

THE WHITE HOUSE
WASHINGTON

November 16, 1994

MEMORANDUM FOR CAROL RASCO

FROM BRIAN BURKE

SUBJECT OMB DIRECTOR'S REVIEW OF THE DEPARTMENT OF
THE INTERIOR

This memo outlines the budgetary highlights for the Department of the Interior (DOI) and Water Resources for FY 96.

I. Streamlining Plan Status for DOI

DOI has presented two options for reducing FTEs. It prefers to meet the FTE target level for FY 96 and accomplish an 8% reduction in FTE for FY 99. This would fall short of the target reduction already set for FY 99.

It has an option to meet the FY 99 target by accomplishing an 11% reduction, but says that this would lead to "unacceptable consequences." It doubts it can reach the 11% reduction because of customer service considerations and the implementation of new programs and priorities.

The NPR staff has characterized DOI's plan as among the best that was submitted. However, the PAD recommends that DOI be required to meet the 11% reduction that has been set.

• National Park Service streamlining plan

DOI is proposing to use the cooperative management already practiced by many individual managers in the Park Service. This will lead to a decentralized management system and a significantly reduced headquarters staff.

However, much of the reduction in the plan comes from shifting the department positions to other offices. There is also insufficient discussion of reducing layers of the management.

• Fish and Wildlife Service streamlining plan

FWS plans to convert its current program management structure to an ecosystem approach. The plan makes programmatic sense but will be difficult to implement. This will require reshaping the layers of management in the headquarters and the regions.

OMB's PAD has determined that the plan is excellent and

FWS is committed to it. The two potential obstacles to its implementation are: (1) Congressional interference and (2) the National Wildlife Refuge System backlog.

- **U.S. Geological Survey streamlining plan**

USGS has completed a headquarters reorganization that has helped streamline the department. A full plan is being developed but will not be ready in 1994.

- **Bureau of Mines streamlining plan**

BOM is the farthest along in streamlining because of the acceptance of a bureau program review by Congress and the Administration. DOI succeeded in getting the relevant Congressional committees to authorize the plan.

BOM has made progress in reconfiguring regional offices, and is ahead of schedule for its required reduction of 11% of FTEs. By FY 99, BOM should be able to make a total reduction of 19%.

- **Bureau of Reclamation streamlining plan**

There has been significant progress in streamlining this bureau in the past two years. Most of the former headquarters staff duties have been delegated to regional managers.

Reclamation is well on its way to achieving the reduced FTE target DOI has established for it. However, there has not been adequate focus on customer service, use of information technology or improved financial management.

II. Recommended level of funding for DOI in FY 96

DOI's request is on target for outlays but is \$333 million over-target in BA. The PAD recommendation is to allow DOI to have its over-target BA request. This recommendation also includes some adjustments within DOI's request.

OMB feels that the DOI request represents a significant effort on the part of the Secretary to produce a responsible budget outlay target that protects basic operations, maintains ongoing Administration priorities, and provides necessary increases for some programs. The PAD recommendation makes certain reductions and offsets to allow increased funding for land acquisition under the Land and Water Conservation Fund and increases in Payments in Lieu of Taxes.

The PAD recommendation is to not fund the Bureau of Reclamation's Mid-Dakota Rural Water System project. It is estimated that the project will cost \$105 million to complete. OMB opposes funding

because it believes that DOI should not be funding what are essentially local projects. OMB believes that Reclamation should limit itself to repairing environmental damage its projects have caused in the past and financing national projects.

III. National Park Service Operations and Construction Funding

The PAD recommendation is to provide \$20 million under the agency request. OMB also wants to seek NPS approval of performance measures and financial controls and seeks legislative reforms related to NPS concessions, recreation fees and Presidio.

There is now a perception that NPS is underfunded to meet its needs. However, OMB feels that much of its problem results from a deficiency in management controls necessary in the areas of administration and financial management. It feels that the growth in appropriations has not been followed by a demand for enhanced management of its funds, and therefore NPS has had little incentive to improve.

Investigation by OMB and the IG has found that NPS financial management is very weak. The PAD recommends that NPS receive funding at the FY 96 level, but that this funding be contingent upon NPS and DOI developing a comprehensive strategy to correct identified shortcomings.

IV. Streamlining plan for the Army Corps of Engineers

There have been many past attempts to reorganize and streamline the Army Corps of Engineers. While these have been rejected in the past, the Army is still working with Congress to try to get them to agree to a streamlining plan.

The streamlining plan meets all FTE targets. NRD recommends that the Corps be allowed to try its new approach and be monitored for success. Currently the Corps does not plan to eliminate any district or division offices, as this was the primary reason for rejection of past plans.

The PAD recommends that the Corps' FTE target be increased by 100 to allow an increase in the amount of support it gives to other agencies. The ceiling on the FTEs allowed for this area has prevented the Corps from providing necessary engineering support to other agencies. OMB believes it is more cost effective to do this than to require other agencies to develop alternatives to receiving Corps engineering support.

V. Army-requested projects that should receive funding

The PAD recommends that only the 21 new-start projects that are already authorized be funded, as opposed to the 37 potential new starts that the Corps requests. The 14 unauthorized projects the Corps seeks funding for had been approved by the Administration for inclusion in the 1994 Water Resources Development Act (WRDA),

which failed to pass the last Congress. The Corps believes that the new Congress will enact the WRDA in time for the FY 96 appropriations process.

OMB believes that it is important to impose discipline on the authorization/funding process. If the WRDA is passed in FY 95, then the requested projects can be added by Congress.

The PAD recommends funding of \$8 million for low-priority projects Congress approved in FY 95. This is a reduction of the agency request of \$60 million for 13 low priority projects.

FY 1996

Director's Review

Department of the Interior

and

Water Resources

October 1994

INTERIOR



High above the hushed crowd, Ron tried to remain focused. Still, he couldn't shake one nagging thought: He was an old dog and this was a new trick.

NRD's careful, but steady progress at
implementing OMB 2000.

Secretary Babbitt



Where the deer and the antelope work

NRD recommended solution to Interior's
FTE problem..."Volunteers in Parks"

**DEPARTMENT OF THE INTERIOR
FY 1996 DIRECTOR'S REVIEW
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AGENCY SUMMARY
DEPARTMENT OF THE INTERIOR
(in millions of dollars)

	<u>FY 1993</u>		<u>FY 1994</u>		<u>FY 1995</u>		<u>FY 1996</u>	
	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>
DISCRETIONARY								
FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.....	7,078	7,118	7,550	7,579	7,313	7,401	N/A	N/A
FY 1995 Request/April 21st Planning Guidance.....					7,217	7,352	7,300	7,600
FY 1996 Agency Request.....							7,633	7,605
FY 1996 PAD Recommended Level.....							7,602	7,600
Percentage Change from:								
FY 1993 Actual.....							7.4%	6.8%
FY 1994 Actual.....							0.7%	0.3%
FY 1995 Agency Request.....							5.3%	3.4%
FY 1995 Enacted.....							4.0%	2.7%
April 21st Planning Guidance.....							4.1%	---
FY 1996 Agency Request.....							-0.4%	-0.1%
MANDATORY								
FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.....	-60	-184	-53	-92	104	130	N/A	N/A
FY 1996 Agency Request.....							-29	11
FY 1996 PAD Recommended Level.....							-29	11
AGENCY TOTAL								
FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.....	7,018	6,934	7,497	7,487	7,417	7,531	N/A	N/A
FY 1996 Agency Request.....							7,604	7,616
FY 1996 PAD Recommended Level.....							7,573	7,611

**STREAMLINING PLAN STATUS
FTE SUMMARY
DEPARTMENT OF THE INTERIOR**

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
FY 1993/ FY 1994 FTE/ FY 1996 Budget Request.....	78,079	77,347	76,128	75,245	74,268	72,503	70,436
Planning Guidance.....				75,245			
PAD Recommendation.....				75,245	74,268	72,503	70,436
Streamlining Plan* (Preferred Option).....				75,245	74,591	73,863	72,867
(Compliance Option).....				75,245	74,268	72,503	70,436
Buyouts Planned (No. of separations, FY 1995 only).....			1400				

Difference between Budget Request and:

Planning Guidance.....	---
PAD Recommendation.....	---

Explanation:

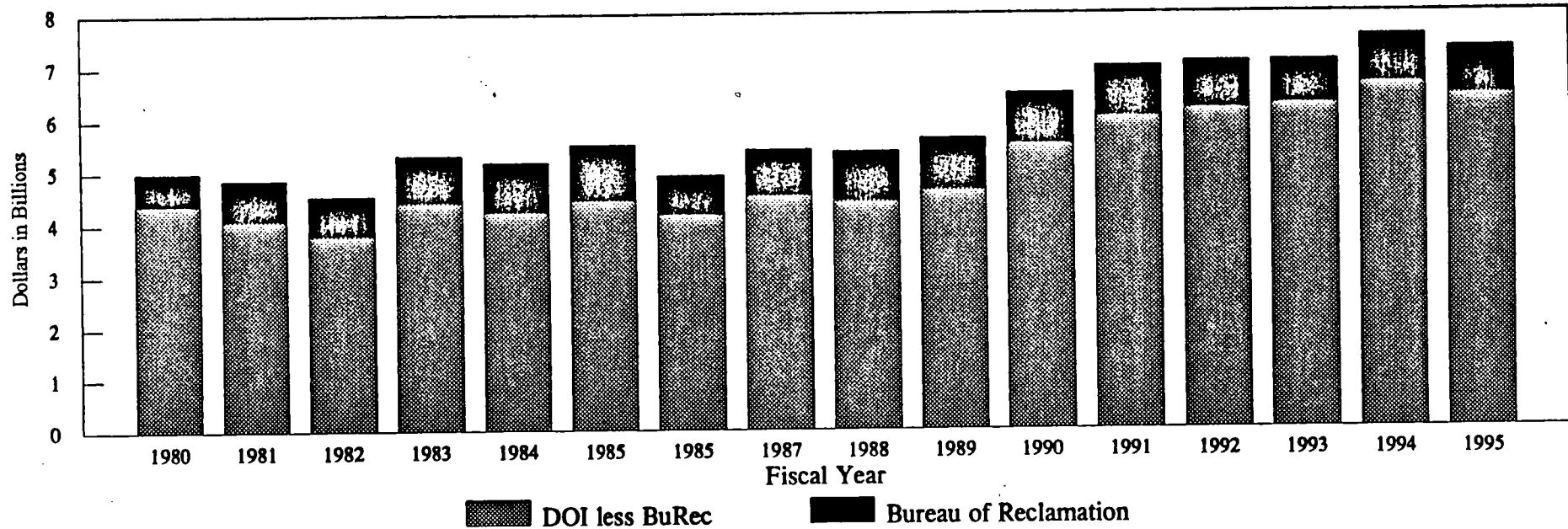
The Department has presented two options for reducing FTE. Its preferred option would accomplish an 8% reduction in FTE by 1999, but falls short of the reduction target by over 2,400 FTE. Its second option would accomplish the full 11% reduction, but with what DOI regards as unacceptable consequences.

The PAD recommendation of the "Compliance Option" is based on the legal requirement contained in the Federal Workforce restructuring Act to reduce government employment by 272,900 FTE.

The Department has been diligent in developing its Streamlining Plan and should be given consideration should additional buyouts or other offsets for FTE reductions government-wide become available.

