
CRS Report for Congress

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The Natural Resources and Environment Function in the FY2000 Federal Budget: A Description of Programs and Funding

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Summary

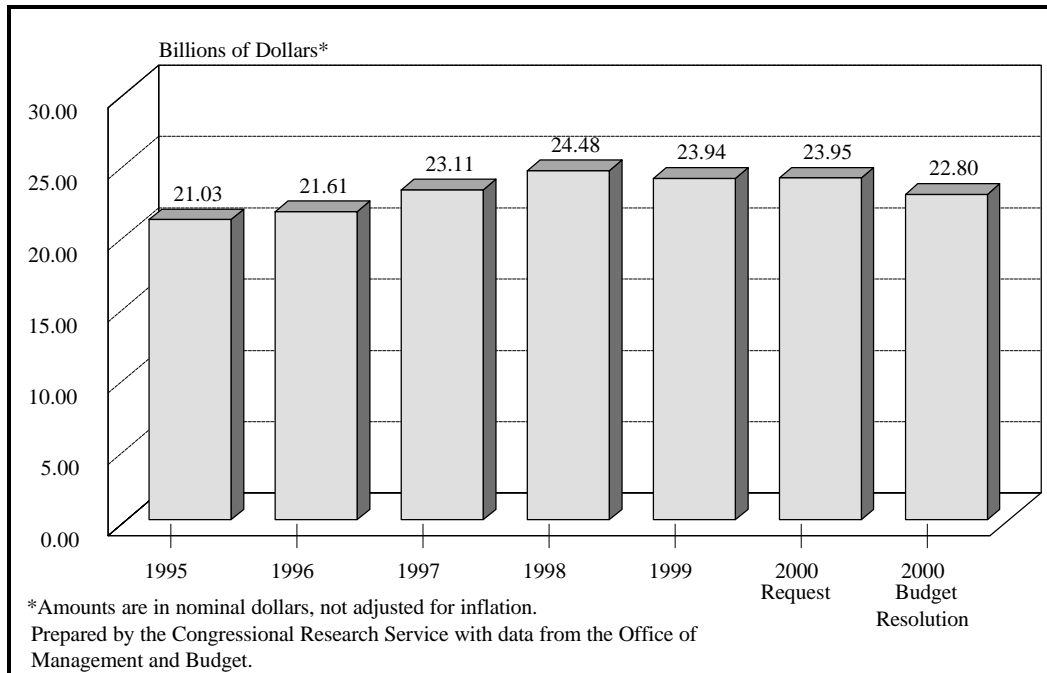
Function 300 of the federal budget funds activities related to natural resources and the environment and includes five subfunctions for water resources, conservation and land management, recreational resources, pollution control and abatement, and research and technical support. For these activities, the Administration requested \$23.95 billion in budget authority and \$23.75 billion in outlays for FY2000. To remain within the discretionary spending caps, the FY2000 budget resolution assumed lower funding levels for Function 300 than the Administration requested. The House passed the conference report on the FY2000 budget resolution (H.Con.Res. 68, H.Rept. 106-91) on April 14, 1999, and the Senate passed it on April 15, 1999. The conference committee adopted the House's proposal of \$22.80 billion in budget authority and \$22.60 billion in outlays for Function 300. The Senate had proposed lower funding levels of \$21.70 billion in budget authority and \$22.40 billion in outlays. The conference committee also adopted the sense of the Senate on prohibiting the use of federal funding to reduce greenhouse gas emissions under the Kyoto Protocol prior to Senate ratification. Based on the amounts agreed upon in the budget resolution, the House and Senate Appropriations Committees allocated funding for Function 300 to various federal agencies under six separate appropriations bills.

Introduction

The federal budget is divided into 20 spending and revenue functions. Function 300 of the budget funds activities related to natural resources and the environment and includes five subfunctions for water resources, conservation and land management, recreational resources, pollution control and abatement, and research and technical support. According to procedures established under the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344), the House and Senate Budget Committees are responsible for developing a concurrent resolution on the budget that sets the level of budget authority and outlays for the 20 budget functions and establishes funding assumptions which act as

guidelines for spending and revenue.¹ The figure below indicates the amount of budget authority allocated for Function 300 from FY1995 to FY2000.

