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**Sent:** 2017-06-22T10:11:53-04:00  
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**Subject:** Fwd: INFO: Staff Notes re: Secretary's Hearing before the Interior Appropriations Subcommittee 6//21/17  
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[Senate Interior Hearing Notes - Zinke.docx](#)

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From: **Bilbao, Anita** <[abilbao@blm.gov](mailto:abilbao@blm.gov)>  
Date: Thu, Jun 22, 2017 at 8:03 AM  
Subject: Fwd: INFO: Staff Notes re: Secretary's Hearing before the Interior Appropriations Subcommittee 6//21/17  
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Good morning, For your situational awareness re the 2018 budget.  
Have a good day, everyone. Anita

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From: **Smith, Linda** <[lhsmith@blm.gov](mailto:lhsmith@blm.gov)>  
Date: Thu, Jun 22, 2017 at 6:58 AM  
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Good morning, all. Please find attached staff notes from the Secretary's hearing on the 2018 budget request before the Senate Interior Appropriations Subcommittee that took place yesterday.  
Thanks.

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**Senate Subcommittee on the Department of the Interior, Environment, and Related  
Agencies  
Department of the Interior Budget Request for FY2018  
Secretary Ryan Zinke  
Olivia Ferriter, Deputy Assistant Secretary, Budget, Finance, Performance and Acquisition  
Denise Flanagan, Director, Office of Budget  
June 21, 2017**

Senators in attendance included:

Chairman Murkowski (R-AK); Sen. Udall, Ranking Member (D-NM); Sen. Daines (R-MT); Sen. Cochran (R-MS); Sen. Alexander (R-TN); Sen. Blunt (R-MO); Sen. Hoeven (R-ND); Sen. McConnell (R-KY); Sen. Capito (R-WV); Sen. Feinstein (D-CA); Sen. Leahy (D-VT); Sen. Reed (D-RI); Sen. Tester (D-MT); Sen. Merkley (D-OR); Sen. Van Hollen (D-MD)

Items of interest to the BLM include:

- **Land and Water Conservation Fund (LWCF) (Alexander, Daines, Leahy, Tester)**
  - Sen. Alexander stated that in the 1960s, the Rockefeller Commission wanted to take an environment burden and turn it into an environmental benefit, which was successful. Last year, the fund was appropriated \$400 million. This year, the budget recommends \$64 million. He asked for the Secretary's position on the LWCF. The Secretary stated his support for the LWCF and noted a drop in offshore revenue from \$18 billion to \$2.6 billion; the Fund has \$20 billion in the Treasury. As the process requires that the funds go from offshore revenue to the Treasury. Then the funds needs to be appropriated, which is not a smooth transition. The Senator agrees that there should be a permanent fix.
  - Sen. Daines stated that he was happy to see the Secretary prioritize energy development on public lands. He acknowledged how much time the Secretary spends on the front lines, especially out in the States, which he said is a "breath of fresh air in the Department". Sen. Daines said that the LWCF is critically important and mentioned that the budget does not include funding for new acquisitions. He plans to work with subcommittee to support funding and asked the Secretary to work with him on a path forward for LWCF and make sure projects move smoothly and expeditiously through the prioritization process.
  - The Secretary agreed that he absolutely would and said the success of LWCF is in the best interest of us all. He also stated that our front line is too thin. Our job satisfaction is at the bottom for land management bureaus. He called out the fact that NPS ranks 15 out of 15 in job satisfaction for land management bureaus, which bothers him. In some places, there is a culture of sexual discrimination and harassment. He stated that it needs to end, and he has zero tolerance for such offenses. He also said that the Department is \$11.5 billion behind in taking care of what we have, which makes it difficult to justify additional land acquisitions, unless we prioritize maintenance.
  - Sen. Leahy mentioned that this budget proposal fails in the area of climate change, which he believes is going to endanger our Nation's natural and cultural

resources. As an example, he brought up LWCF. He said this is important for outdoor recreation. He stated that Vermont has benefitted from the LWCF investment and mentioned National Scenic Trails. He asked how the budget cuts accomplish inspiration. In response, the Secretary replied that additional land acquisitions were zeroed out. The Department is \$11.5 billion behind in maintenance and backlog, and needs to support what it has. The Secretary went on to note that the public lands are our greatest treasure and that he wants to protect our natural resources. This is not a partisan issue.