DOI Historical Summary

Budget Authority



**STREAMLINING PLAN STATUS
SUMMARY ASSESSMENT
DEPARTMENT OF THE INTERIOR**

SUMMARY ASSESSMENT

- o The summary assessment for the DOI Streamlining Plan is "Acceptable with explanation".
- o DOI has presented two options for reducing FTE. Its preferred option would meet the FTE target level for FY 1996 and accomplish an 8% reduction in FTE by FY1999. This preferred option falls short of the FY 1999 reduction target by over 2,40 FTE. Its second option would accomplish an 11% reduction to meet the FY 1999 target level, but with what it regards as unacceptable consequences.
- o DOI has informally expressed doubts that it can reach the full 11% FTE reduction because of customer service considerations in the Bureau of Indian Affairs and National Park Service and implementation of new programs and priorities in the National Biological Survey. Under the Department's Preferred Option, those three bureaus, representing approximately 44% of the DOI FY 1995 ceiling of 74,614, are straightlined from FY 1995 through FY 1999. While this strategy represents a commitment to Presidential and Departmental priorities, it causes significantly deeper reductions to be taken in other bureaus.
- o Under the Department's "Compliance Option", the Park Service and National Biological Survey would remain constant, but the Bureau of Indian Affairs would be reduced by 1,000 FTE. In addition, significant additional FTE reductions would be taken by the Bureau of Land Management (537), the Geological Survey (513), and the Fish and Wildlife Service (381).
- o NPR staff characterized DOI's plan as among the best that was submitted.
- o Selected summaries and critique by NRD staff of the National Park Service (NPS), Fish & Wildlife Service (FWS), U.S. Geological Survey (USGS), and Bureau of Mines (USBM). The NPS and FWS summaries provide insights as to how land management agencies are addressing streamlining. The USBM summary is an example of a bureau that is well along in an approach to streamlining and then proceeding with implementation. The USGS is included as an example of how the NPR objective of streamlining can come into conflict with other NPR objectives--specifically, counting reimbursable FTEs the same as direct FTEs. A specific summary for the Bureau of Indian Affairs (BIA) has not been included because the bureau has not yet completed a plan to reconcile conflicting tribal and DOI streamlining priorities. (Unlike other bureaus, BIA is required by Congress to consult with and obtain consensus from tribes, through the Tribal Reorganization Task Force, before it implements its reorganization proposal.)

RECOMMENDATIONS

- o PAD recommendation is to have DOI plan to meet the outyear FTE levels set in its Option 2 (minus 11%).

- o Continue to support DOI's efforts to streamline through Reinvention Labs and monitor progress in reducing FTEs.
- o Explore whether additional buyout offsets exist to assist DOI in meeting outyear targets. Help DOI explore additional opportunities to reduce FTEs without significantly affecting priority programs. For example, the PAD recommendation includes the proposal, consistent with DOI, to amend the Volunteers in Parks Act to allow DOI to pay limited stipends to seasonal volunteers.

KEY FEATURES OF PLAN AND DISCUSSION

- o The DOI FY 1996 and out-year streamlining savings are preliminary and incomplete because some of the bureaus are months away from having final restructuring and streamlining implementation plans in place (e.g., the U.S. Geological Survey announced a major restructuring of the headquarters in July, but will not complete a bureau-wide plan until next March.)
- o The streamlining plan will continue to evolve as the Department incorporates "lessons learned" from the large number (30) of NPR Reinvention Labs that DOI has under way. NRD believes that the Department's extensive employment of Reinvention Labs and implementation of NPR recommendations reflect a real commitment to make changes that make sense programmatically and that bring greater focus to the accomplishment of essential missions.
- o Following are some examples of DOI's progress to date as reported by the NPR:
 - The Bureau of Reclamation has issued its "Blueprint for Reform," setting out a new mission. It has successfully reorganized a top-heavy headquarters staff and delegated most of its former authority to regional managers.
 - DOI as a whole is reducing its personnel staff 40 percent by 1996 and is increasing personnel staffing ratios to 1:100. The Department is also providing leadership for the governmentwide initiative, under the President's Management Council, for streamlining federal operations.
 - DOI has implemented a model field structure in the Bureau of Land Management's Idaho Office, based on ecosystem management concepts, which is designed to address the competing interests involved in federal land management. In addition, the U.S. Geological Survey's map distribution system has been reinvented, cutting service time from three weeks to one day.
- o Nevertheless, DOI anticipates that reducing FTE in accordance with compliance Option 2 will have the following implications:
 - The 1,000 FTE reduction in the Bureau of Indian Affairs would seriously weaken the Bureau's ability to provide services and technical assistance to tribes at a time when the Bureau is transferring greater responsibility to the agencies and tribes to encourage self-determination, an Administration priority. Teachers and other Indian education support staff would be reduced.
 - The additional 537 FTE reduction in the Bureau of Land Management would result in severe staffing shortages in field

offices, resulting in seriously diminished capability to implement several high priority initiatives including Rangeland Reform, the President's Forest Plan, Mining Reform and Recreation Resource Management. Customer service would be adversely affected in realty management and a variety of other functions, including timber sales.

- The additional 513 FTE reduction in the U.S. Geological Survey would result in a variety of program terminations because of the inability to staff stream-gaging stations that are used for flood forecasting, water quality assessments that are used by a variety of Federal and state agencies in their water quality planning and regulatory programs, and earthquake and volcano monitoring networks.
- The additional 381 FTE reduction in the Fish and Wildlife Service would require reductions in the Service's field operations for Ecological Services, Refuges and Wildlife and Fisheries programs because maximum efficiencies will have been realized for headquarters staff, supervisory ratio, and targeted job series at the Option 1 level.
- o While the additional reductions will likely have a programmatic impact, NRD believes that DOI can accomplish additional reductions beyond its preferred option:
 - Reducing the Bureau of Indian Affairs (BIA) would require difficult choices on programmatic priorities. However, since 1990, the BIA has quietly been reduced by about 851 FTE with little reported disruption to programs or services. Furthermore, the BIA streamlining strategies should allow for reductions in BIA headquarters and area offices. Some of the reductions should be targeted to the field level, but others could be allocated to help achieve the target.
 - Since reinvention activities and studies have not been completed in all bureaus, DOI should not prematurely abandon the potential for additional savings in the Bureau of Land Management, Fish & Wildlife Service and U.S. Geological Survey. Bureau plans should thoroughly review existing activities and aggressively seek alternatives such as use of volunteers in non-traditional areas and contracting.
 - The DOI commitment to hold the National Park Service and National Biological Survey harmless may have to be reconsidered.
 - Finally, NRD will explore whether additional buyouts exist to assist DOI in meeting outyear targets. The Department completed over 3,000 buyouts in FY 1994. The initial allocation of buyouts for FY 1995 of 650 has already been increased by 750 to 1,400.

OTHER ISSUES

- o Even under Option 1, DOI bureaus, particularly the National Park Service, are beginning to claim that they are unable to make greater use of non-federal funds, practice more entrepreneurial management, and implement NPR items due to lack of FTEs. NRD had recommended as a possible alternative, amending the Volunteers in Parks Act to provide the Secretary the authority to pay limited stipends to seasonal volunteers. DOI supports this approach, has drafted the necessary language and supports including such a change as part of the FY 1996 budget submission.

- o Efforts to reduce FTE have not, up to this point, met with any real Congressional resistance because specific offices and field locations in most of the bureaus have not been targeted. Though no significant level of national media attention has been focussed as of yet, there has been considerable local press interest. Moreover, there appears to have been little Departmental coordination of an analysis of impacts of office closure on various communities' (i.e., how multiple bureau actions might collectively affect certain communities). The Department's experience in obtaining Congressional approval of the Bureau of Mines' Program Review (which involve closing down facilities during FY 1995 in Tuscaloosa, AL; Juneau, AK; and Rolla, MO) indicates that resistance will begin to mount as the reductions move closer to reality, particularly if involuntary separations are required.
- o FTEs for emergency federal employees are included within the definition of FTEs, and therefore, subject to being counted in accomplishment, or failure to meet, FTE targets. The Department has expressed concern that a hot, dry fire season may cause higher levels of emergency hiring and make it more difficult for DOI to meet an annual FTE target.

**STREAMLINING PLANS: NPR TARGET POPULATIONS
DEPARTMENT OF THE INTERIOR**

	<u>FY 1993</u> <u>Actual</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY1999</u>
Total FTES.....							
Option 1:	78079	77347	76128	75245	74591	73863	72867
Option 2:	78079	77347	76128	75245	74268	72053	70436
Number of positions:							
Supervisors.....	12178	10772	9324	8235	7455	6465	5001
Supervisory Ratio.....	1:6	1:7	1:8	1:9	1:10	1:11	1:14
Headquarters Staff.....	13078	11960	10635	9434	8431	7517	6678
Personnel Specialists.....	1687	1332	984	832	823	813	796
Budget Specialists.....	1196	1112	953	891	814	755	678
Acquisition Specialists.....	1862	1633	1516	1454	1391	1333	1245
Accountants & Auditors.....	1484	1317	1264	1205	1169	1084	1006

**DEPARTMENT OF THE INTERIOR
National Park Service
Streamlining Plan**

SUMMARY OF THE PROPOSAL

The DOI proposal attempts to organizationally capture and institutionalize the successful inter-park, even region-wide, cooperative management methods already being practiced informally by various managers in the National Park Service (NPS). For example, NPS' Western Region has realized success with various parks cooperating and sharing resources in dealing with common operational responsibilities, problems and incidents, and in planning strategies for various operational programs and workloads cooperatively.

NPS field units will be grouped into 16 "clusters" of 10 to 35 units. Each cluster will be served by a system support office. Field units and partnership programs staffs within each cluster are expected to maximize support for each other.

System support offices have two primary roles: 1) provide support for field unit operations, and 2) engage on a cluster-wide basis in planning, cooperative management activities, and technical assistance to the field units and their partners. Each office will have from 60 to 80 FTEs. Each office will be supervised by a superintendent who reports to a field director.

Seven NPS field directors will have line authority over each field unit superintendent and the system support office superintendent within their area of responsibility. Field directors will have a staff of 15 to 18 FTEs.

NPS national program centers will be maintained or established where it is determined that a center meets three tests of consolidated services: 1) a critical mass of specialized expertise for Service-wide use, 2) uneconomical to decentralize, and 3) better service to customers results from centralization. The total FTEs in the national program centers will range from 1,200 to 1,500. If field units can get similar and better services elsewhere, they may do so.

The NPS Headquarters Office will emphasize agency and program leadership, policy direction, and liaison with the Congress, the Department, other Federal agencies, and affiliated national level organizations. It will exercise less control and day-to-day direction of field offices by delegating key responsibilities and accountability to organizations closer to the field operations. The Headquarters Office will be

significantly reduced to between 200 and 250 FTEs (a 62 percent reduction by FY 1999). The Director, Deputy Director, Headquarter associates, and field directors will make up the NPS National Leadership Council.

DOES THE PLAN MAKE SENSE PROGRAMMATICALLY?

The NPS plan is consistent with mission, goals, and strategic planning at least on the surface. The intent is to move positions "to the ground" and provide better service to the customers. The plan recognizes the needs for new performance agreements, increased accountability both financial and in other delegated authority, and improvements in communications and information. However, there are no specific ideas offered related to these needs.

The plan is intended not to save money, but redirect funds to the park units. It should improve implementation of all Presidential investments and priorities.

Program performance related to budget, finance and accounting, legislation, and certain areas of administration will likely become worse. Unfortunately, these are areas where the situation in the NPS is already bad. From the park unit users' view, performance should improve if one accepts the basic tenet that more money and people at the unit level improves customer service. Specifics of how the transition will occur are lacking almost completely and the result is a lack of support in the employee ranks.

DOES THE PLAN MEET THE FTE GUIDANCE?

The NPS says its plan meets its share of DOI reductions. Implementation logically should advance investments and initiatives by increasing work force at the operating level. Nearly all positions reduced from overhead and levels above the park unit are intended to go to the units.

On the surface, reductions in supervisors and other identified positions will be reduced. DOI has included within its submission the breakdown of NPS target positions. However, some of the reduction is accomplished by changes in what things are named rather than real reductions. For example, many of those positions now called National Headquarters will become national program centers. The employees desks, rooms, phones, and parking spaces will be unchanged. The effects of procurement reform are not addressed.

The layers of management and reductions of senior managers is also not specifically addressed. The formal number of layers - Headquarters, regions (renamed field directors),

and units - is the same. The layering problem in NPS is within each level and the effect of the plan there is not clear. Improvement in the Headquarters and regions layering can be expected, but reductions in layers at the unit level has not been addressed.

