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The Natural Resources and Environment Function in the FY1999 Budget: A Description of Programs and Funding

David M. Bearden
Environmental Information Analyst
Environment and Natural Resources Policy Division

Summary

Function 300 of the federal budget includes activities related to natural resources and the environment and funds five subfunctions for water resources, conservation and land management, recreational resources, pollution control and abatement, and other activities such as research and technical support. For these activities, the Administration has requested \$23.73 billion in budget authority for FY1999, and projects outlays of \$23.24 billion. On April 2, 1998, the Senate passed the FY1999 budget resolution, S. Con. Res. 86, which sets budget authority for Function 300 at \$23.40 billion and projects \$23.40 billion in outlays. On June 5, 1998, the House passed H. Con. Res. 284, which sets budget authority for Function 300 in FY1999 at \$22.60 billion and projects \$22.80 billion in outlays. Issues to be resolved in conference include: the level of budget authority and amount of outlays for Function 300, differences in funding assumptions, and the sense of the Senate expressed in S. Con. Res. 86 on global climate change research, the Kyoto Protocol to limit greenhouse gases, the Landowner Incentive Program, and the Land and Water Conservation Fund, which are not included in H. Con. Res. 284. This report will be updated as legislative action occurs.

Introduction

The federal budget is organized according to 20 spending and revenue functions. Function 300 of the budget includes activities related to natural resources and the environment and funds five subfunctions for water resources, conservation and land management, recreational resources, pollution control and abatement, and other activities such as research and technical support. For these activities, the Administration has requested \$23.73 billion in budget authority for FY1999, which is about 1% of total budget authority of \$1.75 trillion and roughly \$630 million below the FY1998 funding level of \$24.36 billion. The President's budget projects outlays of \$23.24 billion for Function 300 in FY1999, which is about 1% of total outlays of \$1.73 trillion. (For a history of budget authority since FY1988 and the share of FY1999 funding requested for each subfunction, refer to Figures 1 and 2 respectively on page 2.)

