

**Statement of Neil G. Kornze, Director
Bureau of Land Management, U.S. Department of the Interior
House Natural Resources Committee
Subcommittee on Federal Lands
FY 2016 Budget Request for the Bureau of Land Management**

Mr. Chairman and Members of the Subcommittee, I am pleased to join you today to discuss the President's Fiscal Year (FY) 2016 budget request for the Bureau of Land Management (BLM). The BLM manages nearly 250 million acres of land and 700 million acres of subsurface estate. That's more than 10 percent of the Nation's surface and nearly a third of its minerals. The BLM manages this vast portfolio on behalf of the American people under the dual framework of multiple use and sustained yield. This means the BLM manages public lands for a broad range of uses including renewable and conventional energy development, livestock grazing, timber production, hunting, fishing, recreation, and conservation. We manage lands with some of the most advanced energy development in the world and some of North America's most wild and sacred landscapes.

With such a large footprint and a complex mission, the land management professionals of the BLM make hard choices every day to manage the public lands on behalf of the American people. Whereas other Federal agencies may be directed to primarily support development or conservation, at the BLM we do it all. This unique role often puts the BLM in the middle of some of the most challenging natural resource issues facing our country, from species conservation to advancements in energy extraction. Across the country, we do this work proudly and with a special emphasis on transparency and public processes to incorporate the input and needs of the American people and of the communities in which we live and work.

As an agency, we are relatively small in number – just 10,000 employees – but the impact of the BLM and BLM-managed resources is tremendous. Recent Interior studies indicate BLM's management of the public lands provides an outstanding economic return to the American public. In 2013, activities on lands under the BLM's management were estimated to contribute over \$107 billion to the Nation's economic output and support more than 440,000 jobs across a broad range of industries. While the BLM receives just over a billion dollars in annual appropriations to support our programs nationwide, our programs support the collection and distribution of more than five billion dollars to the U.S. Treasury and to State governments each year.

Our FY 2016 budget continues our tradition of serving the American public by supporting economic development and jobs in traditional and emerging industries, conserving our natural resources, reducing our dependence on foreign energy, protecting our Nation's cultural heritage, and preserving some of our Nation's most cherished places.

BLM Budget Request

The FY 2016 BLM budget request is \$1.2 billion, an increase of \$107.6 million from the 2015 enacted level. The budget proposes \$1.1 billion for the Management of Lands and Resources appropriation and \$107.7 million for the Oregon and California Grant Lands appropriation, the

BLM's two operating accounts. The budget also proposes \$38.0 million in discretionary funding for Land Acquisition, to complement \$55.4 million proposed in mandatory Land Acquisition funding. These investments fall under the following program areas.

Supporting and Modernizing Management of Increased Energy Production – In the past six years, the BLM has worked to facilitate a clean energy revolution on public lands, approving scores of utility-scale renewable energy generation and transmission projects. The agency has also overseen continued natural gas production and a significant increase in oil production from public lands in recent years. Federal onshore oil production in 2014 rose eight percent from the previous year and is now up almost 45 percent since 2008. The BLM works closely with partners across the country to ensure development of renewable and conventional energy occurs in the right places and projects are managed safely and responsibly. The President's budget proposes significant investments for improving how the BLM leases, permits, and inspects oil and gas wells, including updating regulations to reflect current industry practices and putting needed technology in the hands of BLM employees.

The 2016 budget for oil and gas management activities from all sources represents an increase of \$29.1 million over the 2015 enacted level, a roughly 20 percent increase. The additional funding will help make the BLM faster and smarter in responding to management issues, public concerns, and the needs of industry. The President's budget reflects a new approach to providing resources to the field with a proposal to strengthen BLM's inspection program by charging a fee comparable to that charged for offshore development. The new fee schedule is estimated to generate \$48 million in 2016, which will provide a program increase of \$6.9 million for these activities, while reducing the need for direct discretionary appropriations. The increased funding will allow the BLM to hire additional inspectors who are needed to fulfill the agency's high priority inspection workload. This increase is critical for the BLM to be more responsive to industry demand and a constantly changing inspections workload. Significantly, it will also support BLM efforts to address ongoing program management concerns that have placed the program on GAO's High Risk list.

Coal produced from Federal lands is the source of over 20 percent of all U.S. electricity. An increase of \$1.1 million in Coal Management will support the automation and tracking of licenses, leases and permitting as well as inspection activities, including production verification associated with coal. A \$1.1 million increase is also requested for a similar automated tracking system in the Other Mineral Resources Management program. The BLM also supports the modernization of energy transmission infrastructure. To support necessary upgrades for reliability and increased capacity, the budget includes a \$5.0 million increase to identify and designate energy corridors in low conflict areas and to site high-voltage electrical transmission lines, substations, and related infrastructure in an environmentally sensitive manner.

Restoring Sage Grouse Habitat through Partnerships and Collaboration – To ensure the long-term viability of sage grouse and the continued vitality of western economies, the BLM is leading an unprecedented, collaborative west-wide effort to update and strengthen management of sage grouse habitat. Key collaborators include western Governors, State wildlife agencies, counties, the U.S. Fish and Wildlife Service, U.S. Geological Survey, and the U.S. Forest

Service. The 2016 BLM budget request includes a total of \$60 million – a \$45.0 million increase over the 2015 enacted level – for implementing the Sage Grouse Conservation Strategy to enhance sage steppe conservation and restoration across the landscape, which supports significant economic activity as well as more than 350 species. These funds will allow the agency and its many partners to take meaningful steps forward on restoring rangelands, minimizing the threat of wildfire, controlling invasive plants, and improving riparian areas.