- Sen. Tester stated that the LWCF is a program that works and that it is a good program. He asked about the \$350 million in cuts. The Secretary said that he supports the LWCF Program. Overall, the program has done great things for our country. He also said that it is an appropriations problem.
- Sen. Tester asked if the \$20 billion can be appropriated right now, and the Secretary replied that it is sitting in the Treasury. Sen. Tester also pointed out that the Secretary could recommend the appropriation of \$900 million in the budget.
- Sen. Tester went on to say that he supported the Secretary because he supported LWCF, but this budget does not indicate that the Secretary supports LWCF. Secretary Zinke responded that the budget zeroes out new land acquisitions; it does not cut funding for easements.

- **Alaska Conveyance (Murkowski)**

- Chairman Murkowski said that contaminated lands were conveyed to Alaska natives. The Department is plugging legacy wells that were drilled on the National Petroleum Reserve back in the 1940s. This will not be completed unless the resources are there. Given the resources that were included in the budget, she wants to know if the Department can keep on the timeline that had been discussed, given the budgetary constraints that it is facing and if it will be able to maintain momentum. Secretary Zinke said that the number of wells needing work are down from 50 to 31. It will be at 25 wells by the end of FY 2018. There was an \$8 million decrease in the budget. The conditions are difficult and isolated. It will take 6-7 years to complete at the present allocation. The Chairman said that she wants a serious commitment and prioritization to clean up the wells. Her concern is that the Department did the easiest ones first. Now, the harder ones, the ones in more remote places, are remaining; and this is more challenging.

- **Hardrock Mining (Murkowski)**

- Chairman Murkowski expressed interest in the hardrock mining royalty proposal and will look forward to the results of the DOI study. However, with our minerals security in a perilous state, our first goal must be to do no harm. She believes this proposal does just that.

- **Payment in Lieu of Taxes (PILT) (Tester)**

- Sen. Tester asked for the rationale behind the 15 percent cut for PILT. Secretary Zinke said that funding for PILT was not included in the 2017 budget request. This year, the Department added \$397 million in discretionary funding. The Secretary understands that this amount does not fully fund it.

- **Energy Development (Hoeven)**
  - Sen. Hoeven pointed out that there is \$791 million in energy-related programs in the budget, which includes an increase of \$16 million in energy development for oil and gas and an \$8 million increase for the coal management program in the BLM. He asked how the Department intends to use these funds and inquired as to what actions are being taken to streamline the regulatory process. Secretary Zinke said that the President wants energy dominance. The Department draws \$15.5 billion in revenue. He said that revenue needs to be shored up. The Department wants to make sure the taxpayer gets a fair value for it. The permitting process has too many loopholes. The Department needs to make sure that process is fair, transparent, and trustworthy.
- **Permit Backlog (APDs) (Hoeven)**
  - Sen. Hoeven brought up APD streamlining for the BLM. Secretary Zinke said that part of the reason for the backlog is lack of personnel and some is process driven. The Department is looking at making sure the process is fair, transparent, and appropriate.
- **Timber (Merkley)**
  - Sen. Merkley mentioned that under the Western Oregon Resources Management Plans (RMP) only 200 million board feet can be planned for and harvested. He pointed out that it is a concern to have the resources for timber sales. Secretary Zinke said that being able to review accessibility to our timber industry would be helpful. Our mills do not have the availability in stock, due to catastrophic forest fires. Sen. Merkley talked about his State's dependence on public trees. Private trees are being exported to Japan and China. He would like to see them processed in local mills, rather than to see them go out as raw resources.
- **National Monuments (Udall)**
  - Sen. Udall brought up Bears Ears – Oregon Mountain Desert Peaks and Rio Grande del Norte. The designation resulted in a 21 percent increase in tax revenue and \$34 million in new economic activity. The Department still chose to review the protected status. The Canyons of the Ancient Monument is not on the chopping block. He asked if the Secretary will keep the boundaries of the existing monuments. The Secretary noted that the Antiquities Act does not require NEPA and the President has the authority to establish a monument. The Department has not determined the boundaries for Bears Ears yet and needs Congress to co-manage boundaries, review the land within the memorial, and clarify what happens when you put a monument over a wilderness study area.
- **Methane Rule (Merkley, Hoeven)**
  - Sen. Merkley stated that there are 300,000 public comments and eight public forums regarding methane flaring/leaking. He asked if the Secretary felt he has the legal authority to set that rule aside. Secretary Zinke responded that he is not setting the rule aside. His intent is to rewrite the rule, so he implemented a notice

to suspend it. He believes that flaring is wasteful. He would rather capture it, but the Department has to incentivize capture systems, use, and injection.

