

**Statement of
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**Before the
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Subcommittee on Interior, Environment, and Related Agencies**

**Hearing on the FY 2014 Budget Request
for the Bureau of Land Management**

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Mr. Chairman and Members of the Subcommittee, thank you for inviting me to testify on the President's Fiscal Year (FY) 2014 budget request for the Bureau of Land Management (BLM).

Within the Department of the Interior (DOI), the BLM manages 248 million surface acres, 700 million acres of Federal onshore mineral estate, and has responsibilities on 56 million acres of Indian trust lands for mineral operations and cadastral surveys. The BLM oversees roughly 13 percent of the U.S. land surface and 30 percent of its subsurface. Under the Federal Land Policy and Management Act, or FLPMA, the BLM works with a broad array of land users, contributes to the vitality of State and local economies, and delivers benefits to all Americans through outdoor recreation, natural and cultural resource conservation, livestock grazing, mineral development and energy production. This breadth of responsibility defines the BLM mission under FLPMA – a multiple-use mandate to sustain the health, diversity, and productivity of public lands for present and future generations.

2014 Budget Request

The BLM is an excellent investment for America. Public lands generated an estimated \$4.6 billion in revenues in 2012, returning more than four dollars for every dollar invested. Beyond this efficient production of non-tax revenue for the U.S. Treasury, the BLM's management of public lands supports significant economic activity and hundreds of thousands of jobs for Americans.

The 2014 BLM discretionary budget request is \$1.2 billion, which is \$32.6 million or 2.9 percent above the 2012 enacted level. This request translates to a cost of less than \$4.50 per acre to taxpayers and ensures that the BLM continues to generate and support jobs through extractive and non-extractive uses of public lands. In 2011, in carrying out its multiple use mission, we estimate that BLM supported over 750,000 American jobs and more than \$151 billion in economic output, slightly more than one percent of U.S. Gross Domestic Product.

A Strong Value for the Public

One critical economic benefit BLM provides the Nation is its contribution to America's energy portfolio. We estimate that oil, gas, coal, and non-metallic mineral activities on the Federal mineral estate directly and indirectly support nearly two percent of jobs in Colorado, nearly 10 percent of jobs in New Mexico, and over 40 percent of jobs in Wyoming. The BLM continues its important role in supplying feedstock and transmission access for the Nation's electrical infrastructure. Approximately twelve percent of domestic natural gas production, which is

helping drive a resurgence in American industry, is derived from BLM-managed lands. In addition to responding to increased demand for natural gas, coal produced from BLM's Federal mineral estate has provided approximately 22 percent of U.S. electrical production annually over the last ten years.

The BLM is investing in renewable energy, including reviewing and approving environmentally sound wind, solar, and geothermal projects on the public lands. Since 2009, the BLM has approved 42 renewable energy projects, including 23 utility-scale solar facilities, nine wind farms, and 10 geothermal plants, with associated transmission corridors and infrastructure to connect to established power grids. If fully built, these projects will provide more than 12,000 megawatts of power, or enough electricity to power nearly four million homes, and support an estimated 14,000 construction and operations jobs. For calendar years 2013 and 2014, the BLM has identified 23 renewable energy projects for review, including 14 solar facilities, six wind farms and three geothermal plants.

Timber activities on BLM-managed lands are concentrated in Oregon and support an estimated \$670 million in economic activity. In addition, the BLM's other forestry work has a range of benefits beyond timber production. Stewardship contracts, managed by the BLM, make forests and rangelands more resilient to natural disturbances and wildfire, while allowing local businesses and communities to retain forest and rangeland products in exchange for services like thinning trees and brush and removing hazardous fuels. These projects foster public-private partnerships that conserve public lands, support local economies, and restore forest and rangeland health at a savings to taxpayers.

The BLM's grazing program supports an estimated \$1.4 billion in economic activity, with the greatest impact in Idaho, Montana, New Mexico, and Oregon. Livestock-based economic opportunities on public lands contribute to and help preserve the social fabric and identity of the American West. Together, public lands and the adjacent private ranches maintain open spaces in the fast-growing West and provide habitat for wildlife.