**Budget Authority for Natural Resources and the Environment:
FY1995 to FY2000**



To remain within the discretionary spending caps agreed to under the Budget Enforcement Act of 1997 (P.L. 105-33, Title X), the FY2000 budget resolution assumed lower funding levels for Function 300 than the Administration requested. On April 14, 1999, the House passed the conference report on the FY2000 budget resolution (H.Con.Res. 68, H.Rept. 106-91), and the Senate passed it on April 15, 1999. The conference committee adopted the House's funding level of \$22.80 billion in budget authority for Function 300 in FY2000, about \$1.10 billion more than the Senate's amount of \$21.70 billion, roughly \$1.15 billion less than the Administration's request of \$23.95 billion, and approximately \$1.14 billion less than the FY1999 level of \$23.94 billion in budget authority. The conference committee also adopted the House's proposal of \$22.60 billion in outlays for Function 300, approximately \$200 million more than the Senate's level of \$22.40 billion, about \$1.15 billion less than the Administration's request of \$23.75 billion, and roughly \$1.66 billion less than the FY1999 level of \$24.26 billion in outlays. In addition to setting funding levels for Function 300, the conference report also included the sense of the Senate on prohibiting the use of federal funding to reduce greenhouse gas emissions under the Kyoto Protocol prior to Senate ratification. However, the conference committee did not adopt the senses of the Senate on the Urban Parks and Recreation Recovery program, the use of Outer Continental Shelf (OCS) revenues, or the Land and Water Conservation Fund. Based on the amounts agreed upon in the FY2000 budget resolution, the House and Senate Appropriations Committees allocated funding for Function 300 to various federal agencies under six separate appropriations bills for

¹ For further discussion, refer to CRS Report 98-721 GOV, *Introduction to the Federal Budget Process*, by Robert Keith.

Agriculture, Commerce, Energy and Water Development, Interior, Transportation, and VA-HUD-Independent Agencies.

This report describes the activities that fall under each subfunction of Function 300, indicates the amount of budget authority and outlays that the President requested for FY2000, lists the federal agencies that implement various programs, and discusses relevant provisions in the FY2000 budget resolution.

Funding for Defense Cleanup and Environmental Programs

Function 300 does not include the roughly \$10 billion for defense cleanup and environmental programs, which falls under Function 50 for National Defense. The Department of Defense operates six environmental programs to address cleanup, compliance, base closures, pollution prevention, conservation, and environmental technology. The Department of Energy manages defense nuclear waste and remediates contaminated sites. For further discussion, refer to CRS Report RL30111, *Defense Cleanup and Environmental Programs: Authorization and Appropriations for FY2000*, by David M. Bearden.

Water Resources

The President's budget proposed a decrease of \$1.06 billion in budget authority for water resources from \$4.81 billion in FY1999 to \$3.75 billion in FY2000, and projected a decrease of \$1.49 billion in outlays from \$5.45 billion in FY1999 to \$3.96 billion in FY2000. The requested decrease was mostly due to the Administration's proposal to transfer over \$900 million from the Harbor Maintenance Trust Fund to establish a new Harbor Services Fund, which Congress rejected in the appropriations process. The water resources subfunction includes funding for 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. While the Corps operates nationwide, the Bureau of Reclamation constructs, maintains, and operates diversion dams, reservoirs, and related facilities that provide water for irrigation, hydroelectric power, and municipal and industrial uses in 17 western states. The conference report on the FY2000 budget resolution did not include any specific funding assumptions related to water resources.³

Conservation and Land Management

The President's budget proposed an increase of \$630 million in budget authority for conservation and land management from \$5.14 billion in FY1999 to \$5.77 billion in FY2000, and projected an increase of \$390 million in outlays from \$5.07 billion in FY1999

² For information on the amount of funding appropriated to these agencies, refer to CRS Report RL30207, *Appropriations for FY2000: Energy and Water Development*, coordinated by Marc Humphries and Carl Behrens.

