

**Statement of  
Steve Ellis  
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Bureau of Land Management  
Department of the Interior  
Senate Committee on Energy and Natural Resources  
Subcommittee on Public Lands, Forests, & Mining  
S. 326, Stewardship End Result Contracting Improvement Act  
July 16, 2015**

Thank you for the opportunity to discuss the views of the Department of the Interior on S. 326, Stewardship End Result Contracting Improvement Act. The bill amends the Healthy Forests Restoration Act of 2003 to establish cancellation ceilings to limit up-front government obligations for stewardship contracting projects. The Department values the flexibility provided by the stewardship contracting authority and appreciates Congress' support in permanently reauthorizing it. However, we have concerns about certain provisions in this bill and would like to work with the sponsor and Committee to resolve them.

**Background**

Stewardship contracting authority was established for the BLM in the FY 2003 Omnibus Appropriations Act and was permanently authorized in the 2014 Farm Bill. The authority allows the BLM to award contracts for forest health and restoration treatments, including hazardous fuels reductions, for a period of up to ten years and to use the value of the timber or other forest products removed as an offset against the cost of services received. The BLM has enjoyed many successes in using stewardship contracting authority, achieving goals for forest and woodland restoration and conducting both hazardous fuels reductions and habitat restoration treatments. In addition, stewardship contracts help local communities by providing jobs, improved wildlife habitat and recreational opportunities, and protection from wildland fire. From 2003 through 2014, the BLM entered into over 400 stewardship contracts on approximately 228,000 acres. The BLM's future strategy for stewardship projects includes increasing the size and duration of these projects.

**S. 326**

S. 326 amends the Healthy Forests Restoration Act of 2003 to allow the government to fund cancellation ceilings for multi-year stewardship contracts incrementally. The bill also amends the Act to ensure that timber receipts in excess of the resource improvement treatment costs be applied to any unfunded cancellation ceiling before being used to fund other projects. Changing the requirement to obligate cancellation costs upfront is inconsistent with budgeting principles and would understate the Government's liability under the contract. We want to ensure that we can increase use of this valuable tool to accelerate restoration on BLM lands and want to work with the Committee in reducing barriers to doing so while adhering to core budgeting and acquisition principles.

The Department supports the provision in Section 2(a)(3) of the bill that would give the BLM Director authority to award best-value stewardship contracts for timber volumes over 250,000

board feet. The Forest Service already has similar authority, and this change is consistent with the BLM's goals of expanding and enhancing the use of stewardship contracts.

The Department would also like to work with the sponsor on minor technical corrections.

**Conclusion**

Thank you for the opportunity to testify in support of this legislation.