Public lands also offer a myriad of recreational opportunities; nationwide, recreation on BLM-managed lands is estimated to support over 58,000 jobs and contribute over \$7.0 billion in economic output.

The BLM 2014 budget request is designed to support critical work that keeps the American economy moving and that fulfills the BLM's core function – responsibly managing resources on the landscape for the present and for posterity.

Supporting Domestic Energy Independence

The budget request also continues strong support for the New Energy Frontier, by investing in renewable energy options for the Nation, advancing the Administration's energy goals and strengthening management of onshore oil and gas development. In support of this work, the President's Budget requests an increase of roughly 20 percent to bolster BLM's Oil and Gas Management program. The increases will expand BLM's inspection and enforcement capabilities, enhance general oversight, and support implementation of BLM's leasing reforms. The BLM is also improving permitting processes for oil and gas, including transitioning to an electronic, streamlined system that will significantly reduce the time for approval of new drilling projects. The request includes a \$7.1 million program increase for renewable energy activities and geothermal management.

The Nation's electric power transmission grid has not been significantly altered since the 1970s and substantial upgrades and expansions are needed to improve reliability and increase capacity. The BLM budget request includes an increase of \$6.0 million to position the BLM to strategically plan for the long-term increased demand and updates to the electric grid throughout the West with an improved process for the development and siting of energy corridors and rights-of-way.

Addressing Increased Stresses on the Landscape

The extensive scope of the BLM's mission and the diversity of uses for BLM-managed lands pose a variety of challenges given both increasing ecosystem stresses and increasing demand for competing uses. For instance, a decade-long drought, coupled with the continued proliferation of non-native plant species and accumulation of hazardous fuels in forests and rangelands, resulted in a 2012 fire season that was one of the worst on record for rangelands and woodlands in the lower 48 States. Wildfires in the West burned more than 3.3 million acres of BLM-managed land, including about 2.0 million acres of priority sage-grouse habitat and 400,000 acres of wild horse and burro herd management areas. Fires also burned approximately 18 percent of BLM-managed grazing allotments, which are critical to the economic well-being of ranchers and rural communities. These and other stresses combine to impact the management of many of the bureau's program areas.

The BLM manages about half of the remaining sagebrush habitat in the United States. The Greater Sage-Grouse, which relies on sagebrush habitat, is a candidate species for listing under the Endangered Species Act (ESA). The BLM is working to maintain and restore sagebrush landscapes on public lands to conserve sage-grouse populations. An ESA listing of sage-grouse would significantly affect many facets of public land use, including oil and gas exploration and production, communication and wind turbine towers, electrical lines, grazing, and recreation.

The combined impacts of drought and wildfire have also increased the cost burden for managing wild horse and burro populations. Current populations exceed appropriate management levels by 41 percent. Because of persistent drought conditions, many of the Nation's rangelands are less healthy than when the management levels were established. As a result, removing some horses from the range continues to be necessary and new tools are needed to meet bureau responsibilities in this area. The BLM is continuing to explore population control methods and to pursue adoptions; however, herds can double in size every four years. Existing population control methods have underperformed and are inadequate to ensure appropriate management levels. In addition, the economy has impacted adoption numbers. Combined, the increased herd sizes and the decreased ability of drought-stricken land to support planned herd sizes, stress the rangelands further, necessitating removal of some horses for the health of the animals and lands.

Meanwhile, the BLM faces increased public scrutiny of and litigation over wild horse gather and removal methods, increasing costs of these operations. Once animals are removed from the range, the BLM faces escalating feed prices for animals in short-term holding and decreased availability of long-term holding solutions. In 2012, removals from the range exceeded adoption rates by nearly three to one. In the administration of the Wild Horse and Burro program, the BLM is challenged not only by budget limitations but also practical limitations such as the lack of contractors willing to house the animals.

