214 Massachusetts Avenue, NE • Washington DC 20002 • (202) 546-4400 • heritage.org

CONGRESSIONAL TESTIMONY

Transforming the Department of the Interior for the 21st Century

Subcommittee on Oversight and Investigations

Committee on Natural Resources

U.S. House of Representatives

December 7, 2017

Nicolas Loris

Herbert & Joyce Morgan Research Fellow

The Heritage Foundation

My name is Nicolas Loris and I am the Research Manager in Energy and Environment and Herbert and Joyce Morgan Research Fellow at The Heritage Foundation. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

I want to thank the Members of the Committee on Natural Resources' Subcommittee on Oversight and Investigations for this opportunity to discuss transforming the Department of the Interior (DOI) for the 21st century.

Several news outlets have reported that Secretary of Interior Ryan Zinke wants to reorganize the DOI.[1] Though no reorganization plan is publicly available, there have been reports of suggested downsizing—moving several agency headquarters to the west coast, transferring more responsibility to field offices, and creating joint management areas mapped by watershed and wildlife corridors and rotational management structures.[2] Dissecting speculative plans is difficult to analyze in full; however, talk of reorganization does provide an opportunity to discuss a new direction for the agency.

Reorganizing and reforming the federal government or certain agencies within the federal government is not a new idea nor is it a partisan one. As Cato Institute scholar Chris Edwards notes, Presidents Theodore Roosevelt, William Howard Taft, Franklin Roosevelt, Harry Truman, Dwight Eisenhower, Ronald Reagan, and Bill Clinton all had ambitions to improve the efficiency of government.[3]

In President Obama's 2011 State of the Union speech, Obama proclaimed, "My administration will develop a proposal to merge, consolidate, and reorganize the federal government in a way that best serves the goal of a more competitive America."[4] More recently, President Donald Trump issued an executive order directing the Office of Management and Budget to submit a comprehensive plan to reorganize the federal government, including input from agencies and the American people.[5]

Members of Congress from both parties have introduced legislation that would decentralize Washington bureaucracy. In February, Representative Warren Davidson (R–OH) introduced the Drain the Swamp Act of 2017 (H.R. 826) that would require each federal agency, by September

---

[1]Kelley Lunney, "Zinke Looks to Move 3 Agencies' Headquarters to Denver," E&E News, August 15, 2017, https://www.eenews.net/stories/1060058790 (accessed December 4, 2017).
[2]Ibid.
[3]Chris Edwards, "Bureaucratic Failure in the Federal Government," Downsizing the Federal Government, September 1, 2105, https://www.downsizinggovernment.org/bureaucratic-failure#_edn45 (accessed December 4, 2017).
[4]President Barack Obama, State of the Union Address, January 25, 2011, https://obamawhitehouse.archives.gov/the-press-office/2011/01/25/remarks-president-state-union-address (accessed December 4, 2017).
[5]White House Office of the Press Secretary, "President Trump: Creating an Efficient, Effective and Accountable Federal Government," April 12, 2017, https://www.whitehouse.gov/the-press-office/2017/04/12/president-trump-creating-efficient-effective-and-accountable-federal (accessed December 5, 2017).

2018, to submit a plan to relocate outside Washington, DC, and implement the plan by September 2023. The bill would require the plan to "identify a location for a new headquarters; maximize any potential cost savings associated with the relocation; provide that, upon implementation of the plan, no more than 10% of agency employees are based in the Washington metropolitan area; and consider any potential national security implications of the relocation."[6]

In April, Congressman Tim Ryan (D–OH) introduced the Federal Government Decentralization Commission Act (H.R. 2112). The proposed bill would charge the General Services Administration (GSA) to establish a commission to study and submit plans to relocate agencies and divisions of agencies outside Washington.[7] Ryan's proposal would prioritize low-income communities for new destinations and study the economic and national security impacts of any relocation efforts.

While not identical, the two draft bills have several areas of overlap, indicating there is common ground between the two major parties. Similarly, both Democrat and Republican Administrations share similar desires to improve the efficacy of the federal government. In President Bill Clinton's 1993 plan to "reinvent government" he declared, "Our goal is to make the entire federal government less expensive and more efficient, and to change the culture of our national bureaucracy away from complacency and entitlement toward initiative and empowerment."[8] Nearly a quarter century later, those goals still exist for government reform advocates.

The goal of transformation, however, should not just make the federal government more efficient. Reorganization must also make the federal government leaner. Empowering individuals, as well as state and local governments, will eliminate functions where the federal government has a hold on activities that are not legitimate functions of Washington.

The Department of Interior is ripe for downsizing, reorganization, relocation, and alternative management structures. Properly rationalizing the size and scope of the DOI will ensure better stewardship of taxpayer dollars, cultivate innovation and entrepreneurial thinking in management and operations, unleash economic growth by optimizing multi-use land use, strengthen incentives for environmental protection, and better connect the executive agency with the people most impacted by its decisions. Reducing the functions of the agency would allow the DOI to focus on its core functions. Relocating parts of the DOI and its divisions would make the agency more accountable for the management (or mismanagement) of federal lands.

---

[6] H.R.826 - Drain the Swamp Act of 2017, https://www.congress.gov/bill/115th-congress/house-bill/826 (accessed December 4, 2017).
[7] H.R.2112 - Federal Government Decentralization Commission Act, https://www.congress.gov/bill/115th-congress/house-bill/2112 (accessed December 4, 2017).
[8] Jonathan D. Breul and John M. Kamensky, "Federal Government Reform: Lessons from Clinton's 'Reinventing Government' and Bush's 'Management Agenda' Initiatives," *Public Administration Review*, Vol. 68, No. 6 (November–December 2008), pp. 1009–1026, published by Blackwell Publishing on behalf of the American Society for Public Administration Stable, https://www.jstor.org/stable/2514569 (accessed December 5, 2017).

Key points of the testimony include:

- **The DOI has grown into an oversized and inefficient bureaucracy.** For years, a number of management problems have plagued the DOI. The sheer size and diversity of the federal estate and its resources are too much to manage effectively. Furthermore, the government's ill-suited management of federal land fails to fully take into account competing local interests through cumbersome federal and congressional channels.