Since 2013, the BLM has targeted \$15.0 million per year toward implementation of broad-scale sage grouse planning and conservation activities. These efforts involve extraordinary collaboration between the BLM, western Governors, and non-governmental partners to conserve the sage steppe ecosystem.

Supporting the BLM National Conservation Lands, America’s Newest Conservation System – The President’s budget includes an \$11.2 million program increase for the BLM National Conservation Lands, which celebrate their 15th anniversary in 2016. This investment will address high-priority needs in conservation areas, including providing basic support for recreation and visitor services. While National Conservation Lands represent only a small portion of the lands managed by BLM, one-quarter of all visitors to BLM lands visit these special areas. This investment will help to ensure these untamed places remain a legacy for all future generations.

Though visitation to BLM lands has grown, financial investment in the Recreation and Visitor Services program has not kept pace with this growth. This request proposes an additional \$6.6 million to implement a National Recreation Strategy that aligns BLM Recreation & Visitor Services Program resources with the desired benefits sought by local communities. A strong commitment to conservation also means proactive management of cultural and paleontological resources. Through a modest \$2.0 million increase, we will bolster the BLM’s capacity to preserve and protect these vast heritage resources.

The 2016 budget also includes increases for programs funded through the Land and Water Conservation Fund, a vital component of the America’s Great Outdoors initiative. The 2016 budget proposal includes a total of \$93.4 million for conservation land acquisition from willing sellers, including \$38.0 million in requested discretionary appropriations and \$55.4 million in mandatory funding.

Other Priority Initiatives – The 2016 BLM budget request includes an increase of \$5.0 million for the BLM’s youth programs and partnerships to accomplish high-priority projects and promote quality participant experiences and pathways to careers. The budget includes a \$5.0 million program increase to expand BLM’s Assessment, Inventory, and Monitoring (AIM) strategy that will support increased data collection and monitoring needs central to the success of high priority landscape management efforts, such as the Western Solar Energy Plan, and the implementation of the plan for the National Petroleum Reserve-Alaska, the Greater Sage Grouse Conservation Strategy, and the Secretary’s broader landscape mitigation strategy. The request also includes a \$7.8 million increase to support implementation of the BLM’s geospatial (GIS) strategy.

Understanding and responding to the impacts of a changing climate is an Administration priority, and a \$10.0 million increase for the Challenge Cost Share program will expand the BLM's work with non-Federal partners on projects that improve the resilience of landscapes. A \$2.9 million increase in the Wild Horse and Burro program will allow the BLM to aggressively implement research and development recommendations from the National Academy of Sciences and continue efforts to find innovative solutions through implementation of a Prize Challenge. The budget also proposes a grazing administration fee of \$2.50 per animal unit month to generate \$16.5 million in 2016, enhancing the BLM's capacity for processing grazing permits and providing timely service to the ranchers who depend on public lands.

Legislative Proposals

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

Oil and Gas Management Reforms – The Administration proposes a package of legislative reforms to bolster and backstop administrative actions being taken to 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 and on improving transparency and oversight. Proposed statutory and administrative changes fall into three general categories: advancing royalty reforms, encouraging diligent development of oil and gas leases, and improving revenue collection processes.

Royalty reforms include evaluating minimum royalty rates for oil, gas, and similar products; adjusting onshore royalty rates; analyzing a price-based tiered royalty rate; and repealing legislatively mandated royalty relief. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incentives to get leases into production, for example, through a new per-acre fee on nonproducing leases. Revenue collection improvements include simplification of the royalty valuation process, 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 revenue to the Treasury over ten years, of which an estimated \$1.7 billion will result from statutory changes.

Hardrock Mining Reform – The 2016 budget includes two legislative proposals to reform hardrock mining on public and private lands by addressing abandoned mine land hazards and providing a better return to the taxpayer from hardrock mineral production on public lands. The first component of this reform addresses abandoned hardrock mines across the country through a new Abandoned Mine Lands fee on hardrock mineral production. The second legislative proposal institutes a leasing process under the Mineral Leasing Act of 1920 for certain minerals – gold, silver, lead, zinc, copper, uranium, and molybdenum – currently covered by the General

Mining Law of 1872. Under this proposal, mining for these metals on Federal lands would be governed by the new leasing process and subject to annual rental payments and a royalty of not less than five percent of gross proceeds.

Recreation Fee Program – The budget proposes legislation to permanently authorize the Federal Lands Recreation Enhancement Act, which will expire on September 30, 2016. The BLM currently collects approximately \$18.0 million in recreation fees annually under this authority and uses them to enhance the visitor experience at recreation facilities. These funds represent a significant portion of all the resources BLM has to devote to supporting recreational activities on public lands.

Reauthorize the Federal Land Transaction Facilitation Act (FLTFA) – The 2016 budget proposes to reauthorize the Act, which expired in July 2011, to allow lands identified as suitable for disposal in recent land use plans to be sold using the FLTFA authority. The sales revenues would continue to be used to fund the acquisition of environmentally-sensitive lands and to cover the administrative costs associated with conducting sales. Utilization of the FLTFA authority would help simplify the land patterns of the American West, promoting both conservation and community development goals.

Conclusion

The President's FY 2016 budget request for the BLM makes important investments at a critical time for our agency and for the lands we manage across the Nation. The BLM has a unique and broad mission to manage public lands for multiple-uses and for sustained-yield. I am incredibly proud of the work done by BLM employees every day to ensure the agency is engaging with and listening to our partners and the communities we serve. I look forward to continuing our close partnership with this subcommittee as we strive to provide BLM's professionals with the tools and resources they need to succeed and to make our public lands an even larger contributor to the success of communities across the United States.

Thank you for the opportunity to present this testimony.