

**Statement of Neil G. Kornze, Director
Bureau of Land Management, U.S. Department of the Interior
House Appropriations Committee
Subcommittee on Interior, Environment, and Related Agencies
FY 2017 Budget Request for the Bureau of Land Management**

Mr. Chairman and Members of the Subcommittee, thank you for inviting me to make a statement on the President's Fiscal Year 2017 budget request for the Bureau of Land Management.

Introduction

The BLM manages nearly 250 million acres of land and 700 million acres of subsurface estate. That's more than 10 percent of the Nation's surface and nearly a third of its minerals. We manage these lands under the dual framework of multiple use and sustained yield. This means thoughtful development in the right places to drive economic opportunities for local communities while protecting natural, cultural and historic areas that are simply too special to develop.

While broadly speaking, the BLM's mission has not changed in the 40 years since Congress passed the Federal Land Policy and Management Act, carrying out that mission has grown ever more complex. As a result, the BLM has opened a new chapter in how the national public lands are managed on behalf of the American people. While maintaining a local focus, the BLM is working on a landscape-scale to successfully address complex regional challenges. For instance, the BLM has undertaken unprecedented efforts to conserve Greater Sage-grouse; to devise new approaches to prevent and respond to wildfire; to make land-use planning efforts more timely, science-driven and adaptable; and to promote responsible energy development on public lands while also managing for a wide range of other uses.

The BLM's work contributes significantly to the economic and financial health of the country and to the States where BLM lands and resources are found. For example, activities associated with BLM-managed lands and minerals contributed an estimated \$114 billion to the Nation's economic output, supporting nearly 450,000 jobs, in FY 2014. And, while the BLM receives just over \$1.0 billion in annual discretionary appropriations to support programs nationwide, this work has contributed to the collection and distribution of more than \$5.0 billion to the U.S. Treasury and to State and local governments in recent years.

BLM Budget Request

The FY 2017 budget requests \$1.3 billion for BLM operations and activities, more than \$7 million above the BLM's FY 2016 enacted level. The budget proposes \$1.1 billion for the Management of Lands and Resources appropriation, an increase of \$2.9 million above the 2016 enacted level. The change in total program resources from 2016 to 2017 is somewhat larger, as the budget proposes offsetting user fees in the Rangeland Management and Oil and Gas Management programs which reduce requested funds by \$64.5 million. The budget requests \$107.0 million for the Oregon and California Grant Lands appropriation. The budget also proposes \$44.0 million in discretionary funding for Land Acquisition, to complement \$44.8 million proposed in mandatory Land Acquisition funding.

The BLM FY 2017 budget request positions this agency for success by further strengthening the Administration's commitment in the following areas:

- § Restoring the sage-steppe ecosystem;
- § Promoting responsible energy development and modernizing regulations;
- § Supporting BLM's National Conservation Lands;
- § Better managing the unsustainable growth of the wild horse and burro populations on Western public lands; and
- § Permanently funding the Land and Water Conservation Fund.

Restoring the Sage-Steppe Ecosystem:

The FY 2017 budget proposal demonstrates the BLM's continued commitment to restoring the sage-steppe ecosystem. This financial commitment, a key element of the Greater Sage-grouse conservation effort, began in 2013 when the BLM included \$15.0 million in its Operating Plan to begin a multi-year effort of implementing broad-scale sage-grouse planning and conservation activities. This initial investment paid off: In 2015, the BLM's update of almost 70 land use plans in 10 western States was integral to giving the U.S. Fish and Wildlife Service (FWS) confidence that listing the Greater Sage-grouse under the Endangered Species Act is not necessary at this time.

But the BLM's work is not done. The 2017 budget includes a program increase of \$14.2 million within Wildlife Management for sage grouse protection, primarily to support more on-the-ground vegetative treatments to protect, improve, or restore sage steppe habitat. Funds also will assist States in implementing the Greater Sage-grouse conservation plans. Integral to the success of BLM's Greater-Sage grouse conservation efforts is a \$5.0 million requested increase to support implementation of the recently released National Seed Strategy. With these two requests, BLM's resources dedicated to protecting and restoring sage-grouse habitat will total \$79.2 million.