- **Changing ownership and exploring alternative management structures will return the DOI's focus to its mission.** Many functions of the DOI do not fall within the purview of the federal government. Critical to transforming the DOI to operate in the 21st century is identifying the proper allocation of authority. Reform must transfer some combination of ownership and decision-making authority to private enterprise, individuals, and states. In addition to privatization efforts, Congress and the Administration should permit states to regulate the energy resources on federal land, which will mean more efficient and accountable management. States share the cost of the maintenance of federal land and have regulatory structures to manage federal land within their boundaries. Nonprofit organizations could more effectively manage national parks and national monuments, alleviating the burden of an overloaded DOI.

- **Relocation will allow the DOI to be in close proximity to the majority of federal land and save taxpayer money on overhead.** The majority of federal land ownership is in the western United States. Relocating the agency, or at the very least certain divisions would make the DOI be more accountable to the people most affected by its decisions. Relocation would also likely save taxpayers money, reduce organizational dysfunction and attract different talent of individuals who have expertise in western land issues or offshore energy operations.

- **Unleashing the energy potential of the federal estate will grow jobs and reduce household energy costs.** The economic potential from unleashing the energy potential under federal land is enormous. The Heritage Foundation estimates that increased access to the wealth of natural resources beneath America's soil would reduce household electricity expenditures over $1,000, produce employment gains on average of 660,000 and generate $2.4 trillion in economic growth by 2035.

The Department of Interior Mission Summary

The DOI protects and manages the nation's natural resources and cultural heritage; provides scientific and other information about those resources; and honors its trust responsibilities or special commitments to American Indians, Alaska Natives, and affiliated island communities.

Agency Overview

The DOI's range of operation is vast, encompassing more than 600 million acres of public lands, including national parks and national wildlife refuges; 700 million acres of subsurface minerals; 1.7 billion acres of the Outer Continental Shelf (OCS); 23 percent of the nation's energy; water in 17 Western states; and trust responsibilities for 566 Indian tribes and Alaska Natives. The DOI was established as the Home Department in 1849.[9] The variety of its early responsibilities—Indian affairs, the District of Columbia jail, hospitals and universities, and conducting the census, among others—earned it the nickname "Department of Everything Else."[10]

With the rise of the conservation movement in the early 20th century, much of the focus shifted to land and natural resource management. Today, the department has nearly 70,000 employees and more than 280,000 volunteers in 2,400 locations across the United States.[11] Most of the agency's responsibilities fall under nine bureaus.

Bureau of Indian Affairs. The Bureau of Indian Affairs fulfills Indian trust responsibilities on behalf of 566 Indian tribes; supports natural resource education, law enforcement, and social service programs delivered by tribes; operates 182 elementary and secondary schools and dormitories and 29 tribally controlled community colleges, universities, and post-secondary schools.

Bureau of Land Management. The Bureau of Land Management manages and conserves resources for 248 million acres of public land and 700 million acres of subsurface federal mineral estate, including energy and mineral development, forest management, timber and biomass production, and wild horse and burro management.

Bureau of Ocean Energy Management. The Bureau of Ocean Energy Management manages access to renewable and conventional energy resources of the Outer Continental Shelf (OCS), including more than 6,400 fluid mineral leases on approximately 35 million OCS acres; issues leases for 24 percent of domestic crude oil and 8 percent of domestic natural gas supply; and oversees lease and grant issuance for offshore renewable energy projects.

Bureau of Reclamation. The Bureau of Reclamation manages, develops, and protects water and related resources, including 476 dams and 337 reservoirs; delivers water to one in every five western farmers and more than 31 million people; and is America's second largest producer of hydroelectric power.

Bureau of Safety and Environmental Enforcement. The Bureau of Safety and Environmental Enforcement regulates offshore oil and gas facilities on 1.7 billion acres of the Outer Continental Shelf; oversees oil spill response; and supports research on technology for oil spill response.

National Park Service. The National Park Service maintains and manages 401 natural, cultural, and recreational sites, 26,000 historic structures, and more than 44 million acres of wilderness;

---

[9]U.S. Department of Interior, History of the Interior, https://www.doi.gov/whoweare/history (accessed December 5, 2017).
[10]Ibid.
[11]U.S. Department of Interior, About, https://www.doi.gov/whoweare (accessed December 5, 2017).

provides outdoor recreation; and provides technical assistance and support to state and local programs.

Office of Surface Mining Reclamation and Enforcement. The Office of Surface Mining Reclamation and Enforcement regulates coal mining and site reclamation; provides grants to states and tribes for mining oversight; and mitigates the effects of past mining.

U.S. Fish and Wildlife Service. The U.S. Fish and Wildlife Service manages the 150 million-acre National Wildlife Refuge System; manages 70 fish hatcheries and other related facilities for endangered species recovery; and protects migratory birds and some marine mammals.

U.S. Geological Survey. The U.S. Geological Survey conducts scientific research in ecosystems, land use change, mineral assessments, environmental health, and water resources; produces information about natural hazards (earthquakes, volcanoes, and landslides); and leads climate change research for the department.

Inefficient Federal Management Harms People in the West

With the great number of responsibilities and the wide range of natural resources under its command, it is understandable why the DOI is rife with misguided policies and practices. Sitting above and beneath DOI lands are billions of dollars' worth of economic development, yet the department squanders opportunities because of poor management and a politicized directive that favors one use of the land over another.

The federal government owns nearly 30 percent of the country and nearly half of the western U.S.[12] Yet, the effective footprint is even larger as limitations on federal lands often impact the use of adjacent state and private lands. According to the Department of Interior's Bureau of Land Management (BLM), "These surface lands are located primarily in the West, but the bureau has a national presence with responsibilities for some 700 million acres of sub-surface mineral estate underlying both Federal and non-Federal lands."[13] Furthermore, executive agencies will lock up lands through informal designations and study areas.

