

**TESTIMONY OF DAVID HOSKINS
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U.S. FISH AND WILDLIFE SERVICE
DEPARTMENT OF THE INTERIOR
BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON FISHERIES, WILDLIFE, OCEANS AND INSULAR AFFAIRS
OVERSIGHT HEARING ON THE “NATIONAL FISH HATCHERY SYSTEM:
STRATEGIC HATCHERY AND WORKFORCE PLANNING REPORT”**

March 5, 2014

Good morning Chairman Fleming, Ranking Member Sablan, and Members of the Subcommittee. I am David Hoskins, Assistant Director for Fish and Aquatic Conservation for the U.S. Fish and Wildlife Service (Service), within the Department of the Interior. Thank you for inviting me to testify today on behalf of the Service on the *National Fish Hatchery System: Strategic Hatchery and Workforce Planning Report*.

The Service’s National Fish Hatchery System, comprised of 72 National Fish Hatcheries, one Historic National Fish Hatchery, Fish Technology Centers, Fish Health Centers, and the Aquatic Animal Drug Approval Partnership Program, has played a critical role in conserving America’s fisheries for more than 140 years. This national and highly specialized network of facilities and employees not only provides fish and other species for stocking into America’s waterways, helping to sustain economically and recreationally important fisheries, it plays a vital role in the recovery of threatened and endangered species, the restoration of imperiled species, and in fulfilling our trust obligations to Native American tribes.

Our work to propagate fish, native mussels, and other aquatic species listed as threatened or endangered species under the Endangered Species Act (ESA), and to restore declining species before they are listed, is part of the Service’s larger ongoing effort to conserve and recover native fish and other aquatic species under the ESA. We rely heavily on our National Fish Hatchery System to help fulfill our statutory obligations under the ESA. The Service’s work to propagate aquatic species also addresses our responsibilities under other federal statutes, such as the Fish and Wildlife Coordination Act, as well as mitigation requirements established for individual federal water resource development projects.

In addition to the conservation mandates established by the ESA and other federal fish and wildlife statutes, the U.S. Department of the Interior has broad trust responsibilities to Native American Tribes. These include responsibilities specifically or generally required by treaty, statute, or pursuant to a consent decree or court order. By helping to ensure that tribes have continued access to native species important to their way of life, the National Fish Hatchery System also plays an essential role in meeting these trust responsibilities.

The National Fish Hatchery System, however, has struggled with declining funding for a number of years. Significant increases in operational costs for fish food, fuel for distribution vehicles,

and energy costs have contributed to these fiscal challenges. In Fiscal Year 2012 alone, the National Fish Hatchery System incurred a \$2.1 million shortfall in overall funding, and needed to reprogram Deferred Maintenance funding to cover operational shortfalls and continue fish propagation. The Service realized that this approach was not sustainable into the future.

As a result of those fiscal challenges and other financial issues plaguing the National Fish Hatchery System, the Service assembled a team of experts from across the country in 2012 to conduct a comprehensive review of the 70 active propagation hatcheries. The team was led by the Regional Director in Alaska and included all of our Assistant Regional Directors for Fish and Aquatic Conservation as well as key senior staff in Headquarters.

The purpose of this review was to position hatcheries to meet national aquatic resource conservation needs, operate hatcheries consistent with available funding and without having to borrow from other accounts, identify the highest priority propagation programs, and make informed management decisions under a range of potential budget scenarios. The review team collected and examined detailed information on species produced, staffing, organizational structure, and operational budgets from each of our National Fish Hatchery System propagation programs across all of our propagation hatcheries.

As part of the review, the Service established and ranked the following priorities for the National Fish Hatchery System's propagation programs for fish and other aquatic species consistent with the Service's mission and priorities:

- Recovery of threatened or endangered species.
- Restoration of imperiled species.
- Tribal partnerships and trust responsibilities.
- Other propagation programs for native species.
- Other propagation programs for non-native species.

Through the review, we know that in FY 2012:

- 291 propagation programs occurred at the 70 propagation hatcheries;
- The Service's three highest priority categories (recovery, restoration, and tribal) accounted for more than 75 percent of all propagation programs;
- About 90 percent of our limited funds are directed to our three highest priorities; and
- Reimbursable funding is an important resource for the National Fish Hatchery System, especially for propagation programs that provide mitigation for federal water development projects.

The *National Fish Hatchery System: Strategic Hatchery and Workforce Planning Report* (Report) is the product of that comprehensive review. It is important to note, however, that the Report is not a decision document. It offers management options and recommendations to put the system on a more sound and sustainable financial footing.

The review team developed five different funding scenarios to be considered depending on the level of funding that will be appropriated in the future. Those five scenarios, using FY 2012 as a

baseline, are a five percent increase, level funding, an eleven percent reduction, a fifteen percent reduction, and a twenty-four percent reduction. Each funding scenario, and the respective changes to propagation programs, is described in the Report. The Report also analyzed staffing data and recommended that we strive to achieve a 65:35 percent ratio of salaries to other operational costs. Currently hatcheries are spending more of their funding on salaries, which leaves less funding available for other operational costs, such as fish food, fuel for distribution, and utilities. With rising operational costs, this ratio was recommended to allow the hatcheries to better absorb increases in operational costs.

One of the findings of the Report is that reimbursable funding is an important resource for our hatcheries. For many years, the Service has been directed by Congress, the Office of Management and Budget, and our partners, such as the Sport Fishing and Boating Partnership Council, to secure full reimbursable funding which include operational costs (e.g. staff salaries, fish food, chemicals, fish distribution, and utilities) so our appropriated dollars could be directed to higher priority activities. We have long-standing reimbursable agreements with the Bureau of Reclamation, the Bonneville Power Administration, the National Marine Fisheries Service, and the U.S. Army Corps of Engineers (Corps).

I am pleased to inform you that we have had very positive discussions with our partners in the Corps and have received additional Corps funding for previously unreimbursed programs since FY 2010. In FY 2014, Congress provided \$4.7 million in Corps funding for mitigation reimbursement. In addition, the Service and the Tennessee Valley Authority recently reached a new three year funding agreement through 2016 that will provide \$900,000 to the Service each year. As a result, the Service has made great progress toward full reimbursement for the operational costs that we incur to produce native and non-native fish for mitigation purposes for our partners.

As the Service announced in November 2013 when the Report was released, we do not intend to close any hatcheries in FY 2014. Moreover, Congress provided the Service with \$46,528,000 to operate the National Fish Hatchery System in the recently enacted FY 2014 Omnibus, which is substantially more than we anticipated had sequestration continued into FY 2014. However, that level of funding is still not sufficient to fully cover our operational costs for all of our propagation programs at current levels.

The Service is using the Report to engage partners and stakeholders, including state fish and wildlife agencies, tribes, and others, in a discussion on its major findings and recommendations. We are seeking their input on how we should operate the National Fish Hatchery System more efficiently and within available resources in the future. Taking into consideration their input, current and anticipated funding levels, the costs to operate our existing propagation programs, and the Report's findings and recommendations, we will consider how we can further streamline our operations to better reflect the Service's priorities and bring expenditures in line with available funding. This could conceivably include transferring ownership of additional individual federal hatchery facilities to the States.

Our hope is that by engaging in a transparent and open dialogue with this Committee and others in Congress, our partners and stakeholders we can chart a unified course forward for the National

Fish Hatchery System that not only allows us to operate the system on a sound financial footing but positions the system to better meet today's and tomorrow's conservation challenges.

Thank you again for this opportunity to testify before your Committee today. I will be pleased to answer any questions you may have on the Report and the National Fish Hatchery System.