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1. Question: Why does the Office of Management and Budget continue to support the San Joaquin River Settlement legislation after they included a tax increase to pay for the project?

- Answer: The Administration supports the settlement agreement proposed in H.R. 4074, but opposes the proposed offset that would impose a fee on existing non-producing oil and gas leases in the Gulf of Mexico. As the Interior Department indicated in its November 15, 2007, letter to Congress, this fee undermines the existing contractual obligations between the U.S. Government and the lessees. We would urge Congress to use some of the mandatory savings proposals in the President's 2009 Budget to offset the costs for this bill. [A PDF of the Administration's letter is attached.]

2. Question: Why did the Office of Management and Budget authorize expenditures to conduct public scoping meetings on the San Joaquin River Settlement if Congress has not authorized the program yet?

- Answer: The Interior Department conducted public scoping meetings as a way to achieve consensus from the various stakeholders on the parameters of the proposed settlement agreement. The Administration has informed Congress of its support for enacting the Settlement Agreement, including testifying and submitting Questions for the Record in the 109th Congress.

3. Question: Why did the Office of Management and Budget include seven million dollars in the Fiscal Year 2009 budget if Congress has not authorized the program yet?

- Answer: The Administration supports the enactment of this Settlement Agreement, which is reflected in the President's FY 2009 Budget. Implementing the Settlement Agreement in 2008 avoids the potential for prodigious costs that may result from litigation if the settlement is not implemented. Moreover, implementation of the Settlement Agreement is beneficial for all parties because it will provide a roadmap for restoring flows in the San Joaquin River (and its fishery) while sustaining farming in key geographical areas. It also helps avoid the possibility of larger reductions in water deliveries for irrigation in the case of the court ruling against the government.

4. Question: Considering the current budget environment, why does the Office of Management and Budget support a policy of spending one billion dollars for 500 salmon?

- Answer: The Settlement Agreement is multi-faceted and will accomplish a range of activities, including helping the Chinook salmon to naturally reproduce (and flourish) in the San Joaquin River. While the Administration is committed to the settlement, and has included funds in the budget to continue preliminary implementation activities for the settlement, it has not committed to any particular level of funding to implement the overall Settlement Agreement. However, the Administration proposed a variety of mandatory offsets in the FY 09 Budget that would be more than sufficient to cover the potential cost of the settlement agreement. The Administration proposed \$208 billion in net mandatory savings over a five-year period (FY09-13) in the FY09 Budget.