Secretary Zinke and the Interior Department have committed to reducing permitting timeframes, combatting maintenance backlogs and improving efficiency in the agency. Despite moving in the direction, it is important to underscore that the expansive ownership and dispersed responsibilities have resulted in a number of problems over the years, including but not limited to:

---

[12] Ross. W. Gorte et al., "Federal Land Ownership: Overview and Data," Congressional Research Service, February 8, 2012, https://fas.org/sgp/crs/misc/R42346.pdf (accessed December 5, 2017).
[13] U.S. Department of Interior Bureau of Land Management, "Mineral and Surface Acreage Managed by the BLM," https://www.blm.gov/wo/st/en/info/About_BLM/subsurface.print.html (accessed December 4, 2017).

- **A one-size-fits-all approach to land management.** Federal ownership and control results in a static approach to very dynamic markets for land use, natural resource development, hunting, fishing, recreation and conservation. Furthermore, federal ownership results in a static approach to an ever-changing environment. The Government Accountability Office (GAO) has reported on a number of managerial problems facing the agency, which the GAO indicates "are largely characterized by the struggle to balance the demand for greater use of its resources with the need to conserve and protect them."[14]

- **Ignored multi-use land guidelines.** The Multiple Use and Sustained Yield Act, the National Forest Management Act for the Forest Service, and the Federal Land Policy and Management Act (FLPMA) for the BLM are some of the principle guides for agencies on multiple land use. In practice, however, political agendas and bureaucratic priorities often cast interested parties to the side, limiting (in some instances prohibiting) certain economic activity, such as energy development. This Washington-centric approach to management stifles creative, collaborative solutions to competing interests that could be resolved at local, state, or regional levels without the added baggage of national political battles and federal regulatory processes.

- **Land grabs and land restrictions.** There are a number of mechanisms for the White House and Congress to grow the federal estate with seemingly little regard for the people affected by the decisions. Both Democratic and Republican Administrations have unilaterally used the Antiquities Act to restrict land use without input from Congress, the states, or their citizens. Congress enacted the Land and Water Conservation Fund in 1965 as a way for the federal government to purchase private land and turn it into public parks and other recreation areas, using royalties from offshore energy development. The federal government should not be adding to its inventory when it cannot adequately manage existing holdings.

- **A maintenance backlog of $13.5 billion to $20 billion for the land it already owns**—a deficit leading to environmental degradation, soil erosion, littering, and land mismanagement.[15]

- **Below-market prices distorting resource markets.** Water subsidies and the Bureau of Reclamation's control of western water resources result in overconsumption, and does not generate the revenue necessary for maintaining and improving water infrastructure. The DOI sells timber for less than it costs to conduct the sale; furthermore, the failure to

[14]Anu K. Mittal and Frank Rusco, "Department of Interior: Major Management Challenges," testimony before the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, U.S. House of Representatives, Government Accountability Office, March 1, 2011, http://www.gao.gov/products/GAO-11-424T (accessed December 4, 2017).
[15]U.S. Government Accountability Office, "Department of the Interior: Major Management Challenges," March 1, 2011, http://www.gao.gov/assets/130/125531.pdf (accessed December 4, 2017).

maintain forest and rangelands properly has dramatically increased the risk of catastrophic fires.[16]

- **Threatened private property rights and perverse incentives.** The Endangered Species Act has largely been an ineffective conservation tool, but the act has been effective in blocking economic development and creating perverse incentives and unintended consequences when landowners avoid dealing with endangered species. As former U.S. Fish and Wildlife Service director Sam Hamilton said, "The incentives are wrong here. If I have a rare metal on my property, its value goes up. But if a rare bird occupies the land, its value disappears."[17]

- **Stripping Native Americans of authority.** Property and Environment Research Center's Terry Anderson writes that "American Indian reservations are islands of poverty in a sea of wealth."[18] Decisions that can and should be left to the tribes must be run through the DOI.[19] Dozens of schools managed by the Bureau of Indian Education are in disrepair. A 2015 *Star Tribune* editorial series documented an estimated $1 billion construction backlog nationwide.[20] As documented by the Inspector General, the Bureau of Indian Affairs has wasted tens of millions of dollars overpaying for rent and renting too much space.[21]

- **Stymied resourced development and economic growth.** The DOI fails to adhere to guides set by the Council on Environmental Quality and lags behind significantly on completing environmental reviews, lease sales, and applications for permits to drill.[22] For instance, the BLM announced in 2011 that it was nearing completion of a two-year backlog of oil and gas leases in Wyoming, tying up more than $50 million in lease sales.[23] In 1988, the BLM, which oversees 248 million acres of federal land and 700

---

[16]Natural Resource Economics, "Below-Cost Timber Sales on Federal and State Lands in Oregon: An Update," NRE Working Paper 16-04, July 2016, http://www.nreconomics.com/reports/2016-07-28_16-04_OR_Below-Cost.pdf (accessed December 4, 2017).
[17]Betsy Carpenter, "The Best Laid Plans," *U.S. News and World Report*, Vol.115, no.13 (1993), p. 89.
[18]Terry L. Anderson and Dominic P. Parker, "Sovereignty, Credible Commitments, and Economic Prosperity on American Indian Reservations," *The Journal of Law and Economics*, Vol. 51 (November 2008), https://www.perc.org/sites/default/files/AndersonParker.pdf (accessed December 4, 2017).
[19]Shawn Regan, "Unlocking the Wealth of Indian Nations: Overcoming Obstacles to Tribal Energy Development," PERC *Policy Perspectives*, No 1 (February 2014), https://www.perc.org/sites/default/files/pdfs/IndianPolicySeries%20HIGH.pdf (accessed December 4, 2017).
[20]Editorial Board, "Separate and Unequal: Indian Schools, a Nation's Neglect," *Star Tribune*, April 2, 2015, http://www.startribune.com/part-1-indian-schools-a-nation-s-neglect/283514491/ (accessed December 4, 2017).
[21]Laura Sullivan, "To Rent or Buy? For the Federal Government, It's Complicated," NPR, February 12, 2014, https://www.npr.org/2014/02/12/275555163/to-rent-or-buy-for-the-federal-government-its-complicated (accessed December 4, 2017).
[22]Western Energy Alliance, Regulatory, https://www.westernenergyalliance.org/knowledge-center/regulatory (accessed December 5, 2017).
[23]Mead Gruver, "BLM: Oil-Gas Lease Backlog in Wyo. Almost Cleared," *Ventura County Star*, March 31, 2011, http://www.vcstar.com/business/blm-oil-gas-lease-backlog-in-wyo-almost-cleared (accessed December 4, 2017).