Figure 1. Budget Authority for Natural Resources and Environment

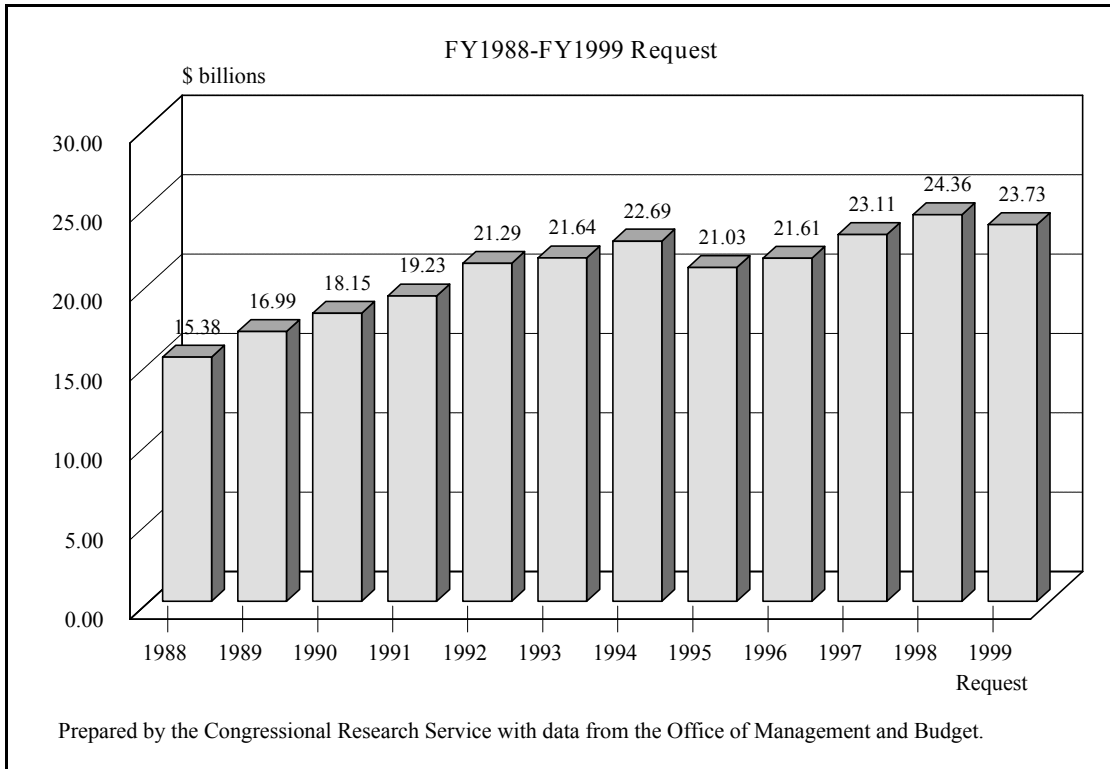
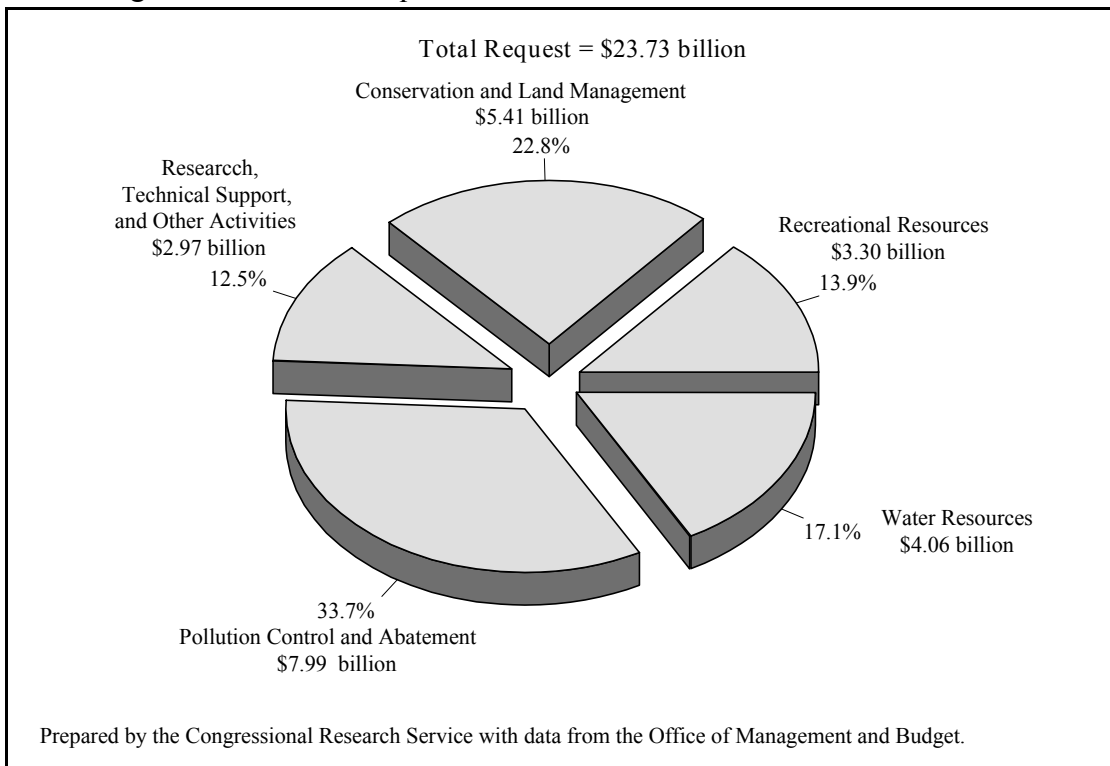


Figure 2. FY1999 Request for Natural Resources and Environment



Following procedures established in the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344), the House and Senate Budget Committees develop a concurrent resolution on the budget that sets funding levels for the 20 budget functions and establishes guidelines for spending and revenue. On April 2, 1998, the Senate passed the FY1999 budget resolution, S. Con. Res. 86, which sets budget authority for Function 300 at \$23.40 billion, \$330 million less than the Administration's request. It also projects \$23.40 billion in outlays for Function 300, \$160 million more than the Administration's projection. The House passed its version of the FY1999 budget resolution on June 5, 1998, H. Con. Res. 284, which sets budget authority for Function 300 at \$22.60 billion, \$800 million less than the Senate's amount and \$1.13 billion below the Administration's request. It also projects outlays of \$22.80 billion for Function 300, \$600 million below the Senate's level and \$440 million less than the Administration's projection. Issues to be resolved in conference include: the level of budget authority and amount of outlays for Function 300, differences in funding assumptions, and the sense of the Senate expressed in S. Con. Res. 86 on global climate change research, the Kyoto Protocol to limit greenhouse gases, the Landowner Incentive Program, and the Land and Water Conservation Fund, which are not included in H. Con. Res. 284. Based on amounts in the budget resolution, the House and Senate Appropriations Committees are responsible for allocating funding to each federal agency in the 13 annual appropriations bills.¹

This report describes the activities under each subfunction of Function 300, indicates the Administration's request for FY1999, lists the federal agencies that implement various programs, identifies potential funding issues, and discusses relevant provisions in the FY1999 budget resolution.

Funding for Defense-related Environmental Activities

Function 300 does not include the roughly \$10 billion for defense-related environmental programs. Instead, this funding falls under Function 50 for National Defense. The Department of Defense operates six environmental programs to address cleanup, compliance, military base closures, pollution prevention, conservation, and environmental technology. The Department of Energy manages defense nuclear waste and remediates contaminated sites. For further discussion of defense-related environmental programs, refer to CRS Report 97-790 ENR.