The Greater Sage-grouse conservation effort, of which the BLM is an integral part, has significantly reduced threats to the bird across 90 percent of its breeding habitat through the sustained collaboration among private stakeholders and local, State, and Federal partners. Moreover, the FWS determination and the conservation mechanisms in place help provide the regulatory certainty needed for sustainable economic development across millions of acres of Federal and private lands throughout the western United States. In parallel with these efforts, the BLM began to use a new tool in April – the Fire and Invasives Assessment Tool (FIAT) – to prioritize efforts to prevent and suppress wildfires in sage-grouse habitat in the Great Basin. These efforts are equally important because in the Great Basin, which encompasses most of Nevada and parts of Utah, Oregon, Idaho, and California, there are 17 million acres of sage-grouse habitat at risk of loss due to changing climate, drought, wildfire, and invasive grasses. The BLM manages about 13 million of those acres.

Promoting Responsible Energy Development and Modernizing Regulations:

The safe and effective management of the BLM Oil and Gas Program continues to be an Administration priority as noted by this budget's continued strong support for further strengthening the management of onshore oil and gas development. The current measurement

regulations, which underpin collection of revenue owed to the taxpayer, date to the late 1980s and must be updated to reflect advancements in measurement technology, industry standards and practices, and applicable legal requirements that have taken place since promulgation of the original regulations. The recently finalized hydraulic fracturing rule along with the methane waste prevention rule currently under development will help protect the health and safety of the public and the environment while also preventing the waste of valuable taxpayer-owned resources. The 2017 budget request includes a program increase of \$15.2 million to support implementation of these rules and regulations and to complete modernization of BLM's Automated Fluid Minerals Support System. Both the regulatory and oversight reforms and the technology investments address recent Government Accountability Office (GAO) and Office of Inspector General (OIG) audit recommendations to improve program oversight, better account for revenues, increase efficiency and protect natural resources. The budget also includes a program increase of \$2.6 million for oil and gas special pay costs to improve BLM's ability to recruit and retain high caliber oil and gas program staff essential to BLM's ability to provide effective oversight and meet workload and industry demand. The budget request includes an increase of \$2.8 million to enhance BLM's capability to address high-priority legacy wells that pose environmental hazards in the National Petroleum Reserve-Alaska. These legacy well cleanup funds supplement permanent mandatory funds provided by the Helium Stewardship Act of 2013.

As with prior budget requests, the 2017 budget continues to request authority to charge onshore inspection fees similar to those already in place for offshore oil and gas inspections. Such authority will reduce the net cost to taxpayers of operating BLM's oil and gas program and allow the BLM to be more responsive to industry demand and increased inspection workload in the future while reducing the need for current discretionary appropriations that could otherwise be directed toward other priority programs. This proposed fee would bring onshore oil and gas inspections and oversight in line with offshore oil and gas management, where inspection and related activities are funded through precisely the type of operator fee the BLM is proposing.

The BLM continues its national leadership role in the production of clean, American-made renewable energy. In 2015, the BLM approved five solar energy projects that, if fully built, will bring an additional 977 megawatts of electric generation capacity online with the potential to create approximately 5,600 construction and operations jobs. In addition, the BLM approved six transmission projects to help unlock wind and solar resources that cannot be currently accessed due to lack of infrastructure to bring energy to the grid. Among those are the SunZia transmission project in Arizona and New Mexico that has the potential to add up to 3,000 megawatts of renewable electrical capacity in the Southwest. These approvals put the BLM 75 percent of the way to the President's Climate Action Plan goal of approving projects that will generate 20,000 megawatts of renewable energy by 2020. The BLM also made progress developing a competitive leasing process to help spur solar and wind energy development on public lands. The proposed regulations will enable the agency to better manage development of these renewable energy sources, improving efficiency for developers while providing reassurance that lands not suitable for development will be protected.

The BLM budget request maintains funding for Renewable Energy at essentially the 2016 enacted level, providing the BLM with the necessary resources to continue to aggressively

facilitate and support solar, wind, and geothermal energy development and the important capital investments they represent. A top program priority is the continued implementation of the Western Solar Plan, which covers six western States and provides for a more efficient and predictable permitting process by focusing development in solar energy zones with the highest resource potential and fewest conflicts. Evidence of the value of these zones can be found in the three new projects in the Dry Lake Solar Energy Zone in Nevada that were approved in 2015.

Federal coal resources will continue to be an important component of the Nation's energy mix. BLM has a responsibility to all Americans to ensure the coal resources it manages are administered in a responsible way to help meet our energy needs while ensuring taxpayers receive a fair return for the sale of these public resources. As a result of comments expressed during the five listening sessions held in 2015 and recommendations from OIG/GAO audits, in January 2016, the Secretary issued a Secretarial Order that places a pause on new leasing under the program (with certain limited exceptions) until the BLM completes a full programmatic review of the program. A programmatic environmental impact statement will provide a vehicle to undertake a comprehensive review of the Federal coal program and consider whether and how the program may be improved and modernized to foster the orderly development of BLM administered coal on Federal lands while considering the impact on important stewardship values and ensuring a fair return to the American public.

