

**STATEMENT OF RYAN ZINKE, SECRETARY OF THE INTERIOR
BEFORE THE
SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
ON THE
2018 PRESIDENT'S BUDGET REQUEST
June 20, 2017**

Chairman Murkowski, Ranking Member Cantwell, and Members of the Committee, I am pleased to appear before you today to discuss the 2018 President's Budget for the Department of the Interior, which provides \$11.7 billion for Interior's programs, with an additional \$123.9 million of discretionary Department of Defense appropriations requested to be transferred to the Department of the Interior to support enactment of the 2010 Compact Review Agreement with Palau.

Because of the timing between enactment of the FY 2017 Omnibus Appropriations Act and submission of the FY 2018 President's Budget, my statement compares requested funding to the FY 2017 Annualized Continuing Resolution unless otherwise noted.

2018 Budget Priorities

The 2018 budget for the Department of the Interior features targeted investments to further the Administration's America First national energy goals. At the same time, this budget reflects the President's commitment to fiscal responsibility – proposing sensible and rational reductions and making hard choices to reach a balanced budget by 2027.

Across Interior's diverse mission, this budget emphasizes the Department's crucial role in promoting economic growth. America's lands hold tremendous job-creating assets. Visitors to our parks spend more than \$18.4 billion in local gateway communities, supporting approximately 318,000 jobs and contributing \$34.9 billion into the national economy according to the 2016 *National Park Service Visitor Spending Effects Report*.

In 2016, the Department's energy, mineral, grazing, and forestry activities resulted in \$8.8 billion in revenue to the American people, including direct revenue payments to states, tribes, and local communities. These same activities supported \$136 billion in economic output. The Budget for the Bureau of Reclamation invests over \$1 billion in safe, reliable, and efficient management of water resources throughout the western United States. In addition, direct grants and payments to states, tribes, and local communities provided an estimated \$10 billion in economic output.

The Department's 2018 budget reflects the Administration's commitment to strengthen America's economic and energy security, focus on the Nation's infrastructure, be responsible stewards of magnificent lands, encourage public access for outdoor recreation, and strengthen tribal sovereignty and support self-determination.

America's Energy

The Department is the steward and manager of America's natural resources, including oil, gas, coal, hydropower, minerals, and renewable energy sources. The Department has a critical role to play in the future energy security of our Nation as well as our overall economic well-being. American energy resources create jobs and generate significant revenue both to the U.S. Treasury and states. This budget proposes \$791.2 million in current and permanent funding for energy related programs across the Department, an increase of \$16.3 million from 2017. The 2018 budget supports an "all-of-the-above" energy development strategy, increasing funding for onshore and offshore oil and gas, strengthening coal management activities, and sustaining the current pace of renewable energy development.

The budget reflects the importance of offshore energy production to America's economic and energy security. The 2018 budget shores up offshore oil and gas programs with appropriated funding to continue a strong offshore program. The request for the Bureau of Ocean Energy Management features a \$10.2 million increase to update the Five-Year Outer Continental Shelf Oil and Gas Leasing Program, consistent with the President's Executive Order *Implementing an America-First Offshore Energy Strategy* to expand offshore oil and gas exploration and production. The 2018 budget for the Bureau of Safety and Environmental Enforcement includes a \$1.2 million increase to focus on workforce training, permitting, and information technologies to better permit exploration, development, and production operations.

Onshore, the budget requests a \$16.0 million increase for the Bureau of Land Management's oil and gas management program, providing a total of \$75.9 million in appropriated funds focused on improving oil and gas permit application processing, streamlining leasing, and modernizing practices. The budget also includes \$19.0 million for the BLM coal management program, an \$8.0 million increase to reduce administrative processing times, simplify the lease application process, and improve the timeliness to complete lease sale fair market value determinations.

The 2018 budget includes \$78.1 million for Renewable Energy programs both on and offshore. Although a reduction from prior years, this funding level will sustain the current pace of development at a level consistent with anticipated project interest.

To ensure the public continues to receive the full value of natural resources production on Federal lands, in April, I signed a charter establishing a Royalty Policy Committee of 28 local, tribal, state, and other stakeholders to advise me on the fair market value of and revenue collection from Federal and Indian mineral and energy leases, including renewable energy sources.