HOW SOUND IS THE PLAN?

While the NPS strategic plan is 49 pages in length, it does not address any of the items related to implementation. An implementation plan has not been done and probably will not receive the same level of attention that the overall strategic plan has received. However, it is precisely the lack of such a document that has created concern among some NPS employees. While an implementation plan does not exist, the NPS is moving ahead with implementation, but again it is unclear if this movement is real, or superficial.

POTENTIAL PROBLEMS

There is a potential problem with the boundaries of the new organization. The field directorate follows State boundaries and are the focal point for state and federal congressional contact. The unit clusters follow boundaries established by ecological or cultural information. The boundaries do not match.

There is a potential problem in changing the organization mind-set to one of team, cooperation, and sharing. Performance elements with emphasis on these characteristics will need to be developed and used. The "lone wolf" superintendents that ran their parks with iron hands and got all the resources they needed somehow were rewarded for resourcefulness and creativity. In the future, that kind of behavior is not acceptable.

There are many potential problems with this structure in the area of human resources. Staffing and classification, supervision and performance review, and many other personnel items have been designed to support hierarchical organizations. While the NPS organization will be flatter, it is unclear from the materials available from NPS what the implications are for supervisor ratios, particular NPR identified classes of employees, and the relationship to other initiatives like procurement reform. Still needed is a plan that describes implementation and how the operating units will change under the plan. However, the DOI revised streamlining plan submitted on October 13th includes the goals for targeted position that are shown in the attached table.

**Department of the Interior
National Park Service
FTE Total and by Type**

	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	Numbers Reduced	Percent Reduction
Total FTEs	19,427	19,286	19,085	19,085	19,085	19,085	19,085	-342	-2%
Supervisors	3,300	3,200	3,076	2,808	2,457	1,966	1,310	-1990	-60%
Supervisor Ratio	1:5.9	1:6.0	1:6.2	1:6.8	1:7.8	1:9.7	1:14.6		
Headquarters	4,371	4,171	3,645	3,100	2,600	2,100	1,662	-2709	-62%
Personnel	571	429	293	267	262	257	247	-324	-57%
Budget	260	222	217	211	200	186	137	-123	-47%
Acquisition	510	432	422	407	387	362	319	-191	-37%
Accountant/Auditor	465	401	391	376	356	331	291	-174	-37%

**DEPARTMENT OF THE INTERIOR
US FISH AND WILDLIFE SERVICE (FWS)
STREAMLINING PLAN**

SUMMARY OF THE PROPOSAL

The FWS has ambitious reinvention plans. In line with the NPR's recommendations for ecosystem management, the FWS plans to convert its current program management structure to an ecosystem approach. Decisions will be made by multidisciplinary teams close to the natural resource problems, with only modest guidance from regional and headquarters managers. For the time being at least, this virtual organization will not be reflected in organizational structure changes in the field. However, headquarters is the subject of a significant reorganization plan, currently pending the Department's approval. In its FY 1996 budget request, the FWS proposes to increase partnerships with States, particularly with respect to grants to support non-Federal land acquisition to accomplish endangered species habitat conservation plans.

DOES THE PLAN MAKE SENSE PROGRAMMATICALLY?

The plan makes programmatic sense; however, its implementation will be challenging. Although several of the seven Regional Offices have begun using an ecosystem approach, it will be difficult for the several layers of management, in the regions and in headquarters, to give up the programmatic power that is essentially moving down to the interdisciplinary ecosystem teams. If an ecosystem approach is to be accepted, it will need to prove itself as an effective tool for the organization to use in accomplishing its mission. It will need to be reflected in the FWS budget structure, and perceived as approved of by OMB and Congress through the receipt of additional funding. In this light, the Department chose not to accept or support, at least for purposes of the FY 1996 budget, an ecosystem-based approach to funding FWS initiatives. However, the PAD recommendation would give the FWS a \$10M increase in operational funding for following through on the ecosystem approach, funded through offsetting FWS reductions.

In the field, staff are embracing the ecosystem approach. As a result, better decisions are being made from the standpoint of the overall organization, and more efficient use is being made of limited staff and financial resources.

Congress has been an impediment to implementing the FWS streamlining initiative. For instance, the FY 1995 appropriations conference report directs the FWS not to curtail any lawful public uses on any of the 500 national wildlife refuges. But uses must be dropped

in some refuges to achieve administrative efficiencies, especially since 97% of the more than 500 refuges are funded below their minimal operational needs with the current mix of programs. In FY 1995, Congress also denied a budget request to improve the FWS information technology through a relatively modest \$2.4M GIS initiative, which would have improved management efficiency.

DOES THE PLAN MEET FTE GUIDANCE?

Headquarters staff will be reduced by 46% by 1999, while headquarters functions staff drop by an average of 30%. Field staff increase by 10% over this period. Two organizational layers will be eliminated, and the number of deputies of various sorts significantly reduced. Divisions will be combined in headquarters. Headquarters staff functions decline from 32% of FTEs in 1993 to 19% in 1999. The FWS has more than 700 field offices, many of which are fairly small, resulting in a 1993 supervisory ratio of 1:5; this is planned to increase to 1:15 by 1999. The Service plans office consolidations and some restructuring to improve the supervisory ratio.

HOW SOUND IS THE PLAN?

The plan is excellent and the FWS management is clearly committed to it. Staff at the lower levels of the organization are excited about an ecosystem approach, and although middle management feels threatened by it to some degree, they recognize its benefits at an intellectual level, and will probably eventually acclimate themselves to it. The greatest obstacles are (1) Congressional interference, as has already been demonstrated with respect to the National Wildlife Refuge System (NWRS); and (2) the NWRS O&M backlog (\$400M in maintenance, and about \$75M in annual operations). The backlog may become a material weakness for DOI in several years.

The FWS is using a programmatic EIS process to guide the future direction of the NWRS, and has contracted with the National Fish and Wildlife Foundation to evaluate the role of the 78 facility National Fish Hatchery System. These efforts should produce some support from outside the Service for the management decisions that are ultimately made. Whether this support is sufficient to avoid further Congressional interference remains to be seen.

**DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY (USGS)
STREAMLINING PLAN**

SUMMARY OF THE PROPOSAL

The Geological Survey has completed a headquarters reorganization in the spirit of streamlining. Although a strategic plan for the bureau is being developed, it will not be completed in 1994. Nonetheless, the USGS has a history of planning exercises that have produced recommendations consistent with streamlining objectives. Therefore, changes currently underway are very likely to be consistent with an eventual strategic plan for the bureau.

The stated mission of the USGS is to provide in a timely manner impartial earth science information to current and future generations.

DOES THE PLAN MAKE SENSE PROGRAMMATICALLY?

The USGS was one of the last DOI bureaus to have its Director appointed by President Clinton and confirmed by the Senate. As a result, little progress has been made in development of an bureau-wide strategic plan, although the bureau does plan to have a draft plan in the late winter of 1995. However, two of the Survey's three major Divisions have a long history of being sensitive to customers' needs and leveraging appropriated funds with those of other Federal agencies and non-Federal partners. As a result, the bulk of the USGS will probably need to make only incremental changes to conform to a new strategic plan. The Geologic Division, however, has behaved in a relatively insular and introspective manner over the last three decades, and needs considerable reinvention work. The bureau's new Director recognizes this, has already made a number of management changes in the Geologic Division, and indicated a willingness to work with OMB, the States, and other potential partners to make significant improvements. These efforts should produce the beginnings of considerable improvement even before a final strategic plan is adopted for the overall agency.

The best thing resulting from streamlining at the USGS is the elimination of psychological/institutional barriers among the bureau's National Mapping, Water Resources, and Geologic Divisions, allowing intragency coordination and cooperation to become standard operating procedure gradually. The greatest programmatic threat from streamlining is that the bureau, which has historically enjoyed strong morale, may undergo repeated RIFs in 1996 and later years in order to meet streamlining targets that are

disproportionately low because Secretary Babbitt has chosen not to reduce FTEs below the 1995 level in the NPS, BIA, and NBS.

DOES THE PLAN MEET FTE GUIDANCE?

In 1994 the USGS had only 3% of its staff in a headquarters function, compared to the Departmental average of 14%. The ratio of headquarters functional specialists to line employees also starts out comparatively low in the USGS. Therefore it is reasonable that the USGS would only reduce headquarters staff by 25% through 1999, and most functions by about 18%. The number of supervisors will decline by 49%, and the number of SES positions is declining 42% (-22 positions) by the end of FY 1995. The USGS FY 1996 budget request to OMB does show realignment of resources to meet Presidential investment priorities. The supervisory ratio, a relatively low 1:9 in 1994, shrinks to 1:14 by 1999.

HOW SOUND IS THE PLAN?

The USGS appears committed to streamlining at all levels. Aggressive use of buyouts is being used to lessen morale problems from FTE reductions, but the bureau's first RIFs in its history are possible in FY 1996. Many USGS employees tend not to retire when they become eligible. Scientists enjoy doing research, and staying on the payroll enables them to take advantage of the USGS facilities and get paid for doing what they enjoy doing.

The USGS challenge is the lack of employee interest in retirement, compounded by a need to recruit young PhDs. on the scientific cutting edge, coupled with the morale impact on the organizational culture of a possible RIF in FY 1996. The only mechanism for change which the Survey might more aggressively use is a moratorium on all new fulltime-permanent hires. All new employees could be solely brought on board under 3-4 year term appointments, so there is no expectation of permanent employment. This would reduce the need for RIFs in FY 1998 and later, because scientists could simply not be renewed when their original research project is completed. This would, however, make recruitment more difficult compared to the current situation, which closely resembles an academic tenure system.

One conflict between streamlining and NPR's goal of making the Federal Government more efficient is that the USGS is often not in a position to provide its expertise to other agencies which request it and are willing to pay for it, because reimbursable FTEs are counted the same as direct FTEs for purposes of FTE ceilings. This is a disincentive to undertake work for others.

**DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
STREAMLINING PLAN**

SUMMARY OF THE PROPOSAL

The Bureau of Mines is perhaps the DOI bureau farthest along in streamlining because of the acceptance by the Congress and the Administration of the recommendations of a bureau Program Review that was completed in May 1994. DOI considers the consensus that was reached with the cognizant congressional authorizing committees (House Natural Resources and Senate Energy) to adopt the Program Review to have been a major achievement.

DOES THE PLAN MAKE SENSE PROGRAMMATICALLY?

In response to the Program Review, the Bureau is in the process of reconfiguring nine research centers into four Centers of Excellence; facilities in Tuscaloosa, AL; Rolla, MO; and Juneau, AK will be closed during FY 1995 and 96.

The FY 1996 budget proposal is a complete restructuring of the bureau's programs to reflect the new directions outlined in the Program Review. In implementing the Review, the Bureau has reduced its FY 1995 budget by \$20 million from the \$170 million that was available in FY 1994.

The Centers of Excellence will be located in Minneapolis, MN, for Environmental Remediation; Salt Lake City, UT, for Environmental Pollution Prevention and Control; Pittsburgh, PA, for Health and Safety; and Albany, OR, for Materials Research Partnerships;

DOES THE PLAN MEET FTE GUIDANCE?

To date, the Bureau has already accomplished a greater number of FTE reductions than a prorata distribution of the 11% reduction would have required. The Bureau has reduced 311 FTE from a base of 2,403 for a FY 1995 ceiling of 2,092. The Bureau should be able to reach its FY 1999 ceiling of 1,952 through buyouts and attrition for a total FTE reduction of 19%.

HOW SOUND IS THE PLAN?

The plan covers all of the elements of a theoretically sound plan: delayering, reduction .. of supervisory positions, increase in span of control, reduction of support positions, use of information technology, etc. However, depending on the mix of highly specialized staff who take buyouts or otherwise leave, the Bureau could develop some critical skills shortages.

**DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
STREAMLINING PLAN**

SUMMARY OF THE PROPOSAL

Reclamation has made significant progress the past two years in streamlining its organization and has had some success in redirecting its mission. The Vice President has publicly acknowledged that the BuRec Commissioner (Dan Beard) is in the vanguard of reinventing government.