million acres of underground mineral resources, leased 12.2 million acres; only one-tenth of that was leased in 2014.[24] Conversely, paperwork and regulatory hoops seem to have increased. The BLM estimates that it took an average of 227 days simply to complete a drill application—just one step in the approval process to harvest oil and gas resources on federal lands. This is compared to 154 days in 2005.[25] Similarly, the BLM has stalled livestock grazing plans for years, and in some instances, decades.[26] While the DOI is making strides to streamline the process, wholesale reform is necessary.

- **Organizational dysfunction.** The Inspector General has found that the agency lacks policies and procedures to ensure that its property, plant, and equipment are properly supported by accounting records, properly capitalized, and properly valued.[27]

As well-meaning as the DOI and its employees may be, it is extremely difficult for the agency to manage hundreds millions of acres of land, minerals and wildlife, as well as manage water resources for the West. Constantly changing market conditions, competing interests, and an overstretched bureaucracy necessitate a change in ownership of activities, management structures, location, and importantly, culture.

Transforming the Department of the Interior for the 21st Century

Transforming the Interior Department for the 21st Century must involve reforms that reduce the responsibilities of the agency. Congress and the Administration should eliminate responsibilities that are not appropriate roles for an executive agency and transfer management to state government and private citizens. Congress should work with the Administration and western states to implement new management structures that provide autonomy and operational flexibility while ensuring transparency and accountability.

---

[24]Bureau of Land Management, "Number of Acres Leased During the Fiscal Year," data series, October 29, 2014, http://www.blm.gov/style/medialib/blm/wo/MINERALS__REALTY__AND_RESOURCE_PROTECTION_/energy/oil___gas_statistics/data_sets.Par.80157.File.dat/numberofacresleasedeachyear.pdf (accessed December 4, 2017).
[25]Bureau of Land Management, "Average Application for Permit to Drill (APD) Approval Timeframes: FY2005–FY2014," January 6, 2015, http://www.blm.gov/wo/st/en/prog/energy/oil_and_gas/statistics/apd_chart.html (accessed December 4, 2017). Even these numbers are questionable according to a Freedom of Information Act (FOIA) request by Norton Rose Fulbright Global Legal Practice, and average days heavily depend on the related field office. For example, according to the FOIAed BLM data, the average number of days to approve a permit to drill at the Moab, UT, office was 579 days in fiscal year 2011. Norton Rose Fulbright, "Western Lands and Energy Newsletter," June 26, 2013, http://www.nortonrosefulbright.com/knowledge/publications/100086/western-lands-and-energy-newsletter (accessed December 4, 2017).
[26]U.S. Department of Interior Bureau of Land Management, "Livestock Grazing Monument Management Plan Amendment and Environmental Impact Statement," November 8, 2016, https://eplanning.blm.gov/epl-front-office/eplanning/planAndProjectSite.do?methodName=renderDefaultPlanOrProjectSite&projectId=69026 (accessed December 4, 2017).
[27]Office of the Inspector General, "Independent Auditors' Report on the U.S. Department of the Interior Financial Statements for Fiscal Years 2015 and 2014," November 13, 2015, https://www.doioig.gov/sites/doioig.gov/files/2015FIN046Public.pdf (accessed December 4, 2017).

Furthermore, relocating divisions of the DOI will not only ensure the agency is closer to the people impacted by its decisions, but will ensure accountability for the decisions controlled by the private sector and state regulators.

Reducing Responsibilities from the Interior Department

Critical to transforming the DOI is eliminating functions that are not within the purview of a federal agency. Reform efforts should:

Eliminate the Bureau of Reclamation. The Bureau of Reclamation is charged with managing, developing, and protecting water and related resources, primarily in western states. The bureau effectively subsidizes special interests and encourages overconsumption. In place of federal management of water supplies, Congress should implement a system of water rights allocated by competitive bidding for resale to customers. States and independent conservation trusts should assume stewardship of rivers and other water sources currently under the bureau's control.

Dispose of Excess BLM Lands. The BLM incorporates into land management plans lists of land that may be suitable for disposal. Given the age and accuracy of plans varies—lands so identified should be reviewed and to the maximum extent possible those lands that can be sold, transferred, or otherwise removed from BLM's roles should be. A reauthorized Federal Lands Transaction Facilitation Act should provide that funds generated from land sales are available to address maintenance backlogs. Multi-use land reform should take into account all competing interests and include participation from state and local communities.

Repeal or Reform the Antiquities Act. National monument designations have stripped economic opportunities away from communities. Whether the issue is logging, recreation, conservation, or energy development, these decisions should be made at the local level, not from Washington. For more than a century, the President has had the power to unilaterally designate land as a national monument, without input from Congress or affected states. Although the law states that the President must limit the designation to the "smallest area compatible with proper care and management of the objects to be protected" Presidents from both parties have ignored that language in the law. For far too long monument designations have exceeded their statutory limitations. Congress should recognize what Wyoming recognized in 1943 and what the 81st Congress recognized in 1950: The President should not have the ability to unilaterally and arbitrarily declare national monuments and take away economic and environmental decisions from the states and local organizations. Congress should strip the President's authority to do so, either by repealing the Antiquities Act altogether or by requiring congressional and state approval for any designation.

Privatize the U.S. Geological Survey. The U.S. Geological Survey's original mission was to classify public lands and examine the geological structure, mineral resources, and products of the national domain. At its creation in 1879, the USGS was the only source for reliable maps and geological information, but many private-sector corporations have since excelled in the field.

