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IMPACTS OF THE RYAN BUDGET ON AMERICA'S NATURAL RESOURCES

*Prepared by the Democratic Staff of the House Natural Resources Committee
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With the selection of House Budget Chairman Paul Ryan (R-WI) as Mitt Romney's running mate, the dangerous budget agenda crafted by Chairman Ryan and pushed by House Republican leadership is closer to becoming a reality. The Ryan budget ends Medicare as we know it, eliminates PBS and cuts core energy research and development budgets by 90 percent over the next three years without taking a dime away from big oil companies who will keep more than \$4 billion a year in taxpayer subsidies.

In the areas of Natural Resources Committee oversight, the Ryan budget would decimate the agencies tasked with protecting our natural, cultural and historic resources and the revenue and jobs which depend on those resources.

In 2014, the Ryan budget would reduce spending on natural resource and environmental agencies by 14.8 percent from 2012 levels. This would reduce funding for agencies in the jurisdiction of the House Natural Resources Committee by more than \$3.5 billion. Based on the impact of past natural resource *investments* on job creation, cuts of this magnitude could eliminate more than 73,000 jobs in the economy.

The Ryan budget would slash funding for protecting the public from wildfires and extreme weather and jeopardize the quality and availability of wildlife areas for hunting and fishing. Under the Ryan plan, National Parks could close, the infrastructure that delivers water and power to the American West would continue to crumble and the federal government's ability to meet its obligations to Native People would be undermined.

The following analysis by Natural Resources Democratic staff describes what a 14.8 percent reduction in funding could mean for the nation's natural resource agencies, including:

- Potentially close National Parks;
- Cut off water and power resources for the drought-stricken West;
- Encourage more dangerous, destructive wildfires

- End clean energy programs on public lands while allowing oil drilling off family beaches;
- Shut down vital commercial fisheries and;
- Cause more illness and death among Native populations.

As disastrous as the Ryan budget is, the Romney plan would be even worse. Although Governor Romney has not proposed a detailed budget, the principles he has laid out would require even more extreme cuts for natural resource agencies.¹

Both approaches are completely at odds with public support for protection of our national treasures. Americans from all political perspectives want clean water, healthy forests, abundant wildlife, and pristine National Parks. Moreover, economists are finding that areas with access to parks and wildlife attract new businesses seeking to capitalize on increased quality of life in these locations.

Finally, in their reckless haste to slash budgets, both Chairman Ryan and Governor Romney fail to level the playing field by eliminating huge subsidies to industries that profit from public lands. Neither plan addresses existing giveaways to the oil, mining, cattle and timber industries that pay little to nothing for the privilege of using federal resources. Like the rest of their budget plans, Governor Romney and Chairman Ryan are eager to cut programs vital to the quality of life for average Americans while continuing to provide handouts to big business.

Impact on National Parks, Forests, and Wildlife Refuges

The Ryan budget makes cuts to federal land management programs that will degrade the environment, push people out of parks, and increase the risk of forest wildfires. The budget completely ignores the role National Parks, Forests, and Wildlife Refuges play as economic drivers for rural economies and as treasured landscapes for every American.

If the proposed Ryan budget cut to natural resource and environment spending is applied evenly across land management agencies, the impacts would be devastating. All Americans understand that the National Park System protects our iconic landscapes. Yet, under the radical Ryan plan, funding for our National Parks could be slashed by over \$380 million per year. Cuts of this magnitude mean fewer park rangers, restrooms in disrepair, park roads pocked with potholes, and even closure of National Park System units. The Ryan budget ignores the reverence Americans have for Yellowstone, Yosemite, the Grand Canyon and the Everglades by forcing draconian budget cuts. These cuts would not only impair the quality of a visitor's experience but impact almost 8,000 jobs.

The outlook is not much better for other agencies charged with protecting our National Forests and Wildlife Refuges. Last year, more than [100 economists](#) wrote President Obama asking him to invest in public land infrastructure and establish new protected lands across the West. In their

¹ <http://www.washingtonpost.com/blogs/ezra-klein/wp/2012/08/14/compared-to-ryan-romney-wants-to-spend-much-more-on-defense-and-much-less-on-everything-else/>

letter, these economists argued that “[i]n the West especially, public lands play a pivotal role in attracting and retaining people and businesses.” They go on to argue that “[i]ncreasingly, entrepreneurs are basing their business location decisions on the quality of life in an area. Businesses are recruiting talented employees by promoting access to beautiful, nearby public lands.”