The Nation's Infrastructure

Interior plays an important role in maintaining and improving the Nation's infrastructure. Interior's national role includes managing significant real property assets as well as conducting reviews and processing permits to support national infrastructure development as part of a balanced multiple land use strategy.

Interior's 2018 budget maintains the 2017 level of \$98.8 million for Fish and Wildlife Service planning and consultation activities. This level maintains the FWS capability to meet its legal consultation requirements and avoid logjams that could delay infrastructure projects and associated economic benefits. The BLM budget also directs base funding to address siting for energy transmission projects, and proposes an increase in the oil and gas management program to facilitate rights-of-way associated with energy development projects.

Interior manages an infrastructure asset portfolio with a replacement value exceeding \$300 billion, ranging from elementary and secondary schools serving Indian children, to highways and bridges serving the daily commuting needs of the Washington, D.C., metropolitan area. Interior owns approximately 43,000 buildings, 100,000 miles of road, and 80,000 structures – including iconic landmarks, as well as dams, bridges, laboratories, employee housing, and irrigation and power infrastructure. Taking care of this significant asset portfolio is a persistent challenge. Interior's deferred maintenance backlog has grown to over \$15 billion in 2016. Construction and maintenance funding across the Department totals \$1.4 billion in 2018, not including the Bureau of Reclamation.

From my first day on the job, one of my top priorities has been to prioritize efforts to address the National Park Service maintenance backlog. Our National Parks have 73 percent of Interior's deferred maintenance backlog while hosting 324 million visitors last year. The 2018 budget for NPS includes \$236.3 million for construction and deferred maintenance projects, an increase of \$21.0 million from 2017. Total estimated funding for NPS maintenance and construction needs including estimated recreation fee revenue is \$765.7 million, an increase of \$34.7 million from FY 2017. This increase will support targeted and measurable upgrades to a number of the NPS' highest priority assets, including the first phase of repairs to the Arlington Memorial Bridge project.

America's Lands

In my first days in office, I issued two Secretarial Orders to expand access to public lands and increase hunting, fishing, and recreation opportunities nationwide. The 2018 budget includes \$4.4 billion for the Department's land management operations in the NPS, FWS, and the BLM. While a reduction of \$354.3 million from 2017, this figure includes funding for operational programs as well as management and maintenance of the national parks, national wildlife refuges, and BLM's network of national conservation lands. Within land management operations, the budget prioritizes funding to protect and conserve America's public lands and natural resources, provide access to public lands for the next generation of outdoor enthusiasts, and ensure visitor safety.

To support land management priorities, funding for lower priority activities, such as Federal land acquisition projects, is reduced. The 2018 budget emphasizes taking care of our current assets, rather than adding more by purchasing new land. Accordingly, the budget for land acquisition programs is \$54.0 million, \$129.1 million below 2017. A small amount of funding is maintained in each bureau for emergencies or acquisition of inholdings needed to improve management of established areas or to increase public access.

To better manage and balance these responsibilities, the Department relies on its front-line land managers, field scientists, and partners to monitor, assess, and collect information about the status of resource conditions. Interior's U.S. Geological Survey is the Nation's leading source of expertise in earth and natural sciences and works closely with other Departmental bureaus and state, local, tribal and other Federal partners to help resource managers adapt to changing conditions on the ground. The 2018 budget includes \$922.2 million for USGS programs, to focus on core science activities including land and water resources, energy and minerals, mapping, ecosystems, invasive species, natural hazards, and environmental health.

The 2018 request budgets responsibly for the Payments in Lieu of Taxes program. The budget includes \$397 million for these payments as part of the discretionary request, to ensure continued support to the communities neighboring the Department's and other Federal lands without assuming enactment of separate legislation. The 2018 level for PILT is reduced 12 percent below the 2017 CR level, consistent with the total reduction in the Interior budget.

A key component of the Department's land stewardship is management of wildland fire. The 2018 budget provides \$389.4 million for wildfire suppression – the full 10-year average of suppression expenditures. This level of funding is projected to be sufficient to meet fire suppression needs in an average fire season without the risk of needing emergency transfers from other departmental accounts.

America's Waters

The 2018 budget also continues efforts to address the challenges of water availability and drought conditions.

The Department, primarily through the Bureau of Reclamation, works with States, tribes, local governments, and non-governmental organizations to pursue a sustainable water supply for the West by providing federal leadership and assistance on the efficient use of water. The 2018 budget continues these efforts to address the challenges of water availability.