Consequently, the USGS is using taxpayer financing to compete with the private sector. Private-sector energy producers, mineral mining companies, and other similar industries have sufficient market incentives to find mineral deposits on their own. Many universities and private research organizations are capable of conducting that research and the federal government could contract with a privately run company should it need such information.

Eliminate America's Great Outdoors Initiative. These funds would be used to cover basic operating costs for the 13 National Conservation Lands (NCL) units that have been designated during the Obama Administration, as well as to acquire new lands. Because the DOI cannot maintain its current land inventory effectively, no new NCL designations should be funded.

Eliminate the Land and Water Conservation Fund (LWCF). Using earnings from offshore oil and gas leasing, the fund has been used to underwrite recreation areas and facilities. By devolving responsibility to those parties closest to the issue—who can prioritize problems, solve them effectively, and properly weigh the needs and desires of local communities—the result will be better land use and environmental protection, enacted in ways that suit the needs of the local population. The State of California, for instance, can protect MacArthur Park and has a vested interest in doing so, and Pennsylvania likewise can protect the Gettysburg battlefield. Both sites have received LWCF funds.[28] States will still generate revenues from economic activity without the LWCF; though, the revenue will be tied directly to the way they use their land, as opposed to indirectly through offshore royalty revenues.

Eliminate the National Landscape Conservation System (NCLS). The NLCS is an unnecessary program through which the BLM bundles lands for promotional purposes, and which nudges the agency into becoming another version of the NPS. All NLCS lands already have special designations and management regimes, including national monuments, wilderness areas, wild and scenic rivers, and national scenic and historic trails.[29] The White House should seek elimination of this program.

Transferring Responsibilities and Alternative Management Structures

Short of selling and transferring ownership of federal land, Congress and the Trump Administration should implement alternative management structures. Devolving responsibilities to the states and empowering the American people by instituting more government-owned, contractor-operated models could relieve burdens from the DOI, generate innovative management strategies, and establish operational flexibility all while maintaining government oversight and accountability.

---

[28]Land and Water Conservation Fund, "America's Most Important Conservation and Recreation Program Turns 50," http://lwcfcoalition.org/lwcf-50.html (accessed December 5, 2017).
[29]Bureau of Land Management, "National Conservation Lands," https://www.blm.gov/programs/national-conservation-lands (accessed December 5, 2017).

State Management: A Proven Record of Success

State control, local governance, and private-sector participation will result in more accountable, effective management. While the federal government can simply pass on the costs of poor or no management to federal taxpayers, states have powerful incentives for better management of resources on federal lands. State governments and budgets can be more accountable to the people who will directly benefit from wise management decisions or be marginalized by poor ones, making it more likely that resources will be developed—and developed in a way that protects the environment.[30]

States also have unique expertise in the lands within their bounds, unlike federal policies, which do not always make sense across the diversity of the federal estate. The geologic makeup of lands across the U.S. presents different economic and environmental challenges. State environmental regulators who already have the local expertise are more capable of providing efficient and timely guidance. Allowing state programs to function in place of federal ones employs this knowledge and relieves federal budgets of the burden to manage permitting requests and regulatory responsibilities, freeing up federal resources for more pressing issues, such as wildfire management.

On the other hand, federal management has devolved into unclear, redundant, and expensive regulations that often thwart good stewardship and enable discouragingly excessive litigation.[31] Furthermore, the federal government has proved to be inflexible in managing land, unresponsive to local concerns, and not competitively managed. While by no means perfect, state management of public lands has proved much more successful. Furthermore, the benefits extend well beyond mineral development. According to a 2015 Property and Environment Research Council report, "On average, states generate more revenue per dollar spent than the federal government on a variety of land management activities, including timber, grazing, minerals, and recreation."[32]

The BLM and Forest Service lands lost $4.38 per acre from 2009–2013, while trust lands in four western states earned $34.60 per acre.[33] In terms simply of recreation, states again do a better job of making a return on their investment. Idaho and Montana averaged $6.86 per dollar spent on recreation on state trust lands; in contrast, the BLM earned $0.20 and the FS $0.28 per dollar spent, resulting in a net loss.[34] Incentives to invest in and steward the environment are stronger when people have direct ownership and responsibility. While states and local communities may

---

[30]Jack Spencer et al., *Environmental Conservation: Eight Principles of the American Conservation Ethic*, The Heritage Foundation, July 27, 2012, http://opportunity.heritage.org/conserve-the-environment-through-responsible-stewardship/.

[31]Allan Fitzsimmons, *Reforming Federal Land Management: Cutting the Gordian Knot* (Lanham, MD: Rowman & Littlefield Publishers, 2012), pp. 85–111.

[32]Holly Fretwell and Shawn Regan, "Divided Lands: State vs. Federal Management in the West," Property and Environment Research Center, PERC Public Lands Report, March 2015, Figure 1, http://www.perc.org/sites/default/files/pdfs/150303_PERC_DividedLands.pdf (accessed December 4, 2017).

[33]Ibid.

[34]Ibid., Table 6.

not always make perfect decisions, the best environmental policies are site-specific and situation-specific.[35]

When it comes to energy production, Americans are fortunate that much of the shale oil and shale gas deposits in the U.S. are beneath state and privately owned lands. However, an important reason for its rapid increase in production has been an efficient permitting process. As opposed to the federal government taking many months or even years to process an application for permit to drill, state regulators complete the process in days or weeks. The state average is 30 days and several states process applications in a fraction of that time.[36] Ohio requires a permit to be processed within 21 days, and an expedited permit within seven days.[37] Other states have similarly short time frames: Texas's average is four days (expedited permits are two days),[38]and even in California, a permit must be responded to within 10 days; if it is not, it is automatically approved.[39]

