us not paying attention to this huge problem.

Dr. FLEMING. I thank the Ranking Member. I now recognize the gentleman from South Carolina.

Mr. DUNCAN. Thank you, Mr. Chairman. And thank you, Mr. Gould, for bearing with us for one final bit of questioning.

Just some clarification on a couple of items. At the end of Fiscal Year 2011, the U.S. Fish and Wildlife Service will have 9,236 full-time employees. And you have stated that, or some information that I provided stated that during the Recovery Act, the Service was awarded 1,072 contracts, 371 grants or cooperative agreements that led to the creation or retention of 4,020 jobs. That is according to the Award Recipient Reports as of this past December 31.

Can you explain to me what is meant by the creation or retention of 4,020 jobs? Because I think for \$280 million, that is pretty expensive per job.

Mr. GOULD. Those were private sector jobs, contractors, 4,000.

Mr. DUNCAN. Private sector? So you created, you are saying that with \$280 million, you created 4,000 private sector jobs.

Mr. GOULD. That is what the recipients reported. Yes, sir.

Mr. DUNCAN. OK. I am going to delve into that a little bit, because I want some further clarification on it. But I am not going to delve into it with you right now.

Second question is, the Service had indicated that it will request \$997 million to be allocated from its permanently appropriated account, such as the Sport Fish Restoration Account, Federal Aid and Wildlife Restoration, and Migratory Bird Conservation Account.

I went through in South Carolina as Chairman of the South Carolina House of Representatives Agriculture, Natural Resource, and Environmental Affairs Committee, and then through my active role with some other groups, such as Shimano and Bass Pro and others that follow recreational fishing. Last year we had the Atlantic Coast Fisheries management recommendation to close bottom-fishing for grouper and snapper in an area off of South Carolina and other states.

So it concerns me that you are asking for \$997 million to be taken from the Sport Fish Restoration Account, when we are closing sport fishing along the coast of South Carolina.

Mr. GOULD. Congressman, that money is a pot of permanently appropriated money that is, we just administer. We pass that money through to the states. Approximately a little over half that amount is in the Fisheries Account, while somewhat less than half is the Pittman-Robertson Act, which is the kind of hunting, the guns and that sort—

Mr. DUNCAN. Fees on ammunition and—

Mr. GOULD. Yes. So when we say we are disbursing it, what we are doing is sending it to the states to support the fish and game agencies in the states.

Mr. DUNCAN. So when you say you are requesting it be allocated, you are going to pass it on to the states.

Mr. GOULD. Yes, sir.

Mr. DUNCAN. Why is it being passed on to the states now? Why are you having them make a specific allocation?

Mr. GOULD. We do it every year. It is an allocation that comes through the taxation system. Those are excise tax money. And the money goes from Treasury to us, to allocate to the states. All we do is administer it through allocated formulas, allocation formulas, to the states.

Mr. DUNCAN. There is not an automatic trigger there based on collections at the state level, under Pittman-Robertson?

Mr. GOULD. I don't know what you mean by an automatic trigger.

Mr. DUNCAN. OK, let us say South Carolina sells X number of dollars. And I am asking for clarification.

Mr. GOULD. Oh, oh, OK.

Mr. DUNCAN. They are not automatic—

Mr. GOULD. The amount that is going to South Carolina is based on, in the case of the amount of water and the amount of licenses sold in the state itself. So the proportion that goes to any given state is based on an allocation formula. Hunting licenses, fishing licenses, availability, how much water there is, how much hunting

opportunity there is. And it is a system that has been working, in the case of Pittman-Robertson, since 1934.

Mr. DUNCAN. And that money is automatically triggered to go to the states?

Mr. GOULD. Yes, sir.

Mr. DUNCAN. OK. So why are you having them make a separate request for monies out of that fund to send to the states?

Mr. GOULD. It is just a matter of protocol. It is pre-appropriated money.

VOICE. You are not making a request, then.

Mr. GOULD. No, we are not making a request at all.

Mr. DUNCAN. I mean, you just said that you are making an allocation request so that you can send more money to the states. That is what I interpreted you to say.

Mr. GOULD. The total budget for the Fish and Wildlife Service isn't \$1.7 billion, it is \$2.7 billion. About a billion of it, approximately—I don't know exactly what that is—is non-appropriated funds that come through the Pittman-Robertson and Dingell-Johnson pot.

What we are talking about in terms of money for the Service is \$1.7 million. What you are talking about is that non-appropriated money that is the result of excise taxes on the hunters and fishermen of this country. They literally fund conservation in this country, to the states. And every year we get an allocation of money that comes from the excise taxes, both on the hunting side and the fishing side. And then we have an allocation formula, and we just run through the system, and we just send it straight to the states. And then they use that money for their purposes.

Dr. FLEMING. OK, the gentleman's period is completed. And I do have the last few questions before we end the session today. And I am sure stomachs are growling and everyone is anxious to get some good, hot food today.

OK. First question is, in its Fiscal Year 2010 appropriations bills, the House Appropriations Committee noted in its report, "The Committee believes that Refuge visitor centers are appropriate in limited locations."

Was the Service aware of that language?

Mr. GOULD. Yes, we were. I am looking back at our Refuge guys so I can get you a straight answer.

Dr. FLEMING. I appreciate that. I have to have staff surrounding me to make sure I get very lucid and correct answers, so I appreciate that.

Why did the Service choose to not only ignore that advice, but in fact spend more than one third of the \$280 million on the construction of new headquarters/visitor centers?

Mr. GOULD. Seven of those visitor centers/admin offices were to replace old and unsafe existing buildings. Six were to replace existing leased-space buildings, because they were very expensive to run and inadequately configured. One was a new space, as you indicated, and it was mostly funded by DOD funds, at the Rocky Mountain Arsenal in Colorado. It is being a shared space with other agencies, too.

Dr. FLEMING. Yes, I understand. Well, it seems like such a large chunk of the \$280 million. The question is, if you didn't have that

\$280 million, would you have necessarily gone forward with those expenditures?

Mr. GOULD. They would have been on our construction priority list. I don't know exactly where they would have been on the list; I presume high, because of the condition of the buildings. But we have a construction priority list and a construction, that goes with our budget. And you will indicate it is there. And you just would have seen a longer list.

Dr. FLEMING. One of the projects funded by the stimulus bill was the construction of a visitor and environmental education center at Mammoth Spring National Fish Hatchery in Arkansas, at a cost of \$1.2 million. The little town in which this national fish hatchery is located has a population of about 1200 people. Was this really the best expenditure of taxpayer money for a facility that is more than 100 years old? What is the status of the construction? And how many jobs were created?

Mr. GOULD. I don't have a specific answer for that, but we will submit answers to the record.

Dr. FLEMING. OK, I thank you. And finally, how many people visit the Mammoth Spring National Fish Hatchery each year?

Mr. GOULD. I will also have to submit that to the record. I don't have that information with me right now.

Dr. FLEMING. OK, very good. Well, I thank you. That concludes my questions. And I certainly thank you, Dr. Gould, and our other witnesses as well, for your testimony today.

And I would also like to thank you, sir, for your service to our country. And I thank members of the Subcommittee, the staff, even the audience, for their patience and interest today.

Members of the Subcommittee will have additional questions, and we ask that you respond to these in writing, if you would, please, sir. The hearing record will be open for 10 days to receive these responses.

So with that, business is concluded today. Thank you.

[Whereupon, at 12:45 p.m., the Subcommittee was adjourned.]