In contrast, Chairman Ryan’s view appears to be that the only value of federal land is the value of what can be extracted from it. In [Path to Prosperity](#), he promotes Tea Party legislation that would “sell millions of acres of unneeded federal lands.” Similarly, Mitt Romney has questioned the “purpose” of federal land ownership.²

Business owners whose livelihoods depend on these lands view things differently. The Outdoor Industry Association recently released an [economic analysis](#) showing that outdoor recreation generates over \$646 billion in spending each year and supports over 6 million jobs. Recreation visits to Department of Interior-managed lands support over 300,000 jobs annually and generate over \$25 billion in economic impacts. According to the report, rural western counties with more than 30% of their land under federal protection increased jobs at a rate four times faster than rural counties with no federally protected lands. Consumer spending on cycling, camping, fishing, hunting, and recreational pursuits nearly outpaces spending on pharmaceuticals and motor vehicles combined. The analysis states that “[o]utdoor recreation can grow jobs and drive the economy if we manage and invest in parks, water and trails as systems designed to sustain economic dividends for America.”

Not only would the Ryan plan deprive the public of these recreation havens, the proposed cuts to the budget would devastate the quality of these lands. The Ryan budget cuts could slash as much as \$678 million a year from the Forest Service which oversees the management of 192 million acres of forest and grasslands. This cut is ill-advised at a time when the agency desperately needs additional funding to address wildfire risks across many communities. The Forest Service has identified [51 million](#) acres of land at high risk of uncontrollable wildfires in need of thinning work. Addressing this need would require a budget twice what Congress currently provides the agency for forest work. The Ryan budget would slash the current funding, creating even more dangerous fire conditions across the west. Similar cuts would impact the Bureau of Land Management. The impact on rural economies would be devastating. Proposed cuts to the Forest Service and Bureau of Land Management could impact nearly 17,500 jobs.

The Ryan budget provides lip service to “market-based solutions” for natural resource management without seriously tackling money-losing federal programs. While proposing increased production of oil and gas from federal lands, the budget doesn’t include market-based reforms to energy production on public lands. Necessary reforms to grazing and mining are also ignored. Currently, a rancher [pays less to graze a cow](#) on federal land for a year than most people pay for a 2-month supply of dog food. The rates for public land grazing are well below those paid for state or private lands. The Ryan budget also ignores the giveaway of gold, silver,

² <http://thinkprogress.org/climate/2012/02/03/418141/romney-public-lands/?mobile=nc>

and other minerals found on federal lands. Based on a law enacted in 1872, major, international mining companies pay NO royalties to the federal government to mine on federal lands.

While the Ryan budget ignores these giveaways, it includes a plan to gut popular programs that *protect* public lands like the Land and Water Conservation Fund. Every year, a small portion of federal oil and natural gas royalties goes into the Land and Water Conservation Fund (LWCF) to protect areas through purchase of land from willing sellers and support for state parks and conservation efforts. The Ryan budget would prohibit any spending from this Fund, ignoring the fact that the money is payment from oil companies for the extraction of resources that belong to all Americans. Funding from LWCF has supported local baseball diamonds and soccer fields across the nation and protected places like [Little Echo Lake](#) in [Colorado](#), [Bonneville Shoreline Trail](#) in Utah, and [Great Lakes Restoration Initiative](#) in Michigan.

The U.S. Fish and Wildlife Service (FWS) would also be severely impacted under the Ryan plan, losing nearly \$218 million in funding and impacting 4,500 jobs. The National Wildlife Refuge System would face a funding cut of almost \$33 million. In addition to their obvious environmental, scientific, and educational benefits, refuges contributed \$4.2 billion to the economy in 2010 and created 32,000 jobs.³ Jeopardizing the maintenance and staffing of these refuges will put jobs in the tourism industry associated with the refuges at risk.