Efficiency pays off. For nearly six years, America has been the world's largest petroleum and natural gas producer. The result has been affordable power for American families, new job opportunities, and a competitive industrial sector that relies on energy as a critical input for their operations. After accounting for inflation, overall energy expenditures in 2015 were the lowest since 2004, driven in large part because of increased supplies. According to the U.S. Energy Information Administration, "In constant 2015 dollars, average annual household energy expenditures peaked at about $5,300 in 2008. Between 2008 and 2014, average annual household energy expenditures declined by 14.1 percent."[40]

Private Management with Government Oversight

Another alternative management structure that would improve flexibility is to transfer management and operating (M&O) contracts to private actors. While the DOI offices already offer procurement contracts for a wide range of supplies and services,[41] increased opportunities would likely result in improved efficiency and innovative management strategies. Private

[35]Spencer, ed., *Environmental Conservation: Eight Principles of the American Conservation Ethic*.
[36]Institute for Energy Research, "Time Required for Processing a Permit to Drill—Federal vs. States," http://www.instituteforenergyresearch.org/wp-content/uploads/2012/09/Time-required-to-drill-1-sm.png (accessed December 4, 2017).
[37]Ohio Department of Natural Resources Oil and Gas Division, "Permitting," 2015, http://oilandgas.ohiodnr.gov/industry/permitting-bonding-hydrology (accessed December 4, 2017).
[38]Railroad Commission of Texas, "Railroad Commission's IT Modernization Program Streamlines Processing Times for Drilling Permits," http://www.rrc.state.tx.us/all-news/121114a/ (accessed December 4, 2017).
[39]California Department of Conservation, "Oil, Gas and Geothermal—Frequently Asked Questions," http://www.conservation.ca.gov/dog/faqs/Pages/Index.aspx#what_permits (accessed December 4, 2017).
[40]U.S. Energy Information Administration, "Declining Energy Prices Lower the Cost of Living," May 3, 2016, https://www.eia.gov/todayinenergy/detail.php?id=26072 (accessed December 5, 2017).
[41]U.S. Department of Interior, Procurement Opportunities, https://www.doi.gov/pmb/osdbu/forecast (accessed December 5, 2017).

management combined with strong government oversight established through the agreed upon contract would improve operational flexibility with strict accountability.

Just as the Department of Energy has a government-owned, contractor-operated model with most of the national laboratories, many federally owned assets within the DOI could benefit from such a structure. One can imagine a scenario where private organizations are competing for contracts, generating additional revenue to dedicate to the maintenance backlog and the health of America’s national parks and experimenting with management plans.

One example of an alternative, private-sector-led management plan is President Lincoln’s Cottage. Lincoln’s Cottage is the only National Monument in the country that does not receive federal financial operating support.[42] President Clinton designated the home and the 2.3surrounding acres a National Monument in 2000; it is also a National Historical Landmark. The DC-based nonprofit National Trust Historic Preservation, an organization dedicated to saving historic spaces and landmarks, embarked on an eight-year restoration project, upon which the cottage opened to the public. In 2016, the 501(c)(3) President Lincoln’s Cottage took over management and operations of the cottage through a cooperative agreement with the National Trust Historic Preservation and the adjacently located Armed Forces Retirement Home.

In spite of zero federal funding for operations and despite lacking any endowment whatsoever,

> President Lincoln’s Cottage has a track record of balancing its budget by cultivating diverse income streams, including individual, foundation and corporate contributions, admissions, site rentals, shop sales, and memberships. Since opening, President Lincoln’s Cottage has also received significant financial support and guidance from its advisory Site Council, which in 2016 transitioned to a Board of Directors when, in collaboration with the National Trust for Historic Preservation, its founding parent organization, the site became an independent legal entity.[43]

Lincoln’s Cottage has been the recipient of a number of awards including ones for tour technology, preservation, and restoration and renovation.[44] While not necessarily replicable for every DOI park and landmark, the transformation at Lincoln’s Cottage provides a glimpse of what alternative management and operations could provide for a site.

Location, Location, Location: Benefits and Opportunities for Interior Relocation

When McDonald’s decided to move its digital operations to downtown Chicago to strengthen its e-commerce capabilities, former Obama Administration press secretary Robert Gibbs had a

[42]President Lincoln’s Cottage, http://www.lincolncottage.org/wp-content/uploads/2016/02/About-President-Lincolns-Cottage-Feb-2016.pdf (accessed December 5, 2017).
[43]Ibid.
[44]Ibid.

straightforward explanation as to why. Gibbs said, "The decision is really grounded in getting closer to our customers."[45]

While all Americans can enjoy America's federal lands and national parks, the overwhelming majority of Interior's customers live in the western U.S. Relocating leaner would better connect the agency with its customers. Congress and the Trump Administration should relocate the headquarters of the Bureau of Indian Affairs, Bureau of Land Management, National Park Service, and the U.S. Fish and Wildlife Service to western states. Furthermore, they should move the Bureau of Ocean Energy Management and Bureau of Safety and Environmental Enforcement that support Outer Continental Shelf energy development to the Gulf Coast.

Although Interior already has a great deal of regional field offices and bureaus, a relocation effort would breed a cultural change in the agency that is more responsive to a diverse range of interests and strengthen the resolve to eliminate any duplicative efforts. The benefits of relocation include:

An Improved Relationship with Communities. Political agendas and bureaucratic priorities often cast interested parties to the side, limiting (in some instances prohibiting) certain economic activity in the West or off America's coastline. Associate Professor of Law at George Washington University David Fontana writes, "[T]he narrowing of federal power makes the federal government less responsive to the large republic that Madison wanted represented in Washington. Many interests will struggle to have their policy perspectives represented in Washington because their perspectives are not represented in the types of people and networks that inhabit a metropolitan area dedicated to government."[46]

Relocating the headquarters of a division like the Bureau of Land Management (BLM) to the west would not necessarily solve the politicization of land management decisions through different Administrations, but it would make the bureau more accessible and accountable to the people impacted by its decisions.