- Sen. Hoeven asked for an update on the Flaring Rule, as the Committee came very close to passing it. The Secretary affirmed that he will follow the law. The rule should have been easier to rewrite. He stated that his intent is to go through the process. It is going to be painstakingly slow. He said he wants to incentivize capture and use, and de-incentivize waste. The Secretary estimated the timeframe for completion at six months and noted that court proceedings are anticipated, and can make the process last for up to two years. He committed to a legal and transparent process.

- **Fire (Merkley)**

- Sen. Merkley noted that the Fire Suppression Fund it is funded at the 10-year average. Half of the time, the Department may need to engage in fire borrowing. He would like to have a buffer in that world and asked if the Secretary would consider supporting that. The Secretary recognized that we have too many dead and dying trees. Part of the solution is to go back to healthy forests. Boise has a good model.

- **Workforce Reorganization (Udall)**

- Sen. Udall discussed the proposals to reorganize the Department and reduce the workforce. He noted the Committee was left in the dark with regard to what the Department's plans were and were made aware of workforce changes from The Washington Post. Sen. Udall expressed concern with the speed with which many of these changes will occur and noted the BLM New Mexico State Director as an example. He also expressed concern for the impacts of other changes. Sen. Udall also noted The Committee did not understand how positions were selected for reassignment and is unaware how these changes fit into the larger workforce plan for the Department. He asked the Department to provide, for the record, a list of all positions that are impacted by the reassignments and a justification as to why it was done by close of business, Friday, June 23rd.
- The Secretary stated that the personnel shifts were far from unprecedented. The movement went through a board where skills were concerned and noted that in many instances, five bureaus may be involved in a challenge and have separate issues that are irreconcilable. The Department is looking at pushing resources out of Washington, and into the field. The Secretary said that he cannot provide list because people have not made decisions yet. They were given notification through a board process. After people make decision, a list will be provided.

- **Balanced Budget (Alexander, Van Hollen)**

- Sen. Alexander disagreed that this is a balanced budget. He said that the Federal budget totals \$2.7 trillion. Since 2008, other Departments have had flat spending, and that mandatory spending is out of control.
- Sen. Van Hollen asked if the Secretary knew where the Federal government spends most of its money. Secretary Zinke responded that he was a prior Congressman, has a MBA in Finance, and looks at the budget as well. It is the

non-discretionary side. Sen. Van Hollen went on to state that the Federal government spends more on tax expenditures than for social security. There is not a single tax break to help reduce the deficit.

- **Arctic National Wildlife Refuge (Udall)**
  - Sen. Udall mentioned the legislative proposal to open the 1002 Area of the Arctic National Wildlife Refuge to drilling and noted that some places that are just too special to develop and expressed his disagreement with the proposal.
  - Sen. Merkley pointed out that Congress has the right to authorize drilling. He asked if the Secretary plans on reviewing seismic data or to do new seismic testing. The Secretary responded that the 1002 Area is set aside and the charter has not been updated in a long time. He also noted the need for a better inventory of what is there and said there should be a science-based, public decision on whether or not we go forward.
- **Sudden Oak Death (Merkley)**
  - Sen. Merkley mentioned Sudden Oak Death being a huge threat to 18,000 acres of BLM land and its effects on conifers and Douglass fir trees. He also noted the forest industry is very concerned and asked if he can work with the Secretary to get funds to make the quarantine work before this starts destroying our BLM forests in Oregon. Secretary Zinke committed to looking into this issue.
- **Coal Leases (Tester)**
  - Sen. Tester noted that when the Committee was doing a review of coal leases to get fair market value, the Secretary pulled that off the table. The Secretary responded that when he cannot figure out how the Department does something, he either believes that the process is not as transparent as it should be, or that it's arbitrary.
- **Miscellaneous (Tester, Murkowski)**
  - Sen. Tester asked about the status of the public comments the Secretary is receiving on the proposed mine at Yellowstone National Park. The Secretary said he had not followed the comments; the Senator asked him to get back to him later.