



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 20, 2012

H.R. 3404

A bill to establish in the Department of the Interior an Under Secretary for Energy, Lands, and Minerals and a Bureau of Ocean Energy, an Ocean Energy Safety Service, and an Office for Natural Resources Revenue, and for other purposes

*As ordered reported by the House Committee on Natural Resources
on November 17, 2011*

H.R. 3404 would establish two new executive positions within the Department of the Interior (DOI) and require the agency to conduct a drug testing program for certain employees. The bill also would codify certain DOI reforms related to managing mineral resources on federal lands and the Outer Continental Shelf. Assuming appropriation of the necessary amounts, CBO estimates that implementing the legislation would cost roughly \$1 million a year over the 2012-2017 period. Enacting H.R. 3404 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

H.R. 3404 would establish two new executive positions at DOI, an Under Secretary and an Assistant Secretary, who would oversee the development of mineral resources on federal lands. The bill also would require the agency to administer drug tests for certain employees who do work related to DOI energy programs. Based on information regarding the salaries for executive positions and support staff within the federal government and the cost of providing drug tests at other federal agencies, CBO estimates that implementing those provisions would cost about \$1 million a year over the 2012-2017 period, assuming appropriation of the necessary amounts.

In 2010, DOI initiated a reorganization of the Minerals Management Service (MMS) that was completed at the beginning of fiscal year 2012. Under that reorganization, MMS was abolished, and three new entities—the Office of Natural Resources Revenue, the Bureau of Ocean Energy Management, and the Bureau of Safety and Environmental Enforcement—were created to perform activities formerly conducted by MMS. DOI also established a training center for oil rig inspectors and an advisory board to provide

guidance on improving practices related to offshore drilling. Because certain provisions of H.R. 3404 would codify those reforms, which have been completed, CBO estimates that implementing those provisions would have no significant impact on the federal budget.

The CBO staff contact for this estimate is Jeff LaFave. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.