Water Resources

The FY1999 request of \$4.06 billion for water resources, 17.1% of the total request for Function 300, is \$777 million less than the FY1998 funding level of \$4.84 billion. This subfunction includes activities under the Army Corps of Engineers and the Department of the Interior's Bureau of Reclamation.² The Corps constructs and maintains facilities for flood control, commercial navigation, and hydroelectric power. Congress traditionally authorizes funding for Corps projects every 2 years under a Water Resources Development Act. The most recent authorization was in 1996, and the second session

¹For further discussion of the federal budget process, refer to CRS Report 96-912 GOV.

²To track appropriations for these agencies, refer to CRS Report 98-207 ENR.

may consider such legislation for 1998. The Bureau of Reclamation operates diversion dams and reservoirs that provide water for irrigation, hydroelectric power, and municipal and industrial uses in the western United States. Numerous water projects, such as the Garrison Dam Diversion in North Dakota, are controversial because of the potential difficulty in diverting water to meet public needs in arid areas while maintaining water quality and protecting habitat. As passed, S. Con. Res. 86 assumes full funding of \$1.4 billion in budget authority and \$1.2 billion in outlays for the Corps' general construction account in FY1999, whereas the President's budget would provide \$700 million less in budget authority and \$300 million less in outlays. The Senate's resolution also assumes full funding for the Corp's other accounts and priority projects such as the Portland Harbor Project in Maine. As passed, H. Con. Res. 284 assumes that funding for the Army Corps of Engineers in FY1999 will remain at the FY1998 level. The House Republican Budget Plan, released on May 12, 1998, proposed to fund non-power operations of the Tennessee Valley Authority primarily with fees collected from commercial barges under the Inland Waterways Trust Fund rather than from direct appropriations. However, the House did not include this language in H. Con. Res. 284, as passed.

Conservation and Land Management

The FY1999 request of \$5.41 billion for conservation and land management, 22.8% of the total request for Function 300, is \$158 million lower than the funding level of \$5.56 billion for FY1998. The Department of Agriculture's Forest Service and the Department of the Interior's Bureau of Land Management, National Park Service, and Fish and Wildlife Service manage the majority of public lands.³ The Fish and Wildlife Service works with the Department of Commerce's National Marine Fisheries Service to protect wildlife and fishery populations.⁴ The Department of Agriculture's Natural Resources Conservation Service assists farmers in managing their lands, and under the Wetlands Reserve Program, compensates farmers for removing certain portions of their land from production to protect wetlands.⁵ Some of the potential issues related to conservation and land management are: restoring watersheds and wetlands, improving forest health, constructing roads in national forests and across lands administered by the Bureau of Land Management, charging grazing fees on rangelands, acquiring additional public lands, reauthorizing and implementing the Endangered Species Act, protecting ocean and coastal resources, and restoring water quality in nationally significant ecosystems.

As passed, S. Con. Res. 86 assumes the President's reduction of \$699 million for priority acquisitions of federal lands. The 1997 balanced budget agreement provided a total of \$700 million for major land acquisitions, all of which Congress appropriated for FY1998. For the Fish and Wildlife Service's resource management programs, the Senate's resolution assumes \$595 million in budget authority and \$594 million in outlays. It also expresses the sense of the Senate that public land sales should not be the sole source of funding for the Landowner Incentive Program if subsequent legislation provides other sources and that programs supported by the Land and Water Conservation Fund should be funded at the authorized level. The House Republican Budget Plan proposed to reduce

³To track appropriations for these agencies, refer to CRS Report 98-206 ENR.

⁴To track appropriations for this agency, refer to CRS Report 98-209 E.

⁵To track appropriations for this agency, refer to CRS Report 98-201 ENR.

bureaucracy in the Department of the Interior and the Natural Resource Conservation Service by eliminating or decreasing funding for certain offices, but the House did not adopt this provision in H. Con. Res. 284, as passed.

Recreational Resources

The FY1999 request of \$3.30 billion for recreational resources, 13.9% of the total request for Function 300, is \$514 million below the FY1998 funding level of \$3.81 billion. The Department of Agriculture's Forest Service and the Department of the Interior's Bureau of Land Management, National Park Service, and Fish and Wildlife Service manage federal lands that provide outdoor recreational opportunities.⁶ Some of the potential issues related to recreational resources are: maintaining parks to meet increased public demands, managing new park units, reducing the backlog of construction and maintenance projects, expanding partnerships between the public and private sectors to protect certain recreational areas, and providing federal aid to states for managing recreational fisheries. As passed, S. Con. Res. 86 assumes full funding of the President's request for \$1.3 billion in budget authority and \$1.2 billion in outlays for the National Park System in FY1999. The House Republican Budget Plan proposed to consolidate the Bureau of Land Management, Fish and Wildlife Service, and Forest Service to provide savings that would allow funding increases for the National Park Service. However, the House did not adopt this language in H. Con. Res. 284, as passed.

