



Committee on Natural Resources U.S. House of Representatives

Chairman Doc Hastings

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Hastings: IG Report is Further Evidence of a Grossly Mismanaged Rulemaking Process that Will Cost Jobs and Increase Energy Costs

WASHINGTON, D.C. – House Natural Resources Committee Chairman Doc Hastings (WA-04) delivered the following opening statement at today’s Full Committee oversight hearing on *“Obama Administration’s War on Coal: The Recent Report by the Office of the Inspector General.”*

“We’re here today to discuss the U.S. Department of the Interior Office of Inspector General’s new report on the Office of Surface Mining Reclamation and Enforcement’s (OSM) rewrite of the 2008 Stream Buffer Zone Rule.

By now, everyone on this Committee is very familiar with this rewrite, and it has been the subject of Committee oversight and investigation for well over two years. In short....The Administration has spent millions of dollars, in secret, working on a new regulation that will put thousands of Americans out of work and increase electricity costs. It’s one of the most covert, but destructive tactics in President Obama’s war on coal.

Within days of taking office, the Obama Administration discarded a rule that underwent five years of environmental review and public comment; entered into a secret settlement agreement with environmental groups to rewrite the rule in an unachievable time frame; spent millions of taxpayer dollars and hired contractors to work on the rewrite; fired the contractors when it was publically leaked that the revised regulation would cost 7,000 jobs; and attempted to manipulate data to conceal the true economic impact.

In September of 2012, the Committee released a report based on our investigation that included internal documents and audio recordings obtained by the Committee. The report exposed gross mismanagement of the rulemaking process, potential political interference, and widespread economic harm the proposed regulation would cause.

Nearly a year and a half later, the IG finally released their report. It includes similar findings. For example:

According to the report, “OSM employees involved in the project asked contractors to change a variable in the calculations” and “they knew that this would lower the potential job-loss numbers.” It also states that “the contractors and career-OSM employees believed

this change would produce a less-accurate number.”

It is clear, based on the IG report and our findings, that the Obama Administration wanted to hide the real job-loss numbers. It was only after the job numbers were publically revealed by the Associated Press, that OSM asked the contractors to change the baseline number. The decision to change the baseline numbers appears to be politically motivated. It appears the Obama Administration cared more about avoiding bad PR than presenting accurate job numbers.

The IG report also points out that despite OSM Director Pizarchik’s testimony to this Committee that the 7,000 job figure was just a “placeholder,” that the numbers that went into that figure were “not fabricated.” This report directly contradicts the testimony of Director Pizarchik.

This IG report is further evidence of a grossly mismanaged rulemaking process that has gone on for five years and has cost over \$9 million taxpayer dollars – with absolutely nothing to show for it.

I also must again express my concern that Deputy Inspector General Mary Kendall is withholding information from Congress when the IG is charged with being an independent watchdog for Congress. The IG is refusing to provide Congress with an un-redacted copy of this report based on directions by the Department of the Interior. For example, large parts of a section of the report entitled “Issues with the New Contract,” have been blacked out. I have been vocal about the mismanagement of the IG’s office under the leadership of Ms. Kendall. As I’ve said before, we need a permanent IG.

The redactions are also another example of the lack of transparency that we continue to see from this Administration. OSM has refused to say where they are in the rulemaking process or even when a draft rule will be released. And now the Department is preventing us from even looking at a section of this report that highlights likely problems with the new contracts and on-going efforts to obscure job loss numbers.

This is why the Committee has passed legislation to save taxpayer dollars and American jobs by stopping the Obama Administration from continuing with its reckless and unnecessary rulemaking process. This legislation is needed now more than ever. It is my hope that the House will advance this legislation so we can finally put an end to this wasteful and destructive rewrite.

At the end of the day, this issue is about protecting the jobs of thousands of Americans and ensuring that families have access to affordable electricity. We must stand up and stop the Obama Administration’s attack on American jobs and American-made energy.”

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