In addition, funding for fisheries and aquatic resource conservation efforts such as restoration of salmon habitat and eradication of invasive species would be cut by \$6.8 million. Commercial salmon landings in the Pacific Northwest are worth over \$1 billion a year to U.S. fishermen⁴ and recreational salmon fisheries generate hundreds of millions in economic impacts.⁵ Invasive species such as the zebra mussel cause over \$100 million worth of damage each year in the Great Lakes states alone.⁶ Reducing support for these programs causes additional harm to the economy.

Finally, the Ryan Budget would cut \$26 million from an already inadequate budget for protecting endangered species. Programs like the Cooperative Endangered Species Conservation Fund will be especially hard hit, as matching funds from states and territories would also be lost. This reduction would cripple the ability of the FWS to continue the success of the Endangered Species Act in preventing extinction.

Impacts on Energy Development

The Ryan budget would open up our coasts and special protected public lands to oil drilling. The risks this would create for American's most precious places would provide little reward. A recent Congressional Budget Office report indicated opening virtually all of our public lands to

³ *The Economics Associated with Outdoor Recreation, Natural Resources Conservation, and Historic Preservation in the United States*. National Fish and Wildlife Foundation. October, 2011.

⁴ *North Pacific Salmon Fisheries Economic Measurement Estimates*. Wild Salmon Center. 2009.

⁵ *Revenue Stream: An Economic Analysis of the Costs and Benefits of Removing the Four Dams on the Lower Snake River*. Save Our Wild Salmon. 2009.

⁶ *The Costs of Aquatic Invasive Species to Great Lakes States*. Anderson Economic Group. 2012.

drilling would generate less than \$5 billion for the U.S. Treasury over the next 10 years.⁷ In contrast, Democratic proposals to fix faulty leases in the Gulf of Mexico that allow oil companies to extract oil on public lands without paying any royalties to American taxpayers would generate significantly more revenue without threatening our beaches and coastal economies on the East and West Coasts and our most pristine Wildlife Refuge with drilling. Ending oil companies' free drilling in the Gulf would generate nearly \$10 billion dollars over the next 10 years. Republicans, including Chairman Ryan, have repeatedly voted against amendments on the House floor to recover this money for taxpayers.

In addition, the Ryan budget would hamper safe and responsible oil and gas development on public lands. Under the Obama Administration, our domestic oil production has reached its highest level in 18 years and natural gas production is at an all-time high. Thanks to the "All of the Above" energy policies of the Obama Administration, our dependence on foreign oil has dropped from 57 percent in the last year of the Bush Administration to 45 percent today. The cuts included in the Ryan budget could slow down the issuance of new drilling permits and make drilling less safe.

In the wake of the BP Deepwater Horizon disaster, the Administration has requested an additional 49 employees for the Interior Department agency charged with overseeing offshore oil and gas development in order to process drilling permit applications and conduct inspections of offshore drilling facilities. The Ryan budget could lead to a cut of 59 employees from current levels and 108 fewer employees than the Administration has requested for next year to carry out these vital functions. According to the Interior Department, without these additional resources "the ability to ensure that permit applications are thoroughly and judiciously processed, inspections are conducted, incidents are thoroughly investigated, and enforcement actions are quickly assessed will be compromised."⁸

In addition, the Ryan budget could mean a cut of nearly \$11 million dollars and more than 80 employees for onshore oil and gas management. This cut would similarly hinder the Department's ability to effectively and efficiently process new applications for permits to drill onshore and inspect onshore oil and gas facilities.

Finally, the Ryan budget could mean a cut of nearly \$10 million below what the Administration has requested for FY2013 to deploy renewable energy on public lands onshore – a decrease of nearly 37 percent below the administration's request. The Ryan budget would undercut the Administration's goal of approving an additional 11,000 megawatts of clean energy on public lands by 2013.

Impact on Fisheries, Oceans and Predicting Extreme Weather

Enacting the Ryan budget cuts to the National Ocean and Atmospheric Administration (NOAA) would mean an overall reduction in funding of nearly \$725 million, impacting nearly 15,000

⁷ <http://www.cbo.gov/publication/43527>

⁸ Bureau of Safety and Environmental Enforcement budget request. Available at: http://www.doi.gov/budget/appropriations/2013/upload/FY2013_BSEE_Greenbook.pdf

jobs. These cuts would impair NOAA's ability to predict weather and ensure that ocean fisheries are not depleted.