Supporting the BLM's National Conservation Lands:

In 2017, the BLM requests a significant funding increase for the National Conservation Lands, which comprise 30 million acres of the most ecologically rich and culturally significant lands managed by the bureau. The National Conservation Lands contain some of the West's most spectacular landscapes. They include mountains, valleys, islands, and forests where Americans hunt and fish, hike, paddle, and ski. American history is preserved within the National Conservation Lands through their unique cultural, ecological and scientific values. These special places are engines for economic growth, attracting visitors and new residents to some of the fastest growing corners of the West. In 2014, 61 million recreational visits to the national public lands generated an estimated \$5.5 billion in economic output, and supported almost 42,000 jobs. A third of those visits were to areas designated as National Conservation Lands. Because of BLM's strong track record of managing these lands, the President has designated or expanded 10 national monuments on lands managed by the BLM since 2009, adding millions of acres to the BLM's National Conservation Lands. In fact, the BLM led all Federal land management agencies in the number of acres designated as national monuments. Furthermore, since 2000, nearly two-thirds of Congressional wilderness designations have been on BLM-managed lands. The President's FY 2017 budget request for the National Conservation Lands includes a \$13.7 million program increase, bringing the total funding for the program to \$50.6 million. This investment will address high-priority on-the-ground needs of these new and existing national monuments and national conservation areas, including developing management plans for recently designated units, and developing and implementing travel management plans for high-use areas.

Collaboratively Managing Wild Horses & Burros:

One of the BLM's most challenging responsibilities is management of the Wild Horse and Burro program. These animals have an incredible reproductive rate -- nearly 20 percent herd growth

per year, every year -- and virtually no natural predators. Exacerbating the problems related to population growth, over the last 10 years adoption rates for wild horses and burros have dropped nearly 70 percent – in the early 2000’s, the BLM was able to adopt out nearly 8,000 horses each year; more recently, the annual adoption totals have been closer to 2,600 per year. Because of the extraordinary growth rate of wild horse and burro herds, as well as the dramatic reduction in adoption rates, the BLM is now managing more than twice as many horses on the western rangelands as is recommended for a healthy balance between horses, wildlife, cattle and other resources. Nearly the same number of horses -- around 47,000 -- have already been removed from the rangelands due to the harmful effects of overpopulation on the health of both the animals and the rangelands. These off-range animals are now being fed and cared for on leased pastures or in corrals. Horses that are removed from the range but remain in the care of the agency typically cost the American taxpayer nearly \$50,000 per animal over the animal's lifetime; put simply, the costs of this program are substantial and unsustainable.

To reduce the need for off-range pastures and corrals, the BLM is broadening its efforts to increase adoptions, including seeking new authority to more efficiently transfer animals to local, State, and other Federal agencies that use them for official purposes. For instance, the U.S. Border Patrol has adopted nearly 300 horses over the past decade. While contraceptive birth control methods currently in use can be improved upon, given the severity of the current situation, BLM is committed to taking more aggressive action to expand their use, as well as the application of spay and neuter treatments. Much of this direct action will begin in 2016, and will continue to be supported by the agency’s on-going general research efforts to improve the available tools for population control. For example, the BLM will continue working with leading university and U.S. Geological Survey scientists to better refine its population growth suppression methods and overall herd management techniques. The BLM has also made significant progress in ensuring the humane treatment of wild horses and burros, including ongoing work to strengthen its comprehensive animal welfare program.

Permanently Funding the Land and Water Conservation Fund:

The Department of the Interior will submit a legislative proposal to authorize permanent annual funding, without further appropriation or fiscal year limitation, for the Land and Water Conservation Fund, the innovative, highly successful program that reinvests royalties from offshore oil and gas activities into public lands across the Nation. The 2017 budget also includes increases for programs funded through the Land and Water Conservation Fund, a vital component of the America’s Great Outdoors initiative. The 2017 budget proposal includes a total of \$88.8 million for conservation land acquisition from willing sellers, including \$44.0 million in requested discretionary appropriations and \$44.8 million in mandatory funding. The 2017 total is a \$50.1 million increase over the 2016 enacted level and demonstrates a continued commitment to improve access for sportsmen, hunters, and recreation, while also conserving America's important landscapes for future generations.