The Bureau has reorganized its former "headquarters" staff in Denver and delegated most of its former authority to regional managers. Through the recent buyout and a RIF, it has eliminated 300 positions from that office, which now has a staff of 1,700. Denver is slated to become a "technical and administrative service center."

The Bureau is working to restructure all its organizational units to reach a supervisory ratio of 1:15 by FY 1996. The Bureau is achieving this ratio by adopting a "working group" or "team" approach to management. (Consistent with NPR definitions, team leaders are not counted as supervisors.) The Bureau has abolished two deputy commissioner and five assistant commissioner positions, replacing them with three directors.

DOES THE PLAN MAKE SENSE PROGRAMMATICALLY?

Reclamation is unclear as to its long-term goals and mission and the various programmatic components that would facilitate achieving those goals. The streamlining plan is well underway, more by intuition than with knowledge that the resulting organization will satisfy Federal needs in FY 2000 and beyond. The Department, which projects a shortfall of 2,400 FTEs in meeting its own long-term goals, does not appear to have examined whether there should even be a Bureau of Reclamation in the 21st century.

DOES THE PLAN MEET FTE GUIDANCE?

Reclamation is well on its way to achieving the reduced FTE target the Department has

established for it. The Bureau has about 6,600 employees at present -- 1,000 fewer than when President Clinton took office. DOI has asked it to reach 6,000 FTEs by FY 1999. This figure apparently reflects a level that the Bureau should be able to achieve readily, without much pain, rather than a bottom-up assessment of long-term needs. The Bureau will require some staff to operate and maintain its largest dams indefinitely, but considerably fewer than 6,000.

Any shortfall in DOI-requested buyouts could affect the Bureau's approach to reducing FTEs in the future. Reclamation has benefited substantially from this tool thus far.

HOW SOUND IS THE PLAN?

The Bureau has proposed various new programs, but has not identified specific delivery mechanisms it will need to realize the goal the Commissioner has set for the agency -- that it should become a premier "water manager." The Bureau's plan reflects the view that the agency must change significantly. The Bureau's streamlining plan and its underlying "Blueprint for Reform" provide general direction to an agency that is working to mend its ways, but do not amount to an analysis of future requirements.

In the short run, the Bureau is searching for new missions largely to end its traditional heavy reliance on major construction projects, which many have criticized due to their environmental and economic impacts. To his credit, the Commissioner realized early on that the NPR provided a useful framework for explaining the major changes he was hoping to achieve in any case, and which would have been more controversial standing alone. It is too early to tell how enduring his efforts will prove to be.

Over 800 Bureau employees took the recent buyout. It was not tailored carefully to the positions that the Bureau wished to abolish. The agency is working now to manage the downsizing that has occurred and, where needed, to help restore employee morale.

However, there is little evidence that the streamlining plan has gone beyond the "words on paper" stage in terms of customer service, use of information technology, or improved financial management.

DISCRETIONARY INVESTMENT PROPOSALS
DEPARTMENT OF THE INTERIOR
(in millions of dollars)

	<u>FY 1993</u>	<u>FY1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
			President's Request (FY95 BUD	Enacted	President's Request (FY95 BUD	Agency Request	PAD Recom.	Recom. less Request
	<u>Actual</u>	<u>Actual</u>						

Discretionary:

Natural Resource Protection &..BA	1783	1861	1964	1914	2013	2003	2003	---
Environmental Infrastructure.. OL	1732	1773	1942	1904	2003	1981	1981	---

Enhanced management of the Nation's national parks, refuges, and public lands for their long-term environmental and sustainable economic value.

Pacific Northwest Plan..... BA	---	29	71	56	85	80	80	---
OL	---	23	61	49	81	76	76	---

DOI portion of the Administration's Forest Plan for indentification and protection of key watershed, forests, and species combined with the "Jobs-in-the-Woods" program to temporarily employ persons who lost timber industry jobs.

South Florida Ecosystem.....BA	26	29	57	44	57	61	61	---
Restoration..... OL	10	25	48	41	50	52	52	---

DOI portion of the Administration's comprehensive restoration of the natural systems from Kissimmee River to the coral reefs off Florida Keys, including the Everglades.

National Biological Survey.....BA	---	167	177	167	187	188	188	---
OL	---	82	156	142	179	178	178	---

Established in FY 1994, this bureau is designed to provide better, more reliable, objective scientific information in advance of problems that might threaten animals and plants with extinction.

National Spatial Data.....BA	---	1	7	4	7	7	7	---
Infrastructure..... OL	---	1	7	4	7	7	7	---

NPR recommendation to improve access, develop standards, and more efficiently collect geographic data to support economic development and environmental protection.

Eliminates Double Counts.....BA	-14	-49	-101	-77	-114	-106	-106	---
OL	-8	-38	-80	-72	-108	-99	-99	---

Technical adjustment to eliminate double counting between the Natural Resource Protection, Pacific Northwest Plan, and South Florida Ecosystem categories.

Total, Discretionary.....BA	1795	2038	2175	2108	2235	2233	2233	---
OL	1734	1866	2134	2068	2212	2195	2195	---

SUMMARY OF DISCRETIONARY PROGRAMS
DEPARTMENT OF THE INTERIOR
(in millions of dollars)

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
				President's Request (FY 95Bud)	Enacted	President's Request (FY 95Bud)	Agency Request	PAD Recom.	Recom. less Request
		<u>Actual</u>	<u>Actual</u>						
Discretionary:									
Bureau of Land Management.....	BA	1,010.8	1,055.4	1,099.3	1,083.4	1,113.1	1,124.5	1,152.9	28.4
	OL	965.0	1,043.4	1,102.5	1,123.8	1,104.4	1,119.9	1,135.2	15.3
Minerals Management Service.....	BA	200.7	198.5	206.1	195.1	203.8	202.2	202.0	-0.2
	OL	209.8	198.6	199.8	190.6	188.2	200.6	200.5	-0.1
Office of Surface Mining.....	BA	299.9	306.9	277.9	293.4	273.3	280.3	280.3	---
	OL	303.7	305.2	308.2	312.6	310.6	303.9	303.9	---
Bureau of Reclamation.....	BA	840.2	825.9	771.7	831.1	769.4	809.2	796.0	-13.2
	OL	864.9	978.5	798.7	835.0	778.6	815.8	805.4	-10.4
Central Utah Project.....	BA	---	30.6	51.3	51.3	71.3	48.1	48.1	---
	OL	---	29.7	50.0	50.0	70.3	47.0	47.0	---
U.S. Geological Survey.....	BA	582.9	597.0	580.1	571.0	583.7	598.5	598.5	---
	OL	623.1	555.9	580.3	571.4	583.7	575.7	575.7	---
U.S. Bureau of Mines.....	BA	174.2	169.4	148.9	152.4	138.0	153.4	153.4	---
	OL	182.0	171.7	158.4	160.7	142.2	153.5	153.5	---
Fish and Wildlife Service.....	BA	776.3	704.6	708.4	672.7	722.6	698.9	704.4	5.5
	OL	723.5	737.1	728.5	697.7	728.9	680.7	690.1	9.5
National Biological Survey.....	BA	---	167.2	176.5	166.9	186.8	187.5	187.5	---
	OL	---	92.0	152.2	147.0	178.3	178.4	178.4	---
National Park Service.....	BA	1,413.5	1,520.3	1,420.3 *	1,412.1	1,436.6	1,499.4	1,480.4	-19.0
	OL	1,501.7	1,557.2	1,569.3	1,518.6	1,528.1	1,534.1	1,531.5	-2.7
Bureau of Indian Affairs.....	BA	1,570.0	1,791.0	1,759.1	1,747.1	1,792.9	1,876.2	1,886.2	10.0
	OL	1,563.6	1,728.9	1,689.4	1,660.0	1,781.0	1,839.7	1,842.5	2.8

SUMMARY OF DISCRETIONARY PROGRAMS
DEPARTMENT OF THE INTERIOR
(in millions of dollars)

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
				President's Request (FY 95Bud)	Enacted	President's Request (FY 95Bud)	Agency Request	PAD Recom.	Recom. less Request
		<u>Actual</u>	<u>Actual</u>						
Discretionary:									
Territorial and International Affairs.....	BA	86.9	90.1	55.4	69.1	43.6	63.5	52.5	-11.0
	OL	62.3	95.3	51.4	64.7	41.9	64.5	61.7	-2.8
Office of the Secretary.....	BA	65.3	66.1	63.5	63.3	64.9	67.5	67.5	---
	OL	61.4	58.9	63.8	63.5	64.9	67.2	67.2	---
Office of the Solicitor.....	BA	31.5	33.4	35.4	34.6	35.5	36.6	36.6	---
	OL	32.0	32.2	35.1	34.4	35.5	36.2	36.2	---
Office of Inspector General.....	BA	23.5	24.3	24.0	23.9	24.1	25.5	25.5	---
	OL	24.7	24.2	24.0	24.0	24.1	25.3	25.3	---
National Indian Gaming Commis.....	BA	2.0	1.0	1.5	1.0	1.5	1.0	1.0	---
	OL	0.0	2.2	2.9	2.5	1.5	1.0	1.0	---
Discretionary Offsets.....	BA	---	-31.7	-162.2	-55.5	-114.7	-38.8	-70.8	-32.0
	OL	---	-31.7	-162.2	-55.5	-114.7	-38.8	-70.8	-32.0
		-----	-----	-----	-----	-----	-----	-----	-----
Total, Discretionary.....	BA	7,077.6	7,550.0	7,217.1	7,312.8	7,346.4	7,633.5	7,602.0	-31.5
	OL	7,117.7	7,579.0	7,352.2	7,401.0	7,447.5	7,604.7	7,600.0	-4.7
Discretionary Planning									
Guidance.....	BA	N/A	N/A	N/A	N/A	N/A	7,300.0		
	OL	N/A	N/A	N/A	N/A	N/A	7,600.0		

* Includes DOI supplemental request of \$6.8 million for the National Park Service.

SUMMARY OF SELECTED DISCRETIONARY PROGRAMS
DEPARTMENT OF THE INTERIOR
(in millions of dollars)

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
				President's Request (FY 95Bud)	Enacted	President's Request (FY 95Bud)	Agency Request	PAD Recom.	Recom. less Request
		<u>Actual</u>	<u>Actual</u>						
Discretionary:									
Land and Water Conservation									
Fund (BLM, FWS, and NPS).....	BA	222	203	193	170	160	180	193	13
	OL	247	228	209	203	200	193	198	5
National Park Service -- Employee									
Housing Initiative.....	BA	19	14	30	24	30	96	76	-20
	OL	16	16	19	18	20	28	25	-3
Bureau of Indian Affairs:									
School Operations.....	BA	364	394	410	409	N/A	441	441	---
	OL	353	383	409	404	N/A	428	428	---
School Construction.....	BA	45	74	43	48	N/A	67	67	---
	OL	32	52	54	55	N/A	59	59	---
National Science and Technology									
Council/Committee on Environment									
and Natural Resources.....	BA	N/A	665	675	655	688	676	676	---
	OL	N/A	560	622	610	650	640	640	---

Land Acquisition
Departments of the Interior and Agriculture
 (BA in thousands)

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Request	FY 1995 Enacted	FY 1996 Agency Request	FY 1996 PAD Recom.
Department of the Interior						
<u>National Park Service</u>						
Federal Land Acquisition		67,171	55,696	59,821	54,696	55,696
State Grants		28,053	28,000	27,947	28,000	28,000
Subtotal, NPS	117,900	95,224	83,696	87,768	82,696	83,696
 <u>Fish and Wildlife Service</u>						
Federal Land Acquisition	76,544	95,554	86,162	67,281	80,662	86,162
 <u>Bureau of Land Management</u>						
Federal Land Acquisition	27,796	12,122	23,087	14,757	16,723	23,087
 Total, DOI Land Acquisition	222,240	202,900	192,945	169,806	180,081	192,945
 Department of Agriculture						
<u>Forest Service</u>						
Federal Land Acquisition	63,743	64,250	64,241	65,311	16,200	65,311
 TOTAL, LAND ACQUISITION	285,983	267,150	257,186	235,117	196,281	258,256

**POTENTIAL INCREASES
TO DISCRETIONARY PROGRAM RECOMMENDATIONS
DEPARTMENT OF THE INTERIOR**
(in millions of dollars)

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>				
	<u>Actual</u>	<u>Actual</u>	<u>President's Request (FY 95Bud)</u>	<u>Enacted</u>	<u>President's Request (FY 95Bud)</u>	<u>Agency Request</u>	<u>PAD Recom.</u>	<u>Potential Increased Level</u>	<u>Potential Increases. less Pad Recom.</u>

Discretionary:

National Park Service.....	BA	---	---	---	---	---	7	---	7	7
Supplemental	OL	---	---	---	---	---	1	---	1	1

DOI requests a supplemental to replenish funds transferred under emergency authority for storm damage not included within areas covered by Presidential declarations and Presidential contingency funds. This DOI request is a result of Appropriations bill language that states that funds transferred for emergency purposes will be "replenished by a supplemental appropriation which must be requested as promptly as possible."