The large cuts proposed by the Ryan budget could cripple the ability of the National Weather Service (NWS), an agency within NOAA, to provide weather satellite information to the American public. As budget expert David Kendall said in a March 2012 interview with the Washington Post:

Our weather forecasts would be only half as accurate for four to eight years until another polar satellite is launched. For many people planning a weekend outdoors, they may have to wait until Thursday for a forecast as accurate as one they now get on Monday. ... Perhaps most affected would be hurricane response. Governors and mayors would have to order evacuations for areas twice as large or wait twice as long for an accurate forecast.⁹

NWS is the nation's first line of defense against severe weather, and accurate forecasts save lives and protect property. It is estimated that Americans receive \$31.5 billion in benefits annually from NWS forecasts, which predict hurricanes, tornadoes, flooding, and more¹⁰. Especially with recent increases in extreme weather events, decreasing funding for weather forecasting is pennywise and pound foolish.

Additionally, funding for climate research conducted by the Office of Oceanic and Atmospheric Research (OAR), including the U.S. Drought Monitor, the Global Ocean Observing System (GOOS), and hurricane forecast modeling would be reduced by \$27 million. Given the havoc drought has wreaked on U.S. farms and families this year and the devastating effects of major hurricanes on the Gulf Coast, reducing investments in understanding, monitoring, and predicting major climactic events would be irresponsible.

The Ryan Budget would restrict the ability of the National Marine Fisheries Service (NMFS) to produce quality scientific and resource management results. NMFS fisheries research and management, which includes stock assessments, surveys, and monitoring of economically important fish species, would be cut by \$63 million under the Ryan plan. The economic consequences for U.S. fishermen and coastal communities would be disastrous. NMFS already lacks adequate funding to clear its backlog of assessments and understand how changing ocean conditions are affecting the abundance and availability of certain commercially and recreationally important species. Fishermen need *more* scientific information, not less, to help them achieve consistent, sustainable, and profitable harvests.

NMFS' protected species research and management budget would be slashed by over \$25 million. Protected species like whales, sea turtles, dolphins, sharks, and seals are critical to the

⁹ Plumer, Brad. "What Paul Ryan's Budget Actually Cuts – And By How Much." *The Washington Post*. August 12, 2012.

¹⁰ *FY 2013 Budget Summary*. U.S. National Oceanic and Atmospheric Administration. February, 2012.

balance of marine ecosystems that support healthy fisheries, and to the U.S. coastal tourism economy. Whale watching alone is worth over \$1 billion to the U.S. economy.¹¹ Failing to adequately protect vulnerable species could jeopardize tourism-related businesses and jobs and lead to the collapse of fisheries.

National Ocean Service (NOS) navigation services, including mapping and charting, would also be cut by more than \$21 million. These services are critical to expansion of the maritime economy and creation of maritime industry jobs because they support safe and efficient ocean transportation and delineate outer continental shelf boundaries for mineral resource exploration and extraction. In an era of growing ocean traffic, especially in the poorly-understood Arctic Ocean, we need to increase, rather than decrease, our mapping and charting efforts.

Impact to Water and Power

The Bureau of Reclamation (Reclamation) was established in 1902 and is best known for the dams, power plants, and canals it constructed in 17 western states. Through this federally-owned and controlled infrastructure, Reclamation is the largest wholesaler of water in the country, providing water to more than 31 million people. In addition, Reclamation supplies one out of five Western farmers with irrigation water for 10 million acres of farmland that produce 60% of the nation's vegetables and 25% of its fruits and nuts. Reclamation is the nation's second largest producer of hydroelectric power, with an installed capacity of 14,000 megawatts at its 58 power plants, generating approximately \$940 million in revenues for the federal government.

The Ryan Budget would result in almost \$155 million less in 2014 for Reclamation's budget and cost the economy 3,200 jobs. With fewer resources, Reclamation would be forced to reduce funding for vital water deliveries, power generation, and assistance to communities across the West in planning for water challenges and rehabilitating aging infrastructure.