Granted, the large majority of BLM employees work in field offices across the country. However, having top officials of bureaus and offices whose day-to-day operations are not dependent on being in Washington would connect their actions to the right constituencies. When Colorado Senator Cory Gardner (R) Congressman Scott Tipton (R) introduced legislation to move the BLM to a western city, Gardner remarked,

---

[45]Jonathan O'Connell, "As Companies Relocate to Big Cities, Suburban Towns Are Left Scrambling," *The Washington Post*, July 16, 2017, https://www.washingtonpost.com/business/economy/as-companies-relocate-to-big-cities-suburban-towns-are-left-scrambling/2017/07/16/81c12cea-618d-11e7-84a1-a26b75ad39fe_story.html?utm_term=.8b41b4b278c1 (accessed December 4, 2017).
[46]David Fontana, "The Narrowing of Federal Power by the American Political Capital," 23 Wm. & Mary Bill Rts. J. 733 (2015), http://scholarship.law.wm.edu/wmborj/vol23/iss3/5 (accessed December 5, 2017).

> Moving BLM's headquarters West is a commonsense solution that Coloradans from across the political spectrum support. Ninety-nine percent of the nearly 250 million acres of land managed by BLM is West of the Mississippi River, and having the decision-makers present in the communities they impact will lead to better policy. Coloradans want more Colorado common sense from Washington and this proposal accomplishes that goal.[47]

More Accountable and Flexible Management. Land owned by the federal government is abundant and diverse. Ranchers, farmers, tourists, hunters, and other individuals and groups have an interest in how the federal agencies manage it. The parameters established in the Federal Land Policy and Management Act of multi-use, sustained yield, and environmental protection guide the BLM's approach to land management.[48] Though these parameters may sound accommodating to all interested parties, each entails value choices that communities might prioritize and define differently than the federal government. Furthermore, land use changes and economics of the multitude of land uses are constantly changing. Businesses react to changing prices, whether it be in energy or other activities, much faster than static federal governments. While the federal government will likely always lag behind the private sector, moving headquarters would improve the agency's responsiveness and better connect the top officials with the field offices. To the extent by which Congress does not devolve ownership to the states and private sector, relocation should engender more accountability and flexibility from the divisions within the DOI.

Cheaper Real Estate. Another added benefit of relocations would be cheaper real estate that saves taxpayers money. Despite the up-front costs of moving and occasional travel back to DC, building space, rent, and the cost of living would be lower. The federal government could accomplish a move by identifying several locations across states and cities where it is practical to relocate DOI division headquarters. Divisions could rent space or purchase land and build new space. Cities and towns could even compete through a bidding process and present plans to a selection committee for the move. Using a government payment calculator that adjusts federal pay based on cost of living in the locality, one could estimate the taxpayer savings based on location-adjusted pay.[49]

Matthew Yglesias of *Vox* cites a number of agencies that have moved outside Washington "in search of more affordable real estate—a recognition that their mission does not require routine

---

[47]News Release, "Gardner, Tipton Introduce Legislation Authorizing Move of BLM Headquarters to the West," May 2, 2017, https://www.gardner.senate.gov/newsroom/press-releases/gardner-tipton-introduce-legislation-authorizing-move-of-blm-headquarters-to-the-west (accessed December 4, 2017).
[48]Bureau of Land Management, "The Federal Land Policy and Management Act (FLPMA) of 1976: How the State Was Set for BLM's 'Organic Act,'" http://www.blm.gov/flpma/organic.htm (accessed December 4, 2017).
[49]"General Schedule (GS) Locality Pay Map," FederalPay.org, https://www.federalpay.org/gs/locality (accessed December 5, 2017).

physical proximity to elected officials."[50] Yglesias points to the National Institute of Standards and Technology (Gaithersburg, MD), Social Security Administration's main office (Woodlawn, MD), Center for Medicare and Medicaid Service (Woodlawn, MD), U.S. Patent and Trademark Office (Alexandria, VA), U.S. Geological Survey (Reston, VA), and National Weather Service (Silver Spring, MD) as examples of offices locating outside the District of Columbia.[51]

Other agencies purchased land and relocated even further outside the district. For example, in 1991 the Federal Bureau of Investigation (FBI) bought nearly 1,000 acres of land in Clarksburg, West Virginia. In 1995, they moved the Criminal Justice Information Services (CJIS) Division to Clarksburg, approximately 240 miles away from the city.[52]

The story of the CJIS's move elucidates what challenges, costs, and benefits could occur from relocation. The *Washingtonian* reports, "The bureau took two years to transition into the new building, an effort that came at immense cost—and not just for the construction. To entice its staff of 3,000 to move, the FBI bused them to Clarksburg, renting out the town's Holiday Inn for three years as employees searched for homes. In the end, only about 500 employees went for it. (The division's 400 Washington contractors came, too.) There were costs of inconvenience as well. In Clarksburg, CJIS assistant director Chuck Archer had to acclimate to videoconferencing, and top-level staff flew back and forth to Washington weekly. Yet almost immediately, the CJIS saw a shift. In DC, the division had an attrition rate of 14 percent, one of the government's worst. In Clarksburg, a town that previously struggled as a sleepy off-ramp along I-79, the attrition rate plunged to nearly zero and productivity ticked up."[53]

Many of these offices remain relatively close to the district; however, it is a clear indication that their operations are not central to being housed in DC and offer a cheaper alternative to both renting and living.

The combination of a slimmer DOI bureaucracy located closer to the people has the potential to improve the economy, protect the environment, and incentivize good governance where the DOI is a good steward of the taxpayers' money. Relocation could also attract a new talent force who have specialized expertise of the issues but who are not drawn to Washington, DC, or want to uproot their lives in the West. DOE's national labs provide a good example of facilities attracting top talent despite being very remote from Washington, D.C.

---

[50]Matthew Yglesias, "Let's Relocate a Bunch of Government Agencies to the Midwest," *Vox*, December 9, 2016, https://www.vox.com/new-money/2016/12/9/13881712/move-government-to-midwest (accessed December 4, 2017).
[51]Ibid.
[52]Federal Bureau of Investigations, Criminal Justice Information Services (CJIS), https://www.fbi.gov/services/cjis (accessed December 5, 2017).
[53]Ben Wofford, "Inside the Radical, Self-Destructive, and Probably Impossible Plan to Move the Government Out of Washington," *Washingtonian*, July 16, 2017, https://www.washingtonian.com/2017/07/16/radical-probably-impossible-plan-move-government-out-washington/ (accessed December 4, 2017).