Restore Park Service Housing.....	BA	19	14	30	24	30	96	76	96	20
Initiative	OL	16	16	19	18	20	28	25	28	3

Restore Secretary's employee housing initiative to DOI requested level.

Increase PILT Funding to FY 96....	BA	104	104	104	104	104	104	114	163	49
Level	OL	104	104	104	104	104	104	114	163	49

The Payment in Lieu of Taxes (PILT) Program was enacted in 1976 to compensate counties and local governments for taxable revenues foregone due to tax-exempt Federal lands within their borders. Spending on this program is funded through annual discretionary appropriations and has been consistent over the past several years.

A bill passed at the end of the 103rd Congress that modified the PILT formula so that over five years (beginning in FY 1995), if fully appropriated, the annual funding level increases to a level of \$255 million in FY 1999. The PAD recommends funding the PILT program in FY 1996 at \$10 million over the FY 1995 enacted level, rather than the full FY 1996 target authorized in the new legislation. The above increase would take the Program to the new FY 1996 level.

**POTENTIAL REDUCTIONS
TO DISCRETIONARY PROGRAM RECOMMENDATIONS
DEPARTMENT OF THE INTERIOR**
(in millions of dollars)

<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>				
		President's Request (FY 95Bud)	Enacted	President's Request (FY 95Bud)	Agency Request	PAD Recom.	Potential Reduced Level	Potential Reduc. Less Pad Recom.
<u>Actual</u>	<u>Actual</u>							

Discretionary:

Bureau of Reclamation.....	BA	840	826	772	831	769	809	809	767	-42
	OL	865	979	799	835	779	816	816	781	-35

Delay removal of the two dams on the Lower Elwa River in Washington's Olympic Peninsula until FY 1997. Overall, this is a 6 to 10 year project.

HAZMAT (Removal/remediation..	BA	---	---	14	13	14	14	26	14	-12
of hazardous materials on	OL	---	---	5	5	9	9	17	9	-8
DOI-managed lands.										

Hold to the DOI request level, still allowing remediation of highest priority HAZMAT sites. PAD recommendation would initiate remediation at 8 additional sites.

Payment in Lieu of Taxes (PILT)...	BA	104	104	104	104	104	104	114	104	-10
	OL	104	104	104	104	104	104	114	104	-10

Hold to the DOI request level, consistent with recent annual appropriations levels. However, the DOI request is inconsistent with recently enacted legislation authorizing higher PILT payments.

Land & Water Conservation.....	BA	222	203	193	170	160	180	193	170	-23
Fund (LWCF)	OL	247	228	209	203	200	193	198	193	-5

Request an FY 1996 appropriations at the FY 1995 level. LWCF funding (including USDA's Forest Service) is a key indicator for conservation groups' support of Administration budget requests.

BIA and NPS Construction.....	BA	375	388	237	315	227	335	315	252	-62
	OL	372	461	343	413	329	357	354	342	-12

Defer large parts of the proposed housing initiative for the National Park Service, other NPS line item construction, and \$25 million for BIA school construction, including \$21 million for a new school in Tacoma, Washington.

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>				
		<u>Actual</u>	<u>Actual</u>	<u>President's Request (FY 95Bud)</u>	<u>Enacted</u>	<u>President's Request (FY 95Bud)</u>	<u>Agency Request</u>	<u>PAD Recom.</u>	<u>Potential Reduced Level</u>	<u>Potential Reduc. Less Pad Recom.</u>
U.S. Geological Survey (USGS)....	BA	583	764	757	738	771	786	768	744	-24
& National Biological Survey	OL	623	648	732	718	762	754	743	724	-19
(NBS) Science Initiatives										

Reduction would not fund increases related to the priorities of the National Science and Technology Council/Committee on Environment and Natural Resources in the areas of water resources (+ \$9 million), biodiversity and ecosystem dynamics (+ \$7.5 million) and climate change (+ \$7.5 million).

Bureau of Indian Affairs (BIA).....	BA	364	394	410	409	n.a.	441	441	409	-32
School Operations	OL	353	383	409	404	n.a.	428	428	397	-31

Hold FY 1996 funding for operations at the 187 BIA elementary and secondary schools at the FY 1995 enacted level (5% increase in enrollment projected for FY 1996).

Department of the Interior.....	BA	1,795	2,038	2,175	2,108	2,235	2,233	2,233	2,108	-125
Investments	OL	1,734	1,866	2,134	2,068	2,212	2,195	2,195	2,068	-127

Hold FY 1996 investment funding at the FY 1995 level (still \$70 million, 3.4%, above FY 1994). Principal reductions from the DOI request would be made in land management agencies and the National Biological Survey.

TOTAL REDUCTIONS.....	BA									-330
	OL									-247

**MAJOR OUTYEAR CHANGES FROM A HARD FREEZE
(COMPARISON OF PAD RECOMMENDED LEVEL WITH PLANNING GUIDANCE)
DEPARTMENT OF THE INTERIOR
(in millions of dollars)**

<u>Proposal</u>		<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Planning Guidance.....	BA	7,300	7,306	7,600	7,800	
	OL	7,600	7,355	7,600	7,700	
Agency Request.....	BA	7,633	7,728	7,855	7,968	8,074
	OL	7,605	7,738	7,877	7,941	8,060
PAD Recommended Level.....	BA	7,602	7,600	7,700	7,800	8,072
	OL	7,600	7,700	7,750	7,800	8,059

Differences between PAD Recommended Level and Planning Guidance:

Difference.....	BA	302	294	100	--	N/A
	OL	--	345	150	100	N/A

- o The PAD recommendation provides DOI with a one percent BA increase over the FY 1994 enacted level, while meeting the FY 1996 outlay target of \$7.6 billion. Under the outlay target, the DOI request protects basic operations, maintains ongoing Administration priorities, and provides small, but critical increases for Native Americans, National Park priorities, and science programs. To achieve this mark, DOI has reduced its base programs by about \$350 million in BA below the FY 1994 enacted level, without reducing Presidential investment initiatives.

DISCRETIONARY ISSUE PAPER #1
DEPARTMENT OF THE INTERIOR (DOI)
(in millions of dollars)

ISSUE: Should DOI receive its full FY 1996 request (on target for outlays, \$333 million over in BA)?

PREPARER/EXT: Bruce Beard/x54993°.

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
			Pres. Request		Pres. Request	Agency Request	PAD Recom.	Recom. less Request
	<u>Actual</u>	<u>Actual</u>	<u>(FY95BUD)</u>	<u>Enacted</u>	<u>(FY95BUD)</u>	<u>Request</u>	<u>Recom.</u>	<u>Request</u>
BA/OB.....	7,078	7,550	7,217	7,313	7,346	7,633	7,602	-31
OL.....	7,178	7,579	7,352	7,401	7,448	7,605	7,584	-20

OPTION 1: PAD Recommendation -- Allow DOI its over-target BA request (\$333 million over target of \$7.3 billion), since it met its outlay target of \$7.6 billion. This recommendation would also include a few adjustments, both increases and decreases from agency request to address certain additional priorities within the Department's request total.

OPTION 2: Allow DOI its request, with no adjustments (\$333 million over in BA; on target for outlays). According to DOI, it was Secretary Babbitt's understanding that OMB would accept modest increases in budget authority, as long as the budget met the OMB target in outlays.

OPTION 3: Require agency to meet targets, both BA and outlays.

DESCRIPTION OF ISSUE: The DOI request meets the FY 1996 outlay target of \$7.6 billion. To meet this target, DOI reports that Secretary Babbitt made many difficult choices continuing the fiscal constraints the Department faced in FY 1995, after experiencing the

first total net reductions in its appropriation relative to the prior year since FY 1988. DOI believes the FY 1996 budget does not fully correct the underfunding of conservation, science, and land protection of previous years, but does provide for some modest initiatives by making difficult tradeoffs. The DOI BA request represents a one-percent increase over the 1994 enacted level. At the same time, the budget does make strides in meeting the goals outlined in Secretary Babbitt's performance agreement with the President, including funding for Native Americans, the National Parks, and Investment Initiatives.

ANALYSIS: The DOI request represents a significant effort on the part of the Secretary to produce a responsible budget at the outlay target that protects basic operations, maintains ongoing Administration priorities, and provides small, but critical increases for Native Americans, National Park priorities, and science programs.

Operating increases for the National Park Service would be directed to areas of high priority related to resource protection and customer services. Similarly, most increases for the operation of Indian programs are not for new initiatives, but for increased enrollment and operating costs at BIA schools. Additional construction funding proposed for NPS and BIA are directed at addressing longstanding needs and priorities.

The Department argues that to require additional reductions to meet the BA target level of \$7.2 billion would "destroy any sense of this being an environmental budget". Moreover, according to DOI, further reductions would affect progress for the Pacific Northwest, the Everglades, and the California Desert.

Within the PAD recommendation, certain reductions and offsets are proposed to allow increased funding for land acquisition under the Land and Water Conservation Fund (LWCF), Payment in Lieu of Taxes (PILT) to reflect recent enactment of increased PILT authorization, ecosystem management in furtherance of NPR objectives, and remediation of hazardous material on Federal lands. Preliminary indications are that DOI concurs in these adjustments.

RECOMMENDATION: Select Option 1, PAD recommended option.

The PAD recommendation (the Agency request level with certain adjustments within the request) provides DOI with a one-percent BA increase over the FY 1994 enacted level of \$7.55 billion, while meeting the FY 1996 outlay target of \$7.6 billion. To meet this level, DOI was required to reduce its FY 1994 base level by about \$350 million, **without reducing the priority investment initiatives introduced by the President in FY 1994.** With

available outlays under the FY 1996 target, DOI has now chosen to request an additional \$300 million in BA for FY 1996. This would allow DOI to demonstrate accelerated progress in accomplishing Presidential and Secretarial priority initiatives in the areas of **investments** (including priority infrastructure needs in parks), **other National Park priorities, science**, (in conjunction with the review by the National Science and Technology Council), and **Native American programs**.

Choosing to use available outlays now, allows such accelerated progress. Otherwise, sufficient room under the DOI BA target would not likely be available until FY 1998. Note, however, that utilizing available outlays in FY 1996 would further increase BA and outlays over target for FY 1997 through FY 1999, though the increase declines in FY 1998-1999.

DISCRETIONARY ISSUE PAPER # 2
DEPARTMENT OF THE INTERIOR (DOI)
(in millions of dollars)

ISSUE: National Park Service (NPS) Operations and Construction Funding and Management Issues

PREPARER/EXT: Jim McDivitt/53715.