Reconnecting Americans to their Public Lands

Population growth in the western U.S. and increased demand for opportunities on public lands are ongoing challenges of multiple-use public land management. Over half of BLM-managed public lands in the West are within 25 miles of an urban area. Given the proximity to so many Americans and the broad range of recreational and other opportunities on BLM-managed lands, the BLM plays a key role in connecting Americans to the great outdoors.

The America's Great Outdoors (AGO) initiative promotes the BLM multiple-use mission by expanding opportunities for a wide range of activities – including hunting, fishing, and off-road vehicle use – that each have a place on public lands under the BLM multiple use mandate. In 2011, 59 million visitors to BLM lands participated in recreational activities such as hiking, camping, hunting, fishing, and rafting. In many parts of the West, amenity values, such as scenic landscapes and availability of recreation areas, are supporting the growth of service-related industries such as health care, restaurants, and hotels.

Congress and the President have charged the BLM with managing 27 million acres as National Conservation Lands, which includes the BLM's national conservation areas, national monuments, wilderness, wilderness study areas, wild and scenic rivers, and national scenic and historic trails. These are some of the West's most iconic landscapes and attract over a quarter of the recreational visits to BLM-managed lands. The hiking, hunting, fishing, and rafting, among many other recreational activities, that take place on the public lands play a vital role in the economies and cultures of local communities. The vast majority of National Conservation Lands are grazed and also provide crucial habitat for a wide variety of wildlife.

The 2014 budget request includes an increase of \$6.0 million for the National Landscape Conservation System and \$2.0 million for Recreation Resource Management from 2012 levels to support habitat conservation and remediation, provide additional law enforcement in targeted areas, and strengthen scientific analysis underpinning recreation management practices and policies.

The BLM continues to provide youth education, engagement, and employment programs. Programs for school age youth, such as Hands on the Land and Conservation Corps and internship programs, expose young people to natural and cultural resources and to career pathways in those fields. Through a variety of programs to conduct natural resources activities such as inventorying and monitoring, trails construction, and habitat restoration, the BLM provides not only employment to young people, but also encourages careers in natural resources by fostering a connection to the public lands. The 2014 budget requests an additional \$2.8 million for expanded youth programs and partnerships.

Managing Resources in Stressed Ecosystems

The 2014 budget provides an increase of \$15.0 million over 2012 enacted levels to support work to enhance the viability of the sagebrush biome, habitat vital for the survival of the Greater Sage-Grouse. While the impact of a Greater Sage-Grouse ESA listing is not fully quantifiable, the ramifications would be widespread and potentially devastating for western communities where the varied uses of public lands are linchpins of local economies. The 2014 request maintains funding for sage-grouse conservation activities at the 2013 Operating Plan level to allow the BLM to continue incorporating necessary regulatory mechanisms into land use plans

and to conduct key habitat restoration projects and mapping, assessment, and monitoring activities.

The BLM budget request includes an increase of \$1.1 million for the BLM to participate in interagency AGO projects to demonstrate ecosystem and landscape-scale conservation in three different geographic landscapes, including the Crown of the Continent, the Grasslands of the Northern Great Plains, and the Southwest Deserts. The budget also includes a total of \$3.3 million in increases in support of the Cooperative Landscape Conservation Initiative. This includes \$2.5 million that is part of an integrated multi-bureau proposal to effectively plan for and respond to the impacts of climate change. The funds will support such activities as vegetation inventory work, conducting a pilot project in the Great Basin to develop innovative approaches and tools for early detection of and rapid response to invasive species, and designing and developing tools to help predict the spread of invasive species. An additional \$776,000 will be used to implement programs that implement the utilization of Rapid Ecoregional Assessments in land use decisions.

Resource management planning provides the basis for responsible management of public lands and underlies every management action taken on those lands. Keeping plans current in an era of evolving demands for use, climate and other changes in ecological condition, and continued population growth is a precondition to the BLM achieving its mission. The 2014 budget requests an increase of \$4.0 million for these efforts, including the initiation of several plan revisions in 2014 and plan evaluations and implementation strategies.