³ For further discussion of issues related to this subfunction, refer to CRS Report 98-985 ENR, *Water Resource Issues in the 106th Congress*, by Betsy Cody and Steve Hughes.

to \$5.46 billion in FY2000. The Department of Agriculture's Forest Service and the Department of the Interior's Bureau of Land Management (BLM), National Park Service, and Fish and Wildlife Service manage the majority of federal lands.⁴ The Fish and Wildlife Service works with the Department of Commerce's National Marine Fisheries Service and state agencies to protect wildlife and fishery populations.⁵ 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 portions of their land from production to protect wetlands.⁶ The Senate's version of the FY2000 budget resolution expressed the sense of the Senate that \$200 million should be appropriated from OCS revenues to the Land and Water Conservation Fund for supporting state and local conservation and recreation projects. However, the conference committee on H.Con.Res. 68 did not adopt the Senate's funding assumption.

Recreational Resources

The Administration requested an increase of \$260 million in budget authority for recreational resources from \$3.37 billion in FY1999 to \$3.63 billion in FY2000, but projected a decrease of \$440 million in outlays from \$3.95 billion in FY1999 to \$3.51 billion in FY2000. 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.⁷ The Senate's version of the FY2000 budget resolution expressed the sense of the Senate that adequate funding for the Urban Parks and Recreation Recovery program should be a high priority in congressional appropriations decisions. However, the conference committee on H.Con.Res. 68 did not adopt the Senate's funding assumption. In the appropriations process, the conference agreement on H.R. 3194 provided approximately \$2 million for the program in FY2000, instead of \$1.5 million as proposed by the Senate and \$4 million as proposed by the House.

Pollution Control and Abatement

Pollution control and abatement has traditionally accounted for the largest portion of funding under Function 300. The Administration requested a decrease of \$170 million in budget authority for pollution control and abatement from \$7.53 billion in FY1999 to \$7.36 billion in FY2000, but projected an increase of \$690 million in outlays from \$6.86

⁴ For information on the amount of funding appropriated to these agencies, refer to CRS Report RL30206, *Appropriations for FY2000: Interior and Related Agencies*, coordinated by Alfred R. Greenwood.

⁵ For information on the amount of funding appropriated to this agency, refer to CRS Report RL30209, *Appropriations for FY2000: Commerce, Justice, and State, the Judiciary, and Related Agencies*, coordinated by Edward Knight.

⁶ For information on the amount of funding appropriated to this agency, refer to CRS Report RL30201, *Appropriations for FY2000: U.S. Department of Agriculture and Related Agencies*, coordinated by Ralph M. Chite.

⁷ For information on the amount of funding appropriated to these agencies, refer to CRS Report RL30206, *Appropriations for FY2000: Interior and Related Agencies*, coordinated by Alfred R. Greenwood.

billion in FY1999 to \$7.55 billion in FY2000. The Environmental Protection Agency (EPA) is the primary federal agency responsible for the control of pollution and the cleanup of civilian environmental contamination. EPA's main functions are to enforce federal environmental laws, oversee national regulations, and assist state, local, and tribal governments in controlling pollution.⁸ The U.S. Coast Guard also administers programs to prevent and clean up hazardous spills.⁹ The most controversial budgetary issues regarding pollution control and abatement were funding levels for the Superfund program, wastewater infrastructure, and the Administration's Climate Change Technology Initiative.¹⁰ Regarding climate change activities, the conference report on the FY2000 budget resolution included the sense of the Senate that federal funding should not be used to reduce greenhouse gas emissions if such reductions are made to meet U.S. commitments to the Kyoto Protocol prior to Senate ratification.¹¹

Research and Technical Support

Research and technical support has traditionally accounted for the smallest portion of funding under Function 300. The Administration requested an increase of \$350 million in budget authority from \$3.09 billion in FY1999 to \$3.44 billion in FY2000, and projected an increase of \$340 million in outlays from \$2.93 billion in FY1999 to \$3.27 billion in FY2000. Under the Department of the Interior, the U.S. Geological Survey conducts research on land, water, mineral, and biological resources and on natural hazards.¹² Under the Department of Commerce, the National Oceanic and Atmospheric Administration (NOAA) conducts research on coastal resources, air quality, climate change, and ozone depletion.¹³ NOAA also administers the National Weather Service, which issues public weather forecasts and warnings. The conference report on the FY2000 budget resolution did not include any specific funding assumptions regarding research and technical support.