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
			Pres.		Pres.			Recom.
			Request		Request	Agency	PAD	less
	<u>Actual</u>	<u>Actual</u>	<u>(FY95BUD)</u>	<u>Enacted</u>	<u>(FY95BUD)</u>	<u>Request</u>	<u>Recom.</u>	<u>Request</u>
BA/OB.....	1,209	1,303	1,279	1,263	1,296	1,357	1,337	-20
OL.....	1,275	1,304	1,351	1,321	1,345	1,343	1,340	- 3

This paper seeks the Director's concurrence in the PAD's recommendation to 1) fund NPS at the DOI request level (less \$20 million), 2) seek NPS improvements in performance measures and financial controls, and 3) repropose legislative reforms related to NPS concessions, recreation fees, and Presidio (CA).

OPTION 1: PAD recommendation - Provides funding for Agency request, except for \$20 million out of a total \$96 million NPS housing initiative, contingent upon DOI and NPS commitment to pursue improvement in performance measures and financial controls. Repropose legislative reforms on concessions, fees, and the Presidio (CA).

OPTION 2: Agency Request - DOI's request recommends increases above the FY 1995 President's Budget for two new Secretary's Initiatives for Employee Housing and Park Transportation. In addition, increases are proposed for Presidential Investment items, new park units, and a 2% increase for all units.

OPTION 3: Fund the NPS at the FY 1995 enacted level (minus \$94 million, 7% below FY 1996 request level) pending improvements in performance measures and financial controls.

DESCRIPTION OF ISSUE: The NPS is one of America's most loved bureaus of government. Moreover, the NPS has an excellent public affairs program and enjoys support from outside groups who represent NPS issues affecting the National Park System. A consistent theme conveyed by supporters and the NPS itself is the perception that the National Park System, overall, is under funded with an ever-increasing backlog of operational and construction needs. However, the NPS is deficient in many areas of management controls necessary to ensure effective and efficient operations, principally in the areas of administration and financial management. Nonetheless, the NPS has been the recipient of continued growth of appropriations with insufficient attention paid to appropriate financial controls or performance measures to evaluate program progress. The NPS, therefore, has had little incentive to improve.

BACKGROUND:

On August 25, 1916, President Wilson signed the organic legislation that created a new federal bureau in the Department of the Interior (DOI)-- the National Park Service (NPS). Before the signing, 33 units had already been designated as parks and monuments, including the first park, Yellowstone, in 1872. By 1980, the NPS had grown to 319 units with lands totaling nearly 71 million acres, as opposed to the original 4 million acres in 1916.

The NPS has asserted that since the 1980s, unit visitation grew, new units were added, and funding failed to keep up. Consequently, the National Park System is in worse shape today than it was a decade and a half before. However, the data since 1980 shows that the percent increase in NPS operations funding in real dollars has equaled or exceeded the percent increases in visitation, acreage, and new units added. However, these increases did not match the increases of the decade of the 1970s, when real operations funding increased dramatically. Moreover, the NPS has touted several "backlog" estimates exceeding \$7.5 billion. Two significant, high profile initiatives over 10 years have funnelled nearly \$3 billion to the NPS in an attempt to address the maintenance and construction portion of the backlog. The only measurable result the NPS reports is that the maintenance and construction backlog grew from \$1.6 billion in 1986 to \$2.9 billion in 1995, despite the funding targeted to address the problem.

Previous Initiatives

Park Restoration and Improvement Program (PRIP) - From 1982 to 1986, \$1 billion was targeted to remedy the continued deterioration of visitor use facilities and to strengthen the maintenance and resource management program.

Legacy '99 - From 1989 to 1993, nearly \$2 billion was targeted to improve maintenance and reduce the backlog of needed rehabilitation projects.

The NPS argues that these two Reagan/Bush Administration initiatives were not entirely real increases, but funds shifted from other programs. However, from OMB's viewpoint, while increases for each NPS initiative were offset, those offsets were most frequently taken from elsewhere within the Department, as opposed to elsewhere within the NPS budget. For example, during the PRIP, the NPS received \$980 million in increases over the comparable FY 1981 level. Only the NPS land acquisition account declined. During Legacy '99, the NPS received at least \$1.1 billion in increases over comparable FY 1988 funding, excluding land acquisition increases.

Entrepreneurial Management

Under this Administration, the NPS has benefitted from the FY 1994 Presidential Investment Initiative of Enhanced Natural Resource Protection and Environmental Infrastructure, with increases in funding for improved operations of nearly \$165 million, or 17%, from FY 1993 actual to the FY 1996 Agency request. Secretary Babbitt has proposed his own initiatives, as part of the Presidential investments, for South Florida Ecosystem Restoration, which has resulted in doubling the NPS budget for restoration of the Everglades area (\$61 million in FY 1996). In FY 1996, the Secretary has also proposed initiatives for NPS employee housing that would increase funding from \$41 million in FY 1995 to \$96 million in FY 1996, and for improved transportation systems in certain national parks (with a FY 1996 budget of an additional \$9 million).

Complementing the Investment Initiative, a new emphasis on entrepreneurial management began with the National Performance Review (NPR). The NPR had several recommendations for the NPS, but the most significant item was titled "Promote Entrepreneurial Management". The NPR saw this item as a means to increase resources for the NPS to accomplish its mission in the face of "urgent internal needs and growing demands on its resources". The NPR envisioned increasing current fees schedules and revenues, like concession fees, as central to entrepreneurial management, but also identified alternatives like donations, cost-sharing, and automated collectors, as necessary to improve customer service.

As part of the NPR emphasis, the NPS sees its volunteer-in-parks program as an important key to entrepreneurial management. This program has grown over the past 10 years and reaches new record levels of participation each year. In FY 1993, over 77,000 volunteers contributed over 1,700 work years to NPS.

The NPS also sees partnerships as important to entrepreneurial management. Traditionally, most partnerships have been small in scope, project oriented activities between individual parks and neighbors. However, partnerships with national organizations and major corporations have increased in recent years.

While these program components are viewed as important by the NPS, many NPS employees would conclude that good NPS managers have and continue to practice entrepreneurial management just to survive.

Partnerships -- For FY 1996, DOI and the NPS are convinced that significant headway can be made addressing the NPS employee housing situation with partnerships. In addition to a significant increase in appropriated funds, partnership agreements with the non-profit National Park Foundation to remove obsolete trailer housing, and with private companies to provide services, funding, and materials for new housing construction, are part of the Secretary's NPS housing initiative for FY 1996.

User Fees and Concessions -- For FY 1996, the NPS proposes nothing new in the fees or concessions areas. However, because the Administration's concession and fee legislation did not get passed in the 103rd Congress, repropoals in both areas are appropriate. In the area of user fees, the Congress has not supported the broad fee proposal recommended by the Administration in the FY 1995 budget and before. Further discussions between the Administration and the key Congressional committees are needed prior to formulation of any new strategy.

Other Items -- The NPS is "exploring" automated entry equipment and off-site vending of tickets and permits. Currently, 13 NPS units have campgrounds that may be accessed through a nationwide reservations system. Additional campgrounds may be added. The other elements of entrepreneurial management that the NPS acknowledges are 1) reducing internal management regulations and guidance, and 2) development of a strategic plan and performance measures. While some progress is being made in reducing regulations, little progress has been made relative to strategic planning and performance measurement.

The NPS seems ready to say "we tried and failed" on some components of entrepreneurial management. In part, this is because it believes that the NPS was doing all the things

that the NPR talked about already and have little opportunity to do more. However, concessions and fees, and Presidio legislation all failed in this last session, providing an opportunity to consider reproposal of each, or consideration of some comprehensive approach. In addition, general efforts to improve and quantify customer satisfaction should be undertaken. Significant opportunities in the area of NPS entrepreneurial management still exist and need to be focused through strategic planning and performance measures.

MANAGEMENT CONCERNS:

Financial Management

Financial management is not an area of strength in the NPS. The following are findings of DOI's Inspector General on entrance fees and concessions:

- The NPS did not maximize the collection of entrance fees at national parks with fee collection programs or initiate programs at eligible parks. Lost fees resulted.
- The NPS failed to obtain fair return from concessionaires because it 1) did not initiate and implement franchise fee reconsideration in a timely manner, 2) undercharged concessionaires, 3) overcompensated a concessionaire for its investment in capital improvements, and 4) allowed an unnecessary exclusion for gross receipts.
- The NPS needs to improve its financial management procedures related to collecting and accounting for franchise fees. The NPS was not 1) adequately monitoring special accounts, 2) billing concessionaires and recording receivables, 3) accounting for franchise fees, 4) enforcing the requirement for monthly payment of fees, and 5) enforcing the use of electronic wire transfers for payments over \$10,000.

On financial statements for FY 1992, 1993 and 1994, the IG found:

- It was unable to express an opinion because the NPS could not provide supporting documentation to substantiate year-end amounts for account receivable; advances and prepayments; investments; inventory not held for sale; property, plant, and equipment; accounts payable; and accrued payroll and benefits.
- The NPS internal controls and compliance with laws and regulations disclosed deficiencies pertaining to 1) documentation to support general ledger account balances, 2) reconciliation of the fund balance with Treasury to the subsidiary

records, and 3) weakness in the internal controls over the receipt and disbursement transactions.

- The NPS did not ensure that its financial records and reports contained complete, reliable, and timely information, as required by the 1990 CFO Act.
- The NPS had not established adequate internal control procedures such as effective edit controls, and review and reconciliation processes. As a result, certain asset, liability, equity, revenue, and expenditure accounts shown in NPS financial reports and statements were not supported by adequate documentation, subsidiary listings, or reconciliations, and some account balances were materially misstated.

The IG recommends that the NPS report the lack of an effective internal control structure as a material weakness under the Federal Manager's Financial Integrity Act, and design and implement a plan for ensuring that the NPS is in full compliance with the CFO Act.

NPS Director Kennedy's response to the recent audit of the financial statement inadequacies was **"to correct NPS financial statements is unattainable without additional resources"**. Because the NPS has enjoyed solid funding increases over the past three decades (during times of increasing fiscal constraint), this argument appears more reflective of a lack of commitment, as opposed to a lack of funds.

Performance Information

In terms of traditional agency measures of performance, the NPS has a record of historical recreation versus non-recreation visits, hours, and days; Ranger Activities Data, such as criminal offenses reported by type; medical service incidents with saves and fatalities; and search and rescue events. For workload measures, the NPS, unlike other Federal land management bureaus, has not provided measures such as number of plans formulated, acres of work accomplished, or similar activities. In materials provided to OMB and Congress, NPS visitation is the only significant measure.

The NPS Financial Statement has some specific measures, but the measures are mixed and lack clear definition. Many represent only inputs and the NPS's first attempt to develop measures in a consistent manner. Examples of measures are inventories, Geographic Information System maps, soil surveys, monitoring programs, numbers of plans by types, histories, permit applications, acres acquired, number of indoor/outdoor/wayside exhibits, theaters, amphitheaters, visitors surveys, and a variety of criminal arrests. The DOI IG found these inadequate performance measures.

For its budget submission to the Congress, the NPS provides a matrix showing operations funding, FTEs, acreage, and visitation by NPS administrative unit. Indicators such as funding per acres, per visitor, and per FTE can be easily calculated, though the NPS does not do so. In addition, averages can be computed to provide a reference to what is average performance, and the data can be aggregated by type of NPS unit for comparisons, such as National Parks versus National Recreation Areas. Examination of these ratios provides insight into questions concerning large discrepancies between similar units. The NPS argues, and in some cases correctly so, that variations in park purposes, size, and visitation renders this analysis meaningless. However, certain variation can be explained easily and dismissed. It is where easy explanation is not possible that follow-up inquiry is appropriate.

The attached table 1 shows the distribution of operations funding by unit type and the percentage paying for administration and support.

Streamlining -- The NPS streamlining proposal attempts to organizationally capture and institutionalize the highly successful inter-park and regional cooperative management already being practiced informally by various managers in the NPS. NPS field units will be grouped into "clusters" of 10 to 35 units with each cluster served by a system support office. Seven field directors (down from 10 regions) will have line authority over each field unit superintendent and the system support office superintendent within their area of responsibility. The Headquarters Office and existing regional offices will be significantly reduced.