Interior's \$1.1 billion budget request for Reclamation invests in our water and power infrastructure, facilitating the delivery of water to 31 million people across the West. It is the nation's largest renewable energy resource, and the Bureau of Reclamation plays an important role as the second largest producer of hydropower in the United States.

This budget also continues to strengthen our Tribal Nations by implementing Indian water rights settlements, and focuses on the protection and restoration of aquatic and riparian environments to ensure we can continue to provide a reliable water supply and power to the West.

America's Trust Responsibilities

Interior maintains strong and important relationships with Native and insular communities, helping to promote efficient and effective governance and to support nation-building and self-determination. The Department provides services directly, or through contracts, grants or compacts, to 567 federally recognized tribes with a service population of nearly two million American Indians and Alaska Natives. The budget prioritizes support for programs serving the

broadest service population and proposes reductions in initiatives that are more narrowly focused. The President's budget maintains the Administration's strong support for the principle of tribal self-determination, and efforts to strengthen tribal communities across Indian Country. The budget includes full funding for Contract Support Costs and Tribal Grant Support Costs that tribes incur from managing Federal Indian programs.

The 2018 budget request includes \$786.4 million to continue support for core Indian education programs, including formula funding and operation and maintenance funding for elementary and secondary schools, and support for post-secondary programs. The 2018 budget continues to meet Federal responsibilities outlined in enacted land and water rights claim settlements with Indian tribes, and includes \$160.8 million for authorized settlements and technical and legal support involving tribal water rights, to maintain the Department's ability to complete these settlement requirements within the statutory timeframes.

In recognition of the importance of the Nation's relationship with Palau and the Pacific national security strategy, the budget requests \$123.9 million of discretionary Department of Defense appropriations to be transferred to the Department of the Interior to support enactment of the 2010 Compact Review Agreement with Palau.

Management and Reform

As part of the President's March 2017, Executive Order on a Comprehensive Plan for Reorganizing the Executive Branch, the Administration launched a government-wide effort to create a leaner, more efficient, and more responsive government. The Order directs agencies to begin planning to operate at the funding levels in the 2018 budget and develop a broader Agency Reform Plan to address long-term workforce reductions. Interior is moving prudently with implementation and has put in place hiring controls to enable limited hiring, prioritizing filling field positions rather than office positions, and limiting hires in the Washington, D.C., and Denver, Colorado, areas. This process enables the Department to continue to fill important positions as work is underway to develop a comprehensive and thoughtful agency plan.

The 2018 budget reduces lower priority programs \$1.6 billion below 2017 and supports 59,968 full time equivalents. This represents an estimated reduction of roughly 4,000 full time equivalent staff from 2017. To accomplish this, the Department will rely on a combination of attrition, reassignments, and separation incentives. Actual attrition rates and acceptance of separation incentives will determine the need for further action to reduce staffing.

Reducing the Department's physical footprint and seeking ways to consolidate space and resources will continue to be management objectives going forward. Efforts will build on several multi-year actions to reduce Interior's nationwide facilities footprint and improve the efficiency and effectiveness of its information technology infrastructure and financial reporting capabilities. Ensuring the Department's cybersecurity strength continues to be a priority. The 2018 budget maintains \$10.0 million in the appropriated working capital fund to continue the Department's remediation of its cybersecurity systems and processes.

Bureau Highlights

Bureau of Land Management – The 2018 request for the BLM is \$1.1 billion, a decrease of \$162.7 million below the 2017 CR level and \$180.5 million below the 2017 enacted level. The budget proposes \$963.2 million for Management of Lands and Resources and \$89.8 million for Oregon and California Grant Lands, BLM’s two primary operational appropriation accounts.

The BLM request features increases in oil, gas and coal management programs reflecting national energy security priorities. The budget proposes \$75.9 million for Oil and Gas Management to support permitting and rights-of-way processing, streamline leasing, and modernize practices. The budget also includes \$19.0 million to strengthen BLM’s Coal Management program, an increase of \$8.0 million from 2017.

