



THE SECRETARY OF THE INTERIOR  
WASHINGTON

MAR 04 2013

The Honorable Nikki Haley  
Governor of South Carolina  
Columbia, South Carolina 29211

Dear Governor Haley:

Due to the failure of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President was required by law to issue a sequestration order canceling approximately \$85 billion in budgetary resources across the Federal Government for the remainder of the Federal fiscal year. As a partner of the Department of the Interior (DOI), you deserve timely and clear information about how these unfortunate budget cuts impact us, and in turn what it means for funds provided to your State.

The DOI allocates over \$4.5 billion annually in grants and payments to states, tribes, counties, and others, including, for example, mineral revenue payments to states and Payments in Lieu of Taxes to counties. I am aware of the importance of these payments and grants for states, tribes, and local governments trying to balance their budgets. For rural areas in particular, DOI payments make a significant difference in their ability to support local schools, provide adequate emergency response, and maintain basic infrastructure.

Our grant programs, such as the Fish and Wildlife Service's Sport Fish and Federal Aid programs, fund a wide variety of important state and local activities to preserve natural and cultural resources, create and maintain open space and local parks, and support ongoing partnerships to maintain hunting and fishing.

The amounts in the President's sequestration report will be the basis for reductions to revenue payments and grants. The DOI will ensure sequester reductions for payments and grant programs are made equitably among recipients or activities.

In many cases, we have been delaying payments and grants pending imposition of the sequester. With implementation of the sequester, lump sum payments from mandatory programs will be reduced as required by law to achieve the full amount sequestered. Funds available for competitive grants will be reduced before award decisions are made, impacting either the number of awards or the size of the grant amounts.

For programs that have been issuing regular payments, recipients will be able to see the reduction caused by the sequester starting after today. Because we are beginning these reductions with 7 months of the fiscal year remaining, monthly payments after today will reflect a disproportionate share of the reduction.

I am keenly aware of DOI's responsibility to local governments to ensure the timely issuance of these grants and payments. States, tribes, and local governments depend upon these payments to sustain critical services and this responsibility continues to be of paramount importance. We will revisit the payments to states, tribes, and local governments if sequestration is subsequently corrected. We will also continue to keep you informed as additional information becomes available.

As a result of sequestration, the DOI's overall budget has been reduced by over \$800 million for the remainder of the fiscal year. The estimated impacts to your State are enclosed. This summary includes estimated reductions in major grants and direct payments to the State and counties. In addition, there could be further reductions in competitive grants, land acquisition and construction projects, and wildland fire expenditures that are not included in this estimate.

While these reductions are unfortunate and will be damaging, the DOI is doing everything within our power to protect our mission to the greatest extent possible. Accordingly, we are prepared to work closely with you to manage these reductions to the extent that we can. And should Congress take subsequent action that changes the level or nature of these reductions, we are committed to working closely with you to manage those changes.

To assist in your planning preparation, I am enclosing a list of DOI grant and payment programs subject to sequester illustrating the impact of a 5 percent reduction. Thank you for your continued partnership with the Department of the Interior, and for your cooperation as we work together to manage these unfortunate circumstances.

Sincerely,

  
Ken Salazar

Enclosures

## **U.S. Department of the Interior**

### **Mandatory and Receipt Payments**

- Payments in Lieu of Taxes
- Abandoned Mine Reclamation Grants
- Federal Aid in Wildlife Restoration Payments to States
- Sport Fish Restoration, Apportionment to States
- National Wildlife Refuge Fund Payments
- Secure Rural Schools Payments to Counties
- Coastal Wetlands Conservation
- Minerals Leasing and Associated (MLAP) Payments
- Forest Service Lands State Share
- Payments to States from Lands Acquired for Flood Control, Navigation, and Allied Purposes
- National Petroleum Reserve -- Alaska
- Alaska Settlement Agreement Payments
- Royalty Payments to Oklahoma
- South Half of the Red River Payments
- Geothermal Lease Revenue Payments to Counties
- Grazing receipt payments to States
- SNPLMA payments to Nevada
- National Grasslands Payments to Counties
- Rights of Way Payments to Counties
- Boulder Canyon Project Payments to Arizona and Nevada

### **Grant Awards**

- Boating Infrastructure Grants
- Clean Vessel Act Grants
- Historic Preservation Fund Grants
- State Land and Water Conservation Fund Grants
- American Battlefield Protection Grants
- National Heritage Partnership Program Grants
- Chesapeake Bay Gateway Grants
- Japanese-American Confinement Site Grants
- Native-American Graves Protection Act Grants
- Multinational Species Conservation Fund Grants
- Cooperative Endangered Species Conservation Fund Grants
- Hunter Education and Safety Grant Program
- Multi-State Conservation Grant Program
- North American Wetlands Conservation Fund Grants
- Neotropical Migratory Bird Conservation Grants
- State and Tribal Wildlife Grants

**South Carolina**  
(Dollars in Thousands)

South Carolina	2012 Total*	5% Sequester	Revised Total
Estimate of Total Interior Funding	31,697	-1,550	30,147

\* The 2012 Total does not include project specific funding for land acquisition, construction, and Bureau of Reclamation projects or competitive grant allocations.

Interior funding in South Carolina totaled about \$31.7 million in 2012. A five percent sequester of Interior funding at this level would mean a loss of about \$1.6 million. This estimate will be updated once the sequestration order is issued and allocations are finalized. There could be further reductions in competitive grants, land acquisition and construction projects, and wildland fire expenditures that are not included in this estimate.

- The Department of Interior has a presence in South Carolina with over 200 employees. South Carolina has six park units within its border. In addition, South Carolina hosts seven refuges and two national fish hatcheries.
- Together these assets attracted over 1.8 million visitors, created over 1,100 jobs, and generated \$78 million for local economies in 2011.
- Under the sequester, Interior operations in South Carolina stand to lose an estimated:
  - \$101 thousand from Bureau of Indian Affairs activities affecting the Catawba Indian Nation (or Catawba Tribe of South Carolina).
  - \$873 thousand from Fish and Wildlife Service sites like *Cape Romain National Wildlife Refuge, Ernest F. Hollings ACE Basin National Wildlife Refuge, and Pinckney Island National Wildlife Refuge.*
  - \$399 thousand from National Park Service sites like *fort Sumter National Monument and Congaree National Park.*

Within this total, major grants and direct payments to South Carolina would drop by about \$769 thousand.

Interior Grants and Payments	Estimate Total	Sequester	Revised Total
Historic Preservation Fund	761	-38	723
LWCF State Grants w/GOMESA	652	-33	619
Payments in Lieu of Taxes	418	-21	397
Sport Fish & Wildlife Restoration	12,661	-646	12,015
State and Wildlife Grants	619	-31	588
Mineral Revenue Payments	1	-0	1
<b>Total, South Carolina</b>	<b>15,112</b>	<b>-769</b>	<b>14,343</b>

Note: The sequester is an across-the-board reduction that reduces every account and activity (with few exemptions). The result will be reduced levels of direct services provided to the American public. Cut backs in visitor hours and programs will impact tourism and travel and have ripple effects on communities and economies that are reliant on these activities. Reductions in permanent and seasonal staffing and reductions in contracts will impact surrounding communities where employees live and where supplies and services are acquired. Reductions in grants and payments will impact the abilities of States, Tribes and counties to sustain ongoing services in emergency response, education, and others. As these impacts are defined, we will provide details.