The plan is consistent with goals assumed by the NPR. The intent is to move positions and funding "to the ground" to provide better service to the customers. The plan recognizes the needs for new performance agreements, increased accountability both financial and in other delegated authority, and improvements in communications and information. However, there are no implementing guidelines to direct progress. Furthermore, certain headquarters and regional functions under the old organization, such as programs related to budget, finance and accounting, legislation, and certain areas of administration may actually become worse. Unfortunately, these are areas where the situation is already bad.

RECOMMENDATIONS:

The PAD recommendation would essentially fund the NPS at the FY 1996 request level. This commitment to funding, however, would be contingent upon the NPS and DOI developing a comprehensive strategy to address identified shortcomings in operations. OMB, through NRD and other staff resources, would commit time and resources to assist in this effort.

Financial Management - The NPS needs to be made more aware that the Administration is serious about responsible financial management. Direction from OMB, Secretary Babbitt, and the DOI Assistant Secretary for Policy Management and Budget that improvement is expected in managing concessions, fee collection, and overall financial information should be given. With the increases provided in FY 1995 and FY 1996, measurable improvement must occur. The financial statement of the NPS must be auditable by FY 1996 and marked improvement demonstrated in FY 1995. Additional funding for the NPS will be contingent on satisfying this requirement.

Performance Measures - Performance measures that seem reasonable to propose within the next budget cycle include some unit cost measure for new construction, reconstruction and rehabilitation, and major maintenance. Comparisons with GSA and private costs would require assembling a data base of other appropriate organization's costs. Financial measures related to prompt payments and funds management could probably be developed with relative ease and need to include returns on concessions and efficiency of fee collection. Authority to collect fees in park units, given the level of visitation recorded, implies some level of revenue per unit and for the NPS in total. A calculation of the revenue level and comparison to actual receipts needs to be completed and analyzed.

Customer Service - The NPS intends to expand its social science program to include customer analysis. With increased FY 1995 funding, the NPS plans to develop and institute a system-wide survey of customer satisfaction. Survey forms will be available at all units for customers to provide feedback. Information regarding the adequacy and effectiveness of programs will be collected to assist in policy and management decisions, better focus services and programs, and better meet customer needs. Baseline data from 18,000 visitors at 43 units already exists. This proposal needs to be expanded beyond just customer satisfaction and directed as a condition of increased funding.

Streamlining - Execution of the NPS streamlining plan needs to be monitored closely to ensure that the desired results of directing more dollars and FTEs to the ground are accomplished. At the same time, there are possible undesirable outcomes possible from reductions in accountants and auditors that could make financial management worse and that needs to be avoided. The nearly 20 percent of total budget currently being spent at the headquarters or by administrative support needs to be reduced and redirected to the field level, but in a manner consistent with a reasoned approach.

Legislation - From recent experience on the legislative front, Congress has seemed unwilling to grant broad authority to the Secretary to charge fees. Nevertheless, the NPS authorizing committees did make progress on FY 1995 fee, concessions, and Presidio bills

(though none passed), and increases were enacted as recently as OBRA '93. With some minor modifications, those bill should remain part of the Administration's legislative agenda and be included as part of the FY 1996 Budget. In addition, such legislation should be expanded to provide additional authorities to take full advantage of partnership, cost-sharing, appropriate solicitation, and miscellaneous opportunities for rental incomes.

Table 1.

Department of the Interior
National Park Service
Type of Unit Summary

	Number of Units	Percent of Units Acreage	Percent of Visitation	Percent of Operations Funding	Percent of Operations FTEs
National Parks	51	59%	23%	20%	29%
National Historic Parks	36	---	10%	6%	9%
National Recreation Areas	18	5%	18%	7%	9%
National Military Parks & Battlefields	24	---	5%	2%	4%
National Memorials	26	---	3%	1%	2%
National Seashores & Lakeshore	14	1%	10%	3%	5%
National Monuments	78	6%	9%	5%	7%
National Historic Sites	72	---	4%	4%	6%
National & Wild and Scenic Rivers	14	1%	2%	2%	2%
National Preserves & Reserves	15	28%	---	1%	1%
DC Units & Parkways	19	1%	17%	8%	9%
Totals for Park Units	367	100%	100%	59%	82%
Regional and Washington Office Operations				10%	12%
Regional Programs				9%	
Park Police				4%	4%
Affiliated Areas				1%	1%
Service-wide Programs				9%	2%
Administrative Costs				8%	
Totals, National Park Service Operations				100%	100%

**DEPARTMENT OF THE INTERIOR
STATUS OF FINANCIAL MANAGEMENT**

The Department of the Interior (DOI) has demonstrated leadership in financial management in a variety of ways. Among the priorities articulated in the DOI Financial Management Status Report and 5-Year Plan are:

- Developing a cadre of qualified DOI financial managers through training and recruitment.
- Meeting NPR objectives through integrating financial management with other management systems (e.g., program management and electronic commerce), and by completing a "Best Practices" review of 19 financial management functions and 100 financial processes.
- Improving management reporting, including completing a DOI Accounting Manual to improve uniformity of reported information among the bureaus, providing audited financial statements for all bureaus, and increasing the number of bureaus with unqualified audit opinions.

While considerable progress has been made in these items, and in correcting High Risk deficiencies in the Bureau of Indian Affairs, financial management in the National Park Service (NPS) is emerging as a major problem (as previously described in an NPS issue paper). An overall "scorecard" of DOI financial management activities and other management programs is attached.

Vision Statement: The DOI "Vision Statement" for its financial management appears to adequately address the notions of partnership with program management; customer service; system integration with timely, useful and accurate reporting; and performance reporting. The statement that DOI developed represents a consensus view within the DOI financial community, because it was developed over a period of time and was discussed thoroughly within the department, specifically at the Financial Managers Conference that DOI conducted in May (attended by OMB/RMO staff).

Goals and Strategies: DOI's financial management goals and strategies fall into four broad categories:

- **Maximizing Human Resource Potential:** The goals are well stated, but the means of attaining them are not specific. There is a broad commitment to training, cooperation with program management, and certification of financial management professionals.

- **Preparing for Future Challenges:** This goal places heavy reliance on the "Best Practices" project that DOI has under way to review its financial management policies, practices, processes and procedures that can be standardized, improved, or eliminated. A final report on Phase I of the project has been completed that presents recommendations on 46 streamlining opportunities to improve financial management. DOI is actively developing strategies to address those opportunities.
- **Improving Accountability:** This goal covers integration of effective and efficient financial management controls, audit followup, and efficient management of resources. Vision statements and specific actions to be taken are identified for each item.
- **Improving Management Reporting:** This goal covers integration of financial management systems, audited financial statements, development of an accounting manual and accounting standards, and reporting financial information to management. The goals in this area are well-conceived. However, some will be difficult for DOI to meet because they are resource dependent. Specific examples include:
 - Development of a single, integrated Department-wide system for accounting, personnel/payroll, procurement and property. Historically, the Department has been successful in adopting a single payroll system department-wide and has plans to replace the current system. Efforts are under way to develop the Interior Department Electronic Acquisition System (IDEAS) as a standard procurement system (funding is included in the PAD recommendation for this initiative). However, the Department still operates two financial management systems (FFS and ABACIS), and has not received requested appropriations from Congress to migrate to one system.
 - DOI is still struggling to achieve 100% coverage of the bureaus for audited financial statements and has relied on a staggered audit approach. As of FY 1993, all bureaus, except for BIA, have been audited at least once. DOI has established goals for the number of unqualified audits that it hopes to achieve. In FY 1993, three bureaus received unqualified audit opinions; DOI expects to achieve a total of at least five unqualified audit opinions for FY 1995.
 - DOI's financial management community faces some real customer service challenges in developing reporting mechanisms and formats that will be useful to program managers.

Department of the Interior Management Scorecard

	Fish & Wildlife & Parks			BIA	Land & Minerals Management			TIA	Water & Science			Overall DOI
	NBS	FWS	NPS	BIA	BLM	MMS	OSM	TIA	BuM	USGS	BOR	
Performance Measurement												
GPRA Activities												
Status of Pilots		●		●		●				●		●
Status of Strategic Plan			○									○
Special Attention Project			●									
Performance Measures	●	●	○	○	○	○	○		●	●	●	○
Streamlining												
Restructuring/Reengineering												
Status of planning	●	●	●	●	●	○	●	●	●	●	●	
Status of Implementation	●	○	●	○	●	●	●	○	●	●	●	●
FTE Goals												
Status of planning	●	●	●	●	●	●	●	●	●	●	●	
Status of Implementation	●	●	●	○	●	●	●	○	●	●	●	●
High Risk												
BIA Trust Funds				●	●							●
BIA Financial Systems				●								
NPR Reinvention Labs												
Status of Lab Activities				●	●	●				●	●	
Electronic Commerce												
Status of Implementation				?		●			●	●		●

Key:

- Significant progress toward achieving goal
- Active efforts under way to achieve goals
- Reservations about adequacy of progress and/or plans for achieving goals

**Department of the Interior
Management Scorecard**

	Fish & Wildlife & Parks			BIA	Land & Minerals Management			TIA	Water & Science			Overall DOI
	NBS	FWS	NPS	BIA	BLM	MMS	OSM	TIA	BuM	USGS	BOR	
Inspector General												
Status of Recommendations												
Financial Audit Program	●	●	○	○	●	●		●		●	●	●
Information												
Strategic Plan	●	●	○	?			○		●	●	●	●
Government Information Locator	●	●	○						●	●	●	●

Key:

- Significant progress toward achieving goal
- ◐ Active efforts under way to achieve goals
- Reservations about adequacy of progress and/or plans for achieving goals

**STATUS OF HIGH-RISK AREAS
DEPARTMENT OF THE INTERIOR**

High Risk Area	Progress to Date and Next Steps	Assessment ¹
<i>Bureau of Land Management (BLM):</i> inadequate oil and gas production accountability to verify on-shore production and usage. \$500M in revenues are received annually. <i>At risk:</i> less than \$1M due to improper production verification (down from \$50-70M in 1992).	<i>Progress to date:</i> During 1993, BLM significantly improved production verification efforts through redesigning and implementing its Inspection and Enforcement (I&E) strategy, with a focus on production accountability and environmental protection. BLM (i) issued its annual I&E strategy; (ii) increased the number of inspectors from 104 in 1990 to 145 in 1993; (iii) held I&E training courses for managers; (iv) trained 106 inspectors; (v) held a nationwide I&E workshop; (vi) conducted a management control review on I&E federal lands; and (vii) began use of an I&E matrix for planning, reporting and evaluating nationwide inspections involving production, drilling, plugging, workover, and environmental impact. Inspections have increased 6.2 percent, from 48,969 in 1990 to 52,063 in 1993. During 1994, BLM continued refining I&E strategy; hired and trained ten additional inspectors; and fully implemented I&E matrix including use of performance measures to evaluate effectiveness of new I&E strategy. DELETED FROM HIGH RISK LIST. <i>Next steps:</i> Continue monitoring new I&E strategy.	D2

¹Assessment Codes: 1 – Significant progress. 2 – Active efforts underway to improve progress. 3 – Reservations about adequacy of progress and/or plan; A – Added to the High Risk List. D1 – Deleted: has been corrected. D2 – Deleted; no longer sufficiently serious to warrant the "high risk" designation and receiving appropriate attention at the agency. D3 – Deleted: does not belong on a list of agency operational problems.