All of Reclamation's priorities would likely suffer but if the Ryan Budget were to be enacted the magnitude of the cut would essentially eliminate all of the funding for facility, maintenance and rehabilitation programs. These projects include dam safety and the replacement, addition, and extraordinary maintenance of multi-purpose project facilities. This includes funds to continue the replacement of critical systems at Grand Coulee Dam or spillway repairs at Jackson Lake Dam in the Pacific Northwest. Cutting funding to fix aging infrastructure now just increases the spending needed in the future.

The Ryan Budget would also hinder Reclamation's efforts to address current and future water challenges through the WaterSMART program. The Ryan budget would essentially eliminate funding for basin-wide planning studies that enable communities to plan for the impact of climate change on water supplies. Cuts to this program would also impact funding for water reuse projects that enable local water districts to develop and stretch local water supplies, especially during a time of drought.

¹¹ *Whale Watching Worldwide*. International Fund for Animal Welfare. 2009.

The Ryan Budget also would repeal the Western Area Power Administration's Borrowing Authority. The American Recovery and Reinvestment Act of 2009 (Recovery Act) included a provision that would allow the financing of \$3.25 billion in transmission infrastructure to address reliability issues and deliver clean energy to customers in urban areas. Currently three projects¹², the Montana Alberta Transmission Line (MATL), the Electric District No. 5 Palo Verde Hub, and the Transwest Express (TWE) Project are using this financing tool. Transwest Express, SunZia, and Clean Line would be impacted if this financing authority were repealed. Together they represent approximately 11,500 jobs, more than twice the number of jobs that would be created with the Keystone Export Pipeline.

Impact to Native Americans

Based on the U.S. Constitution and centuries of treaties and agreements, the U.S. government's responsibilities to American Indians and Alaska Natives include a wide range of services and support for the enhancement of tribal self-determination. Congress has placed the trust responsibility for Indian matters in the Department of the Interior, primarily within the Bureau of Indian Affairs (BIA). The Indian Health Services (IHS), an agency of the Department of Health and Human Services, is the principal federal agency charged with administering health care services to approximately 2.1 million American Indians and Alaska Natives.

The Ryan budget proposal would jeopardize tribal funding by cutting BIA's budget almost \$375 million and IHS's budget \$637 million, with a combined impact on more than 20,000 jobs. In addition, Ryan's health-focused proposals would negatively impact tribal health programs through his plan to cut Medicaid. Ryan's proposal to block-grant Medicaid to the states would have negative implications for part of IHS' funding stream paid through that program.¹³

With the exception of the Veteran's Administration, IHS is the only provider of direct care in the federal government. Yet, like many Indian programs, IHS is already severely underfunded.¹⁴ According to the National Indian Health Board, IHS is currently funded at just 56.5% of its current need.¹⁵ Therefore, cuts to Indian programs would threaten delivery of Indian health care in a tangible way.

¹² <http://ww2.wapa.gov/sites/Western/recovery/project/Pages/default.aspx>

¹³ IHS has the authority to bill for services provided to American Indians and Alaska Natives who are beneficiaries of Centers for Medicare and Medicaid Services. Consequently, any cuts to funding for Medicare and Medicaid would have a direct impact on IHS' ability to collect directly from those sources to pay for delivery of Indian health services.

¹⁴ Funding disparities between IHS and other federal health care expenditures programs are significant. In 2010, IHS spending for medical care was \$2,741 per person in comparison to the average federal health care expenditure of \$7,239 per person. See IHS Fact Sheets: IHS Year 2012 profile (January 2012), available at <http://www.ihs.gov/PublicAffairs/IHSBrochure/Profile.asp>

¹⁵ Testimony of Rex Lee Jim, At-Large Member and Navajo Area Representative, National Indian Health Board, before the Subcommittee on Indian and Alaska Native Affairs, Oversight Hearing on the FY 2013 Budget Request of the Indian Health Service and the Office of the Special Trustee for American Indians, March 6, 2012.

Conclusion

The Ryan budget is a radical proposal, wildly out of touch with the values of average Americans. If enacted, the Ryan budget would cost jobs, close parks, and stop clean energy. It would harm the quality of life of millions of Americans enjoy, erode the health of our most treasured natural resources and place people and communities at increased risk from fire, extreme weather, flooding, drought and other potentially avoidable catastrophes. The Ryan budget is irresponsible and represents an abdication of responsible stewardship of our natural resource heritage.