To maintain the BLM’s land stewardship responsibilities, the budget includes \$67.8 million for Rangeland Management and \$70.7 million for the Wild Horse and Burro Management program. As part of a broader effort to consider all necessary options to manage the unsustainable growth of this program, the budget proposes to eliminate current appropriations language restricting the BLM’s ability to use the tools provided in the Wild and Free-Roaming Horse and Burro Act and enable BLM to manage on-range herds more effectively and humanely. The budget also proposes \$47.2 million for Recreation Resources Management and \$27.7 million to continue support for the National Conservation Land areas.

The budget includes \$89.8 million for the Oregon and California Grant Lands programs. At this level, the budget prioritizes offering the allowable sale quantity in new resource management plans.

Mineral development on Federal lands is important to the national economy. However, a long-standing challenge is to provide a fair return to taxpayers for the use of these natural resources without discouraging development. To meet this challenge, the Department will conduct a study starting in 2017 to evaluate the production and development of hardrock minerals from Federal lands. The review will include an analysis of revenue recovered by other entities, including other countries, which permit mining on their land. The Department will also consult with other appropriate agencies, such as the Department of Agriculture. The findings will be considered as part of ongoing efforts to improve agency management and streamline permitting related to natural resources produced from Federal lands.

Bureau of Ocean Energy Management – The 2018 President's budget for BOEM is \$171.0 million, slightly above the 2017 CR level, including \$114.2 million in current appropriations and \$56.8 million in offsetting collections from rental receipts and cost recoveries. The budget maintains a level program by increasing appropriated funding by \$35.5 million to address a commensurate shortfall in estimated offsetting rental receipts and cost recoveries. The 2018 budget features a \$10.2 million increase to support the development of a new Five-Year Plan for the OCS Oil and Gas Leasing Program.

Bureau of Safety and Environmental Enforcement – The 2018 President's budget request for BSEE is \$204.9 million, slightly above the 2017 CR level, including \$112.0 million in

current appropriations and \$92.9 million in offsetting collections from rental receipts, cost recoveries, and inspection fees. The budget maintains a strong offshore safety and environmental enforcement program by increasing appropriations and estimated inspection fee revenue to address anticipated shortfalls in offsetting rental receipts and other cost recoveries. The 2018 budget includes a \$1.2 million increase for technical training to expand staff development efforts for BSEE's inspector, engineer, and geoscientist workforce, and \$12.7 million for oil spill research, a reduction of \$2.2 million from 2017.

Bureau of Reclamation – The 2018 budget request for the Bureau of Reclamation is \$1.1 billion in discretionary appropriations. This figure reflects a decrease of 13.1% from the 2017 CR level. Of the total, \$960 million is for the Water and Related Resources account, Reclamation's largest account; \$59 million is for the Policy and Administration account; \$37 million is for the California Bay Delta Restoration account; and \$41.4 million is for the Central Valley Project Restoration Fund.

Office of Surface Mining Reclamation and Enforcement – The 2018 budget request for OSMRE is \$129.4 million in current appropriations, \$110.7 million below the 2017 CR level. The majority of this reduction reflects the elimination of \$89.9 million for Abandoned Mine Lands Economic Development Grants. Although beneficial, funding for this pilot program overlaps with existing mandatory Abandoned Mine Lands grants which continue without any proposed changes. The budget includes \$60.2 million for state and tribal regulatory grants, a level consistent with anticipated state and tribal program obligations.

U.S. Geological Survey – The 2018 budget request for the USGS is \$922.2 million, \$137.8 million below the 2017 CR level. The budget includes \$70.9 million for satellite operations, which supports continued development of the Landsat 9 ground systems, supporting a launch date in early fiscal year 2021 to replace the Landsat 7 satellite, which is reaching the end of its usable life.

The request emphasizes energy and mineral development, supporting essential hazards monitoring, and providing scientific information to support decision making by resource managers and policy makers. The budget maintains support for nationwide networks of more than 8,000 streamgages and nearly 3,000 earthquake sensors. The request provides \$17.3 million for nationwide efforts to counter invasive species and wildlife diseases such as white-nose syndrome and highly pathogenic avian influenza, and the budget maintains \$17.3 million for 40 cooperative research units that support state-specific needs, particularly related to fish and game species. It continues acquisition of modern elevation data for Alaska and the three-year cycle of topographic map updates for the contiguous United States.

The 2018 request proposes to realign the 2018 budget structure to create a new Land Resources activity to reflect focused science related to on-the-ground land management and adaptive management challenges. As part of this request, the budget proposes \$17.4 million for the National and Regional Climate Adaptation Science Centers, reflecting the proposed consolidation of eight regional centers to four.