Continuing BLM Support in the Pacific Northwest

The BLM manages Oregon and California (O&C) Grant Lands according to the principle of sustained yield. The 2014 budget requests an increase of \$3.5 million for resource management on the O&C lands to implement the Secretary's Western Oregon Strategy. This increase includes \$1.8 million to increase timber volumes offered for sale while increasing surveys of species under the Northwest Forest Plan as well as facilitating recovery of the northern spotted owl. Also included is a \$1.7 million increase for the BLM to continue its comprehensive effort to prepare new Resource Management Plans covering six BLM Districts in western Oregon: the Coos Bay, Eugene, Medford, Roseburg, and Salem Districts, and the Klamath Falls Resource Area of the Lakeview District.

Improving Land Management Efficiency through Land Acquisition

Public land consolidation through land acquisition increases the efficiency of pursuing land management goals, allowing the BLM to provide public access to public lands and resources, leverage funds spent on the landscape, provide recreation opportunities, preserve natural and cultural heritage resources, and protect sensitive and at-risk habitats. The 2014 budget proposal includes a total of \$48.9 million for BLM's land acquisition program, including \$32.6 million in requested current appropriations and \$16.3 million in permanent funding. The 2014 total represents an overall increase of \$26.6 million over the 2012 enacted budget. The total includes \$29.3 million for collaborative projects, including projects in the southwest desert, National Historic/National Scenic Trails landscapes, and Crown of the Continent/Northern Rockies. The Department initiated these collaborative efforts in response to Congressional direction to use Land and Water Conservation Fund land acquisition funds strategically to protect contiguous landscapes.

The BLM proposes to continue its core land acquisition efforts, acquiring parcels that may

otherwise become lost opportunities to provide hunter and angler access, other recreational opportunities, and increase the efficiency and effectiveness of managing public lands. Eight projects, totaling an estimated \$11.5 million, are associated with hunter or angler access.

Other Program Increases

The proposed 2014 budget also includes the following increases:

- \$2.0 million for Wild Horse and Burro Management for new and existing applied research towards the development of tools intended to improve wild horse and burro management and rangeland health. This funding will also be used in consideration of a forthcoming National Academy of Sciences' study of the program.
- \$3.5 million for applied science projects to improve the BLM's understanding and management of public lands and improve the effectiveness of riparian habitat conservation and restoration projects.
- \$8.2 million in the Bureau-wide Fixed Cost Program to cover bureau-wide costs previously funded through program assessments. The requested increase will properly align these costs, obviating the need to fund through program assessments.
- \$1.3 million to improve management of BLM's Land Mobile Radio facilities, including modernizing and consolidating facilities and infrastructure. This Interior-wide approach to management of radio facilities builds on successful BLM pilot project to address radio infrastructure deficiencies.

Reforming Federal Oil and Gas Leasing and Hardrock Mining

The 2014 budget includes a package of legislative reforms to bolster and backstop administrative actions being taken to reform the management of Interior's onshore and offshore oil and gas programs, with a key focus on improving the return to taxpayers from the sale of these Federal resources. Proposed statutory and administrative changes fall into three general categories: 1) advancing royalty reforms, 2) encouraging diligent development of oil and gas leases, and 3) improving revenue collection processes. Royalty reforms include: evaluating minimum royalty rates for oil, gas, and similar products; adjusting onshore royalty rates; analyzing a price-based tiered royalty rate; and repealing legislatively-mandated royalty relief for deep gas wells. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incentives to get leases into production. Revenue collection improvements include simplification of the royalty valuation process, elimination of interest accruals on company overpayments of royalties, and permanent repeal of Interior's authority to accept in-kind royalty payments. Collectively, these reforms will generate roughly \$2.5 billion in net revenue to the Treasury over ten years, of which about \$1.7 billion would result from statutory changes. Many States will also benefit from higher Federal revenue sharing payments.