⁸ For information on the amount of funding appropriated to this agency, refer to CRS Report RL30204, *Appropriations for FY2000: VA, HUD, and Independent Agencies*, coordinated by Dennis Snook.

⁹ For information on the amount of funding appropriated to this agency, refer to CRS Report RL30208, *Appropriations for FY2000: Department of Transportation and Related Agencies*, coordinated by Duane Thompson and Robert Kirk.

¹⁰ For a discussion of these issues, refer to CRS Issue Brief IB10038, *Environmental Protection Agency: FY2000 Budget Issues*, by Martin Lee.

¹¹ If ratified by the Senate, the Kyoto Protocol would commit the United States to reducing greenhouse gas emissions by 7% below 1990 levels. For additional information on the Kyoto Protocol and global climate change, refer to the CRS Electronic Briefing Book on Global Climate Change. [<http://www.congress.gov/brbk/html/ebgcc1.html>]

¹² For information on the amount of funding appropriated to this agency, refer to CRS Report RL30206, *Appropriations for FY2000: Interior and Related Agencies*, coordinated by Alfred R. Greenwood.

¹³ For information on the amount of funding appropriated to this agency, refer to CRS Report RL30209, *Appropriations for FY2000: Commerce, Justice, and State, the Judiciary, and Related Agencies*, coordinated by Edward Knight.

Tax Revenues and Incentives

Major sources of federal revenue under Function 300 include timber sales, recreational fees, park concessions, grazing fees, mineral royalties from leases on onshore sites, and OCS revenues from offshore oil and gas leases. Superfund taxes are another source. However, taxing authority expired on December 31, 1995, and whether to reinstate the taxes has been a prominent issue in the Superfund reauthorization debate.¹⁴ The conference report on the FY2000 budget resolution assumed that revenue offsets will be adopted to fund a net tax cut of \$778 billion over the next 10 years from FY2000 to FY2009. The Senate's version of the budget resolution indicated that such offsets could possibly include the reinstatement of Superfund taxes in anticipation of or in conjunction with fundamental Superfund reform legislation, but the conference committee did not include this language in its report on H.Con.Res. 68. The Senate's version of the budget resolution also expressed the sense of the Senate on allowing budgetary levels to be adjusted for legislation that would use OCS revenues for historic preservation, recreation, conservation, and coastal needs as long as the costs of such legislation would not increase the federal deficit from FY2000 to FY2009. However, the conference committee on H.Con.Res. 68 did not adopt the Senate's funding assumption.

Function 300 also includes several tax incentives that will cost the taxpayer nearly \$1.56 billion in FY2000 under current law. Of this amount, state and local governments would receive a tax break of \$445 million to construct water, sewer, and hazardous waste facilities with tax-exempt bonds, and the timber industry would receive tax credits of roughly \$585 million. There would be approximately \$255 million in tax incentives available for historic preservation as well. The mining industry also would receive roughly \$270 million in tax incentives under current law. As part of the Administration's proposed *Livability Agenda*, the budget request introduced a new financing initiative that would have offered state, local, and tribal governments a total of \$9.5 billion in bond authority over 5 years for 15-year Better America Bonds to support projects that would preserve green space, create or restore urban parks, protect water quality, and clean up brownfield sites. The President's budget proposed tax credits of \$8 million in FY2000 and a total of \$673 million from FY2000 to FY2004 to support the bonds.¹⁵ Under the Administration's proposal, EPA and the Department of the Treasury would have jointly administered the bonds. However, the conference reports on the FY2000 budget resolution, the FY2000 appropriations bill for the Department of the Treasury and Related Agencies, and the FY2000 appropriations bill for VA-HUD-Independent Agencies did not include specific language regarding funding for EPA's bond proposal.

¹⁴ For further discussion, refer to CRS Issue Brief IB10011, *Superfund Reauthorization Issues in the 106th Congress*, by Mark Reisch.

¹⁵ However, the total amount of \$673 million in tax credits only represents the first 5 years of the cost of the bonds to taxpayers. The entire life of the bonds would be 15 years, which may require several billion dollars in tax credits to support them over the long-term.