Fish and Wildlife Service – The 2018 President’s budget requests \$1.3 billion for FWS programs, a decrease of \$202.9 million from the 2017 CR level. The budget includes \$1.2 billion for FWS operations, a decrease of \$85.3 million below 2017. Within Resource Management, the budget prioritizes funding to maintain operations and maintenance for the National Wildlife Refuge System (\$470.1 million) and the National Fish Hatchery System (\$51.9 million). Funding will continue operations for all refuge areas and hatchery sites.

The budget includes \$225.2 million for Ecological Services programs with an emphasis on species recovery and planning consultation activities. Consistent with efforts to focus adaptive management related science within the USGS, the request proposes to eliminate funding for Science Support at \$17.0 million and Landscape Conservation Cooperatives at \$13.0 million.

The budget is \$118.6 million for FWS conservation grants including \$52.8 million for State and Tribal Wildlife Grants, \$33.6 million for the North American Wetlands Conservation Fund, \$19.3 million for the Cooperative Endangered Species Conservation Fund, \$9.0 million for the Multinational Species Conservation Fund, and \$3.9 million for Neotropical Migratory Bird Conservation. Consistent with decreases in other land acquisition programs across the Department, the request proposes to eliminate funding for Cooperative Endangered Species Conservation Fund land acquisition grants.

National Park Service – The 2018 President’s budget request for NPS is \$2.6 billion, \$296.6 million below the 2017 CR level.

The budget proposes \$2.2 billion for NPS operations. Within this account, funding is prioritized for the care and maintenance of existing resources. The budget includes \$99.3 million for repair and rehabilitation projects, which addresses the deferred maintenance backlog, as well as \$112.7 million for cyclic maintenance projects, which ensures maintenance is conducted in a timely fashion to avoid increasing the deferred maintenance backlog.

The budget proposes \$226.5 million for Construction projects, an increase of \$34.0 million to help address deferred maintenance and allow for targeted and measurable upgrades to a number of the NPS’s highest priority assets. Within this request is \$18.2 million for phase one construction requirements for the Arlington Memorial Bridge. Also included in the request is \$15.0 million in appropriated funds for the Centennial Challenge program to provide the Federal match to leverage partner donations for signature projects and programs. An additional \$15.0 million from fee revenue is also anticipated for 2018 to support Centennial projects.

The request provides \$37.0 million for National Recreation and Preservation programs to support local community efforts to preserve natural and cultural resources. The budget assumes savings of \$18.8 million from the proposed elimination of payments to National Heritage Areas. The 2018 budget includes \$51.1 million for the Historic Preservation Fund core grants-in-aid programs. The budget proposes to shift support for Land and Water Conservation Fund State Grants from appropriated to mandatory funding comparable to an estimated \$90 million the program will receive from oil and gas activities from certain Gulf of Mexico offshore leases.

Indian Affairs – The 2018 President’s budget request for Indian Affairs is \$2.5 billion, \$303.3 million below the 2017 CR level. Funding for Operation of Indian Programs totals \$2.1 billion, a decrease of \$181.1 million below 2017. In 2018, priority is given to programs serving the broadest audience rather than initiatives or pilots. Within this total is \$786.4 million for Bureau of Indian Education programs where funding focuses on direct school operations and full funding for Tribal Grant Support Costs. The main operating account also includes \$349.3 million for Public Safety and Justice programs and \$277.5 million for Trust Services programs, which includes the elimination of the Tribal Climate Resilience program.

The budget fully funds Contract Support Costs at \$241.6 million, \$35.4 million below 2017, which will cover all anticipated requirements at the requested program funding level. The budget requests \$143.3 million for Construction programs. The 2018 budget prioritizes dams, irrigation projects, and irrigation systems which deliver water to aid economic development as well as protect lives, resources, and property. The budget prioritizes funding within education construction for operations and maintenance of existing facilities. The budget also includes \$14.0 million to provide payments to ongoing Indian Land and Water settlements and \$6.7 million for the Indian Guaranteed Loan Program.