Other Priority Initiatives:

The budget includes a \$4.3 million program increase within Resource Management Planning to expand BLM’s Assessment, Inventory, and Monitoring (AIM) strategy, which provides the framework for consistent data collection and is central to meeting commitments outlined in the Greater Sage-grouse land use plans and Secretary Jewell’s landscape mitigation strategy. The

request also includes a \$6.9 million increase to support implementation of the BLM's geospatial (GIS) strategy. An increase of \$5.7 million is requested for high priority planning efforts.

Finally, the budget proposes a grazing administration fee of \$2.50 per animal unit month to generate \$16.5 million in 2017 which would offset a reduction of \$16.5 million in requested appropriations for the Rangeland Management program. The BLM manages livestock grazing on 155 million acres and administers nearly 18,000 permits and leases held by ranchers who graze their livestock at least part of the year on more than 21,000 allotments under BLM management. In 2015, the program spent \$36.2 million on grazing administration and collected \$13.5 million in grazing fees, almost all of which goes back to local counties and to range improvements. None is returned directly to the BLM to administer the grazing program.

Legislative Proposals

Establishing a BLM Foundation – The budget request includes a legislative proposal to establish a congressionally chartered non-profit foundation for the BLM. A foundation would strengthen the BLM's efforts to link Americans to their public lands through an organization that would raise and spend private funds and foster constructive partnerships in support of the BLM's mission. The foundation would operate in a manner similar to the National Park Foundation, the National Fish and Wildlife Foundation, and the National Forest Foundation, all of which were approved by Congress.

Oil and Gas Management Reforms – The Administration proposes a package of legislative reforms to bolster and backstop administrative actions being taken to strengthen the management of Interior's onshore and offshore oil and gas programs. These actions are focused on improving the return to taxpayers from the leasing of these Federal resources and on improving transparency and oversight. Proposed statutory and administrative changes fall into three general categories: advancing royalty reforms, encouraging diligent development of oil and gas leases, and improving revenue collection processes.

Royalty reforms include evaluating minimum royalty rates for oil, gas, and similar products; adjust the onshore royalty rate; analyzing a price-based tiered royalty rate; and repealing legislatively mandated royalty relief. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incentives to get leases into production, for example, through a new per-acre fee on nonproducing leases. Revenue collection improvements include simplification of the royalty valuation process and permanent repeal of Interior's authority to accept in-kind royalty payments.

Hardrock Mining Reform – The 2017 budget includes two legislative proposals to reform hardrock mining on public and private lands by addressing abandoned mine land hazards and providing a better return to the taxpayer from hardrock mineral production on public lands. The first component of this reform addresses abandoned hardrock mines across the country through a new Abandoned Mine Lands fee on hardrock mineral production. The second legislative proposal institutes a leasing process under the Mineral Leasing Act of 1920 for certain minerals – gold, silver, lead, zinc, copper, uranium, and molybdenum – currently covered by the General Mining Law of 1872. Under this proposal, mining for these metals on Federal lands would be

governed by the new leasing process and subject to annual rental payments and a royalty of not less than five percent of gross proceeds.

Recreation Fee Program – The budget proposes legislation to permanently authorize the Federal Lands Recreation Enhancement Act, which will expire on September 30, 2017. The budget also proposes appropriations language to extend authorization of FLREA through September 30, 2018. The BLM collected \$21.8 million in recreation fees in 2015 under this authority and uses them to enhance the visitor experience at recreation facilities. These funds represent a significant portion of all the resources the BLM has to devote to supporting recreational activities on public lands.

Reauthorize the Federal Land Transaction Facilitation Act (FLTFA) – The 2017 budget proposes to reauthorize the Act, which expired in July 2011, to allow lands identified as suitable for disposal in recent land use plans to be sold using the FLTFA authority. The sale revenues would continue to be used to fund the acquisition of environmentally sensitive lands and to cover the administrative costs associated with conducting sales. Utilization of the FLTFA authority would help simplify the land ownership patterns of the American West, promoting both conservation and community development goals.

Conclusion

The President's FY 2017 budget request for the BLM provides sustainable benefits across the West and for the Nation as a whole. It protects unique wildlife habitat and ecosystem functions that are also essential sources for clean water, clean air, carbon sequestration, nutrient cycling and cultural preservation; strengthens oversight of onshore oil and gas development while providing increased efficiencies in developing these economic resources; and maintains working landscapes for grazing, timber and recreation. I am incredibly proud of the work done by BLM employees every day to ensure the agency is engaging with and listening to our partners and the communities we serve. I look forward to continuing our close partnership with this subcommittee as we strive to provide BLM's professionals with the tools and resources they need to succeed and to make our public lands an even larger contributor to the success of communities across the United States.

Thank you for the opportunity to present this testimony.