Pollution Control and Abatement

The FY1999 request of \$7.99 billion for pollution control and abatement, one-third and the largest portion of the total request for Function 300, is \$650 million above the funding level of \$7.34 billion for FY1998. The Environmental Protection Agency (EPA) enforces federal environmental laws, oversees national regulations, and assists state, local, and tribal governments in controlling pollution.⁷ The Department of Agriculture assists rural communities in developing water infrastructure.⁸ Some of the potential issues related to pollution control and abatement are: 1) reauthorizing the Superfund program to clean up the nation's most hazardous waste sites and 2) meeting public needs for water infrastructure to ensure safe drinking water and adequate treatment of wastewater.

The President's budget would devote the increase of \$650 million in EPA's budget to completing cleanup at 136 Superfund sites in 1999. However, it would decrease EPA's state revolving funds for water infrastructure by \$310 million from \$3.21 billion for FY1998 to \$2.90 billion for FY1999. As passed, S. Con. Res. 86 would reject the President's proposal to reduce funding for EPA's water infrastructure program, and it assumes additional spending of \$200 million annually from FY1999 to FY2003 for the Superfund program. This additional funding would cover orphan shares of cleanup costs, contingent upon reauthorization, if the extra spending does not raise the federal deficit or reduce the budgetary surplus. (Cleanup costs for which responsible parties are unable to pay are referred to as orphan shares.) The Senate's resolution also expresses the sense that

⁶To track appropriations for these agencies, refer to CRS Report 98-206 ENR.

⁷To track appropriations for this agency, refer to CRS Report 98-204 EPW.

⁸To track appropriations for this agency, refer to CRS Report 98-201 ENR.

federal grants for technologies, research, and methods to reduce greenhouse gases should be made available through competitive, merit-based awards that focus on cost-effectiveness, and it expresses the sense that funding should not be provided to reduce greenhouse gases under the Kyoto Protocol prior to Senate ratification.⁹

Research and Technical Support

The FY1999 request of \$2.97 billion for research and technical support, 12.5% and the smallest portion of the total request for Function 300, is \$168 million more than the FY1998 funding level of \$2.81 billion. Under the Department of the Interior, the U.S. Geological Survey conducts research on land, water, and mineral resources and natural hazards.¹⁰ Under the Department of Commerce, the National Oceanic and Atmospheric Administration conducts research on coastal resources, air quality, climate change, and ozone depletion.¹¹ It also administers the National Weather Service, which issues public weather forecasts and warnings. As passed, S. Con. Res. 86 assumes full funding of the President's request for the National Oceanic and Atmospheric Administration, which would provide \$2.3 billion in budget authority and \$2.1 billion in outlays for FY1999.

Tax Revenues and Incentives

Major sources of federal revenue under Function 300 include timber sales, recreational fees, park concessions, grazing fees, mineral royalties from onshore sites, and bonuses and royalties from offshore oil and gas leases. Superfund taxes are another source, but taxing authority expired on December 31, 1995. Reinstating them is a prominent issue in the Superfund reauthorization debate, and the President's budget assumes revenues of nearly \$1.8 billion in FY1999 based on their renewal. The President's budget also proposes to reinstate the oil spill excise tax and assumes revenues of \$238 million in FY1999. As passed, S. Con. Res. 86 assumes the reinstatement of Superfund taxes to offset additional spending of \$200 million annually from FY1999 to FY2003 for orphan shares of cleanup costs. As passed, H. Con. Res. 284 does not include funding assumptions based on the reinstatement of Superfund taxes.

Current tax incentives under Function 300 would total \$1.74 billion in FY1999. Of this amount, state and local governments would receive a tax break of \$600 million to construct private waste disposal facilities with tax-exempt bonds, and the timber industry would receive tax credits of roughly \$600 million. Tax incentives for the mining industry would total about \$400 million. To reduce certain greenhouse gases, the President's budget proposes \$6 million in tax credits for recycling perfluorocarbons (PFCs) and hydrofluorocarbons (HFCs) and replacing circuit breakers that leak sulfur hexafluoride (SF₆). As passed, S. Con. Res. 86 expresses the sense that tax credits to lower greenhouse gases should be offered for using alternative technologies that are as effective as the technologies for which tax credits are available.

⁹For a summary of agreements under the Kyoto Protocol, refer to CRS Report 98-2 ENR, and for a discussion of global climate change issues, refer to CRS Issue Brief 89005.

¹⁰To track appropriations for this agency, refer to CRS Report 98-206 ENR.

¹¹To track appropriations for this agency, refer to CRS Report 98-209 E.