Departmental Offices

Office of the Secretary – The 2018 budget request for Departmental Operations is \$123.9 million, \$596.5 million below the 2017 CR. The majority of this reduction is \$451.1 million associated with the shift of the Payments in Lieu of Taxes program which was appropriated within Departmental Operations in 2017. In 2018, the budget proposes to fund PILT as discretionary funding within Department-wide Programs. The budget also reflects the proposed transfer of \$140.3 million associated with the Office of Natural Resources Revenue to a new appropriation within Department-wide Programs. The proposed transfer of ONRR funding will increase transparency in the budget for the Department’s energy revenue programs. The 2018 request for remaining Office of Secretary programs reflects a reduction of \$4.0 million from central program management activities across the Office of the Secretary organization. Of this, \$2.6 million is associated with reductions to the Office of Valuation Services consistent with the proposed Department-wide decrease for new land acquisition.

Office of Insular Affairs – The 2018 OIA budget request is \$84.3 million, \$19.0 million below the 2017 CR. In addition, the majority of OIA’s budget proposal reflects a request to fully fund the renegotiated Compact with Palau by transferring \$123.9 million from the Department of Defense, rather than \$13.1 million in extended incremental annual payments. The Compact is an important element of the Pacific national security strategy.

Office of the Solicitor – The 2018 budget proposes \$65.7 million for the Office of the Solicitor, the same as the 2017 CR level, to provide legal counsel, administer the Department’s ethics program, and help resolve legal issues among bureaus and offices as they fulfill their duties.

Office of Inspector General – The 2018 budget proposes \$50.0 million for the Office of Inspector General, the same as the 2017 CR level, to continue support for audit and investigations across the Department.

Office of the Special Trustee for American Indians – The 2018 budget requests \$119.4 million for OST, \$19.4 million below the 2017 CR level. The budget proposes a \$3.7 million reduction below 2017 in Field Operations reflecting prioritization of services to continue operations at the beneficiary call center. A reduction of \$3.1 million is proposed within Historical Trust Accounting in expectation of reduced requirements. Smaller additional reductions are taken across the organization.

Department-wide Programs

Payments in Lieu of Taxes – The 2018 budget proposes \$396.9 million in discretionary funding for PILT, a decrease of \$54.3 million from the comparable 2017 CR level of \$451.1 million appropriated in Departmental Operations in 2016. This is a reduction of 12 percent, commensurate with the Department of the Interior’s overall reduction from 2017 CR budget levels.

Office of Natural Resources Revenue – The 2018 budget request includes \$137.8 million for ONRR’s receipts management programs, a decrease of \$2.5 million below the comparable 2017 CR level of \$140.3 million. The 2018 budget request proposes to transfer ONRR’s receipts management program from the Office of the Secretary’s Departmental Operations account to a separate appropriation within Department-wide Programs to increase transparency of the program. The request includes \$3.5 million for anticipated contract cost increases for the Minerals Revenue Management Support System.

Central Hazardous Materials Fund – The 2018 budget requests \$2.0 million for the Central Hazardous Materials Fund, \$8.0 million below the 2017 CR. The budget request funds program management and legal staff. The program will fund the highest priority remediation projects based on the availability of recoveries and focus resources on remediation projects with potentially responsible parties.

Wildland Fire Management – The 2018 budget request for the Wildland Fire Management Program is \$873.5 million. The total request represents a decrease of \$118.3 million from the 2017 CR level for the Wildland Fire Management and FLAME accounts. At this level the request provides \$389.4 million for Suppression Operations to fully fund the 10-year average. To streamline financial management processes and improve the efficiency in allocating suppression funding, the Department proposes to fund all suppression activities in the Wildland Fire Management account and eliminate the separate FLAME Wildfire Suppression Reserve Fund account once all current balances in the FLAME account are drawn down. The request also includes \$322.2 million for Preparedness activities, essentially level with 2017, and \$149.5 million for Fuels Management, \$20.2 million below 2017.

Natural Resource Damage Assessment and Restoration – The 2018 request for NRDAR is \$4.6 million, a decrease of \$3.2 million below the 2017 CR level. The budget includes funding needed for ongoing damage assessments and restoration activities.

Working Capital Fund – The 2018 budget proposes \$59.5 million for the appropriated portion of the Department’s Working Capital Fund, a decrease of \$7.5 million from the 2017 CR level. The reduction is from funds requested for the Financial and Business Management System which

is proposed at \$46.3 million. The request maintains \$10.0 million for Department-wide Cybersecurity needs.