The Administration will also submit legislative language to repeal portions of Section 365 of the Energy Policy Act of 2005, beginning in 2015. Section 365 diverts mineral leasing receipts from the Treasury to a BLM Permit Processing Improvement Fund and prohibits the BLM from establishing cost recovery fees for processing applications for oil and gas drilling permits. Upon

repeal of Section 365, the BLM will promulgate regulations to establish cost recovery fees for applications for drilling permits.

The 2014 budget includes two legislative proposals to reform hardrock mining. The first component addresses abandoned hardrock mines through a fee on hardrock 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. After enactment, new mining for these metals on Federal lands would be subject to annual rental payments and a royalty of not less than five percent of gross proceeds. Half of the receipts would be distributed to the States in which the leases are located and the remaining half would be deposited in the Treasury. The Department's Office of Natural Resources Revenue will collect, account for, and disburse the hardrock royalty receipts.

Helium Program Reauthorization

The 2014 budget includes a legislative proposal to reauthorize BLM's Federal helium program, while facilitating a gradual exit from the helium market. Under current law, once the helium program debt is retired, the authority for the helium production fund terminates, and the BLM will no longer have the resources to continue program operations. The Secretary will make the final repayment on the helium debt at the beginning of FY 2014.

Federal Land Transaction Facilitation Act Reauthorization

The 2014 budget also proposes to reauthorize the Federal Land Transaction Facilitation Act (FLTFA), which expired in July 2011. The proposal would allow lands identified as suitable for disposal in recent land use plans to be sold using the FLTFA authority. Revenues would be used to fund acquisition of environmentally sensitive lands and to cover the administrative costs associated with conducting sales.

Program Reductions and Proposals to Offset Costs

The BLM was able to fund the priorities previously described by proposing to reduce funding for select programs and to shift the cost of some commercial activities on public land to users profiting directly from those uses. The 2014 budget proposes to shift a share of the cost of inspection activity to the oil and gas industry. Through new inspection fees totaling \$48 million, this plan saves taxpayers \$38.0 million, while providing for a net increase of \$10.0 million to this critical program. These funds will support high priority inspections and address deficiencies identified by the Government Accountability Office (GAO) that have led the GAO to apply a high risk designation to management of Federal oil and gas resources since 2011.

Additionally, the budget proposes a three-year pilot project to begin to pursue cost recovery in the grazing program with an administrative processing fee that offsets a portion of the costs of issuing grazing permits and leases on BLM-managed lands. The proposed grazing administration fee is estimated to generate \$6.5 million in 2014 and would help mitigate the impact of a \$14.1 million reduction to the Rangeland Management program.

The budget also requests a \$12.3 million reduction for Alaska Conveyance in BLM's discretionary appropriation, while proposing to use a portion of receipts from the National Petroleum Reserve – Alaska to complete remaining land conveyances and legacy well remediation.

The BLM proposes to reduce funding of Information Technology (IT) Management funding by \$2.1 million. This savings supports government-wide efforts to control IT costs.

Finally, the BLM proposes to eliminate the Construction appropriation account, with a proposed reduction of \$3.6 million. Beginning in 2014, construction projects would be funded in the Management of Lands and Resources (MLR) Deferred Maintenance and Capital Improvements subactivity. This elimination, along with the proposal to shift funding for O&C deferred maintenance to the MLR Deferred Maintenance and Capital Improvements subactivity will allow projects to be prioritized across the public lands.

Conclusion

The President's Fiscal Year 2014 budget request for the BLM provides funding for the Bureau's highest priority initiatives and supports critical work that keeps the American economy moving and that fulfills the BLM's core function – responsibly managing resources on the landscape for the present and for posterity. The Nation's public lands and resources have an important role in American lives, economies, and communities and include some of America's greatest assets. Under this budget proposal, the BLM is targeting investments to advance its mission of managing these lands for multiple uses, including recreation, conservation, and safe and responsible energy development.

Thank you for the opportunity to present this testimony.