As Fontana said, "The government needs to empower different kinds of places in order to harness different kinds of people."[54] Opening more opportunities for people who live in the communities to serve a role would inject new knowledge and experience for roles typically held by the revolving door of Washingtonian bureaucrats and lobbyists.

Turning Energy Abundance on the Federal Estate to Energy Dominance

From heating and cooling homes, to powering businesses, schools, and hospitals, to moving goods and people across the world, energy is a critical component to quality of life in the U.S. Harnessing the U.S.'s abundant natural resources not only provides families with a reliable source of energy, but also significantly improves public health and well-being by serving as an input for medicines, plastics, fertilizers, cleaners, and much more.[55]

Coal, oil, and natural gas meet more than 80 percent of America's energy needs. In fact, these natural resources have comprised *at least* 80 percent of the nation's energy mix for more than a century.[56] Conventional fuels, often derided by environmental activists as an energy source of the past, could actually meet the U.S.'s and the world's energy demands for centuries to come. Conventional fuels will be essential to meeting future energy needs in the developing world, where more than 1.2 billion people (17 percent of the global population) do not have access to reliable electricity.[57]

The United States has had tremendous economic success as a global energy powerhouse. As a result, families are saving on their electricity bills and paying lower prices at the pump. Cheaper energy means companies across the country would incur lower operational costs and therefore have more resources to invest in labor and capital. For instance, chemical companies are investing heavily in the U.S., citing the affordable and abundant natural gas as their motivation. As of July 2017, the American Chemistry Council reports that the industry is cumulatively investing $185 billion on 310 projects in the U.S.[58]

As detailed in previous sections of the testimony, however, a number of government-imposed obstacles prevent Americans benefiting from the nation's rich wealth of natural resources. If policymakers open access to off-limits areas, streamline the permitting process, transfer responsibilities to states, and reduce the regulations with no direct, substantial environmental benefits, Americans will further capitalize on our nation's energy abundance.

---

[54]Ibid.

[55]"Products Made from Oil & Gas (Part 1)," Petroleum Services Association of Canada, 2017, https://oilandgasinfo.ca/patchworks/products-made-from-oil-gas-part-1/ (accessed December 4, 2017).

[56]U.S. Department of Energy, Energy Information Administration, "Fossil Fuels Have Made Up at Least 80% of U.S. Fuel Mix Since 1900," July 2, 2015, https://www.eia.gov/todayinenergy/detail.php?id=21912 (accessed December 5, 2017).

[57]International Energy Agency, "Uneven Progress on Achieving Access to Sustainable Energy for All," April 3, 2017, https://www.iea.org/newsroom/news/2017/april/uneven-progress-on-achieving-access-to-sustainable-energy-for-all.html (accessed December 5, 2017).

[58]American Chemistry Council, "U.S. Chemical Investment Linked to Shale Gas: $185 Billion and Counting," July 2017, https://www.americanchemistry.com/Shale_Gas_Fact_Sheet.aspx (accessed December 5, 2017).

To quantify the economic impact of capitalizing on our resource abundance, Heritage Foundation analysts performed a simulation comparing current policy to a policy assuming that the recoverable shale oil and shale gas are 50 percent higher through greater access, reduced regulations, and improved efficiencies. The combination of a rational regulatory environment with open access could put a 50 percent increase within reach. Although lower energy prices may tamper new investments, companies are reducing operating costs and improving efficiency to enhance productivity. Vice Chairman of IHS Markit Daniel Yergin remarked, “The industry is in the middle of re-engineering its processes and its technologies to be a $50 industry, not a $100 industry.”[59]

Opening access and deregulating would generate significant economic gains, helping the Administration achieve its 3 percent growth target. Using a derivative of the U.S. Energy Information Administration’s energy model, Heritage analysts project by 2035:

- Employment gains of 1.4 million new jobs and average gains of over 660,000 jobs.
- Average family of four gains over $27,000 by 2035. In terms of total gross domestic product, these gains translate to an increase of over $2.4 trillion.
- Annual electricity expenditures will decline, resulting in a total savings of nearly $1,000 for such a household. These savings are particularly important for low-income families and seniors on fixed incomes where energy costs represent a larger portion of their budget.

Working with Congress, the Trump Administration can leave a legacy that fundamentally changes how energy investment occurs in the U.S.

A Better Plan for a 21st-Century DOI

For decades, government reorganization has, for the most part, been an interesting intellectual exercise. It is long past time to move past concepts and start discussing practical implementation that will improve efficiency, protect the taxpayer, and limit the Department of Interior’s responsibility to core functions. New ownership, new management, and new location for a number of the DOI’s bureaus will better serve the families and businesses living and operating in the West.

####################

[59]Stanley Reed, “Oil Companies at Last See Path to Profits After Painful Spell,” *The New York Times*, August 1, 2017, https://www.nytimes.com/2017/08/01/business/energy-environment/oil-prices-bp-exxon.html?mcubz=3 (accessed December 4, 2017).

The Heritage Foundation is a public policy, research, and educational organization recognized as exempt under section 501(c)(3) of the Internal Revenue Code. It is privately supported and receives no funds from any government at any level, nor does it perform any government or other contract work. The Heritage Foundation is the most broadly supported think tank in the United States. During 2016, it had hundreds of thousands of individual, foundation, and corporate supporters representing every state in the U.S. Its 2016 income came from the following sources:

Individuals 75.3%

Foundations 20.3%

Corporations 1.8%

Program revenue and other income 2.6%

The top five corporate givers provided The Heritage Foundation with 1.0% of its 2016 income. The Heritage Foundation's books are audited annually by the national accounting firm of RSM US, LLP.

Members of The Heritage Foundation staff testify as individuals discussing their own independent research. The views expressed are their own and do not reflect an institutional position for The Heritage Foundation or its board of trustees.