Legislative Proposals

Bureau of Reclamation Title Transfer – The Administration is developing a proposal to better facilitate title transfer of Reclamation facilities to non-Federal entities when such transfers are beneficial to all parties. This proposal will allow local water managers to make their own decisions to improve water management at the local level, while allowing Reclamation to focus management efforts on projects with a greater Federal nexus.

Cancel Southern Nevada Public Land Management Act Account Balances – The budget proposes legislation to cancel \$230.0 million in unobligated balances from the Southern Nevada Public Land Management Act program over a three year period. This would redirect a portion of the program balances to the Treasury for broader taxpayer use. The SNPLMA program is not proposed for elimination and viable conservation efforts will continue to be supported.

Gulf of Mexico Energy Security Act Payments – The Administration proposes to repeal revenue sharing payments to four coastal States – Alabama, Louisiana, Mississippi, and Texas – and their local governments, which are currently set to expand substantially starting in 2018. This proposal will ensure the sale of public resources from Federal waters owned by all Americans, benefits all Americans. Mandatory funding for LWCF State Grants would continue, but this legislative proposal would replace GOMESA’s complicated allocation formula with a fixed annual appropriation of a comparable dollar amount, starting at \$90.0 million in 2018 and increasing to \$125.0 million in 2022 and remaining at \$125.0 million each year thereafter.

Land and Water Conservation Fund – The LWCF receipts authorization expires at the end of fiscal year 2018 and the Administration will review options for reauthorization, including consideration of a range of conservation-related investments that could be funded through the LWCF.

Oil and Gas Leasing in the Arctic National Wildlife Refuge – The Administration will propose legislation to allow oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge also known as the “1002 area.” The budget assumes lease sales would begin in 2022 or 2023, allowing adequate time for the completion of appropriate environmental reviews and an updated assessment of the state of the oil and gas market and lease bidding potential prior to scheduling specific lease sales. An additional lease sale or sales would be held in 2026 or 2027. Lease sales in the ANWR are estimated to generate \$3.5 billion in bonus bids to be split between the U.S. Treasury and the State of Alaska. The proposal is estimated to generate a net of \$1.8 billion in new revenue to the Treasury over 10 years.

Reauthorize the Federal Land Transaction Facilitation Act – The budget assumes permanent reauthorization of FLTFA’s land sale authority, allowing Interior to dispose of lands with low conservation value and use the proceeds to acquire lands with higher conservation values, consistent with the original FLTFA mandate.

Recreation Fee Program – The budget proposes to permanently reauthorize the Federal Lands Recreation Enhancement Act, which currently expires in September 2018. As a precaution, appropriations language is also submitted with the budget proposing a one-year extension through September 2019. The revenues collected by Interior from these recreation fees – nearly \$290 million annually – are an important source of funding for land management operations, maintenance, and improvements to recreation facilities on public lands.

Termination of EPO Act Geothermal Payments to Counties – The budget proposes to restore Federal geothermal leasing revenue allocations to the historical formula of 50 percent to the States and 50 percent to the U.S. Treasury by repealing Section 224(b) of the Energy Policy Act of 2005.

Offsetting Collections and Fees

Bureau of Safety and Environmental Enforcement Offshore Inspection Fees – The budget includes appropriations language to amend the current fee structure for BSEE inspection fees to better align with BSEE’s inspection practices and program costs. The language structures fees charged for the inspection of offshore facilities to distinguish between those “without processing equipment” or “with processing equipment” and incorporate consideration of the number of wells and water depth. These changes to the fee structure are estimated to generate \$65.0 million in 2018.

National Wildlife Refuge Damage Cost Recovery – The budget includes appropriations language to authorize the FWS to retain recoveries from responsible parties to restore or replace damages they cause. This is similar to authorities provided to the NPS for damages to national parks and monuments.

Conclusion

Thank you for the opportunity to testify on the President’s 2018 budget request for the Department of the Interior.

In closing, this is a responsible budget to help balance the Federal budget by 2027. It maintains core functions important to the American people, including providing the public the unique American experience that comes from visiting our parks, refuges, and public lands. It reflects tough choices to prioritize and focus limited resources where investments have the most impact, but continues to deliver access and services which are critical to Americans. I thank you again for your continued support of the Department’s mission. I look forward to answering questions about this budget. This concludes my written statement.