<i>Bureau of Indian Affairs (BIA):</i> seriously deficient financial systems. The program level in BIA is over \$2.4B annually in budget authority. <i>At risk:</i> accounts receivable of \$20M; delinquent loans of \$18M; \$25.5M in accounting errors in irrigation and power accounts.	<i>Progress to date:</i> (i) DOI/OMB team performed on-site review and determined that appropriated fund operations improved substantially over the past 12 months; (ii) professional managers were installed in all branches and most units; (iii) payments and collections are being processed timely with low error rates; and (iv) BIA accountants no longer need external assistance in most functional areas. <i>Next steps:</i> (i) Performance indicators will be defined so central managers can assess monthly performance; (ii) Irrigation and Power accounting design will be reviewed to determine its adequacy; (iii) a loan subsystem and improved quality control over financial reporting will be instituted; (iv) the FY 1994 BIA financial statement (the first audit of BIA financial statements) will be audited; and (v) staffing and training to ensure successful transition from Financial Management Improvement Project (FMIP) team to an independent BIA accounting operation will be provided.	1
<i>BIA:</i> Inability to account for and reconcile Indian Trust funds. There are \$2.5B in tribal and individual Indian Trust funds. <i>At risk:</i> \$10M in potential losses to tribes and individuals due to mismanagement.	<i>Progress to date:</i> During 1994, BIA continued carrying out the reconciliation of Indian tribal trust funds for the period 1972-1992. Specifically, BIA: (i) executed an extensive financial and source document search; (ii) reconciled most of the non-investment transactions and investment transactions; (iii) undertook agreed-upon reconciliation procedures for five tribes; (iv) began "fill the gap" procedures but experienced delays due to missing lease documents; (v) continued reconciliation of the finance system to the U.S. Treasury and Moneymax; and (vi) proposed plans for addressing fractionated heirships and individual Indian money (IIM) accounts. <i>Next steps:</i> Reconciliation and certification work, and addressing fractionated heirships and IIM issues, will continue into 1996. During 1995, BIA plans to complete work on (i) reconciliation of non-investment and investment transactions for the period 1972-1992; (ii) special procedures review for five tribes; (iii) ensuring that "fill the gap" procedures get back on schedule; (iv) reconciliation of finance system to the U.S. Treasury and Moneymax; (v) financial statements and an analytical review; and (vi) certification of reconciliation work.	2

SUMMARY OF PAD LEVEL DECISIONS NOT COVERED IN ISSUE PAPERS
DEPARTMENT OF THE INTERIOR
(in millions of dollars)

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
			President's Request (FY 95Bud)	Enacted	President's Request (FY 95Bud)	Agency Request	PAD Recom.	Recom. less Request
	<u>Actual</u>	<u>Actual</u>						

Discretionary:

Payment in Lieu of Taxes.....	BA	104	104	104	104	104	114	10
	OL	104	104	104	104	104	114	10

PAD recommendation would increase funding in FY 1996 by \$10 million over the FY 1995 enacted level, but is still \$49 million short of the new discretionary FY 1996 authorized level. DOI concurs in this level of funding, believing it is higher than inflation and represents a good faith effort at increasing funds within otherwise tight fiscal constraints without establishing a precedent for outyear commitments.

Land & Water Conservation Fund	BA	222	203	193	170	160	180	193	13
(LWCF)	OL	247	228	209	203	200	193	198	5

PAD recommendation increases LWCF funding to the FY 1995 President's request level (+ \$23 million over FY 1995 enacted). LWCF funding (including USDA's Forest Service) is a key indicator for conservation groups' support for Administration budget requests. DOI prefers to hold LWCF funding to the FY 1995 enacted level.

NPS Housing Initiative.....	BA	19	14	30	24	30	96	76	-20
	OL	16	16	19	18	28	28	25	-3

PAD recommendation would reduce the Secretary's NPS housing initiative to offset additions to land acquisition and PILT. DOI initially concurs with this lower funding level.

BIA Fractionated Heirships.....	BA	---	---	---	---	---	50	10	-40
	OL	---	---	---	---	---	28	3	-25

PAD recommendation would provide for a small number of pilot projects to test the feasibility of tribally-run revolving funds to purchase interests of land from individual Indians. Fractionated heirships currently make tribal management and development of natural resources within many reservations very difficult, if not impossible. The DOI request would begin to address the most serious cases of fractionated lands and require inheritance codes that would stop further fractionation.

SUMMARY OF PAD LEVEL DECISIONS NOT COVERED IN ISSUE PAPERS
DEPARTMENT OF THE INTERIOR
(in millions of dollars)

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
				President's Request (FY 95Bud)	Enacted	President's Request (FY 95Bud)	Agency Request	PAD Recom.	Recom. less Request
		<u>Actual</u>	<u>Actual</u>						
Science.....	BA	757	933	907	890	909	938	938	---
	OL	805	820	891	881	904	907	907	---
PAD recommendation would fund \$24 million in NSTC-related increases in water resources (\$9 million in USGS), biodiversity (\$5 million in NBS, \$2.5 million in USGS), and climate change (\$2.5 million in NBS).									
Recreational Fisheries.....	BA	---	---	---	---	---	16	16	---
	OL	---	---	---	---	---	10	10	---
PAD recommendation would fund a new coordinated fishery restoration effort involving FWS, BLM and BOR; emphasis on habitat restoration and non-Federal 50% cost-shared partnerships; no new fish hatchery construction.									
Assistance to Territories.....	BA	53	54	51	53	51	53	42	-11
	OL	58	59	56	54	56	54	43	-11
PAD recommendation is a new proposal (not requested by DOI) that would replace the current mandatory Commonwealth of the Northern Mariana Islands (CNMI) funding with a new current mandatory program to fund high-priority infrastructure, environmental, and other needs in all the small U.S. territories at the same level of direct spending. Discretionary funding currently in the budget for these kind of projects would be reduced accordingly as this funding is transferred to the mandatory side.									
Total, Discretionary.....	BA	1,155	1,308	1,285	1,241	1,254	1,437	1,389	(48)
	OL	1,230	1,227	1,279	1,260	1,292	1,324	1,300	(24)

SUMMARY OF MANDATORY PROGRAMS
DEPARTMENT OF THE INTERIOR
(in millions of dollars)

		<u>FY 1995</u>		<u>FY 1996</u>		<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
		<u>President's</u>		<u>Agency</u>		<u>Consistent with FY 1996 PAD Recommendation:</u>			
		<u>Request</u>		<u>Request</u>		<u>Recom.</u>	<u>Recom.</u>	<u>Recom.</u>	<u>Recom.</u>
		<u>(FY 95Bud)</u>	<u>Enacted</u>	<u>Request</u>	<u>PAD</u>				
					<u>Recom.</u>				
Mandatory:									
Interior expenditure accounts.	BA	2046	2102	2025	2025	2108	2111	2148	2169
	OL	2049	2096	2012	2012	2061	2054	2084	2101
Offsetting receipts.....	BA	-2080	-1998	-2054	-2054	-2126	-2146	-2178	-2201
	OL	-2075	-1966	-2001	-2001	-2038	-2043	-2070	-2088
		-----	-----	-----	-----	-----	-----	-----	-----
Total, Mandatory.....	BA	-34	104	-29	-29	-18	-35	-30	-32
	OL	-26	130	11	11	23	11	14	13

- o Most of Interior's offsetting receipts are from revenues collected from onshore oil and gas, coal, and timber. Most of Interior's mandatory expenditures are for payments to states and counties for their share of the revenues, and for mandatory land and water settlement payments.
- o The positive mandatory for FY 1995 enacted is the result of lower receipts, especially timber, and higher payments to Pacific Northwest counties under the new payment formula enacted in OBRA '93.

WATER RESOURCES

**ARMY CORPS OF ENGINEERS - CIVIL WORKS
FY 1996 DIRECTOR'S REVIEW
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AGENCY SUMMARY
ARMY CORPS OF ENGINEERS - CIVIL WORKS
(in millions of dollars)

	<u>FY 1993</u>		<u>FY 1994</u>		<u>FY 1995</u>		<u>FY 1996</u>	
	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>
DISCRETIONARY								
FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.....	3,842	3,377	4,048	3,989	3,409	4,044	N/A	N/A
April 21st Planning Guidance.....							3,600	3,600
FY 1996 Agency Request.....							3,637	3,600
FY 1996 PAD Recommended Level.....							3,402 *	3,600
*Reflects a proposed \$240 million technical reduction in FY 1996 BA to reduce excess carryover balances; Army agrees and will shortly amend its request. (See W - 7.)								
Percentage Change from:								
FY 1993 Actual.....							-11.5%	6.6%
FY 1994 Actual.....							-16.0%	-9.8%
FY 1995 Enacted.....							-0.2%	-11.0%
April 21st Planning Guidance.....							-5.5%	—
Agency Request.....							-6.5%	—
MANDATORY								
FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.....	10	-16	-9	-21	-6	-7	N/A	N/A
FY 1996 Agency Request.....							-6	17
FY 1996 PAD Recommended Level.....							-6	17
AGENCY TOTAL								
FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.....	3,852	3,361	4,039	3,968	3,403	4,037	N/A	N/A
FY 1996 Agency Request.....							3,631	3,617
FY 1996 PAD Recommended Level.....							3,396	3,617

**STREAMLINING PLAN STATUS
FTE SUMMARY
ARMY CORPS OF ENGINEERS - CIVIL WORKS**

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
FY 1993/ FY 1994 FTE/ FY 1996 Budget Request.....	29,194	28,482	27,839	27,555	27,201	26,560	25,810
Planning Guidance.....				27,555	27,201	26,560	25,810
PAD Recommendation.....				27,555	27,201	26,560	25,810
Streamlining Plan.....				27,555	27,201	26,560	25,810
* Buyouts Planned		747	634	284	354	641	750

Difference between Budget Request and:

Planning Guidance.....	—	—	—	—
PAD Recommendation.....	—	—	—	—

* DOD is exempt from requests for buyout plans, and the Corps of Engineers is part of DOD. The numbers provided are estimates provided to demonstrate the Corps is using the buyout program.

**STREAMLINING PLAN STATUS
SUMMARY ASSESSMENT
ARMY CORPS OF ENGINEERS - CIVIL WORKS**

SUMMARY ASSESSMENT

- The Corps of Engineers' streamlining plan is acceptable with explanation.
- The Corps plans to meet all its FTE targets.
- In 1988, 1990, and 1992, the Corps developed plans for restructuring and streamlining the Corps. Those plans were specific and would be considered good by the measures OMB is using today, and yet all of them were rejected by Congress. This time, Army leadership plans to work with the Corps and the Congress on elements of restructuring to ensure that there is a "buy-in" by both. This means that, while some aspects of the Corps' current streamlining plan are explicit, other aspects will be worked out as the Corps proceeds. The Corps was last re-organized in 1942.

RECOMMENDATIONS

- Given that the past streamlining efforts were halted by explicit appropriations report language and other legislation, NRD recommends allowing the Corps to try its new approach and monitor it for success. In fact, the Corps has already achieved some successes. In the lower Mississippi region, the Corps eliminated one of two revetment plants, saving \$7 million annually as well as saving FTEs. This was achieved without any political battle and was a "win-win" situation for those involved. Incentive and buyout programs have allowed these types of reductions to be achieved without excessive internal and external turmoil. In fact, the Corps exceeded its FTE reduction goal in FY 1994 by 90 FTEs for a total reduction of 747 FTEs instead of the 657 FTEs required.

KEY FEATURES OF PLANS AND DISCUSSION

- The Corps does not plan to eliminate any district or division offices in its current streamlining plan. This was the main reason for Congressional rejection of past plans.
- Inclusive process. The Corps kicked off its restructuring process with a conference that included Corps employees from all levels of the agency, union leaders, private sector organizations, local water project sponsors, and OMB.

- Clarification of roles and missions. Beginning with the conference, the Corps is undertaking a process to clarify the missions of the agency and who should do what within the agency. The goal is to eliminate redundancy. For example, the Corps plans to eliminate some vertical layers of project reviews .
- Voluntary reductions through VSIP and VERA programs. The Department of Defense's Voluntary Separation Incentive Program and the Voluntary Early Retirement Authority Program have allowed the Corps to release 747 personnel during FY 1994 without any involuntary reductions.
- Half supervisor to employee ratio going from 1:5 to 1:10.
- Standardize Operation and Maintenance organizational structure, eliminating one vertical layer of management.
- Consolidation of administrative functions of finance and accounting, personnel, and other duplicative operations.
- Additional headquarters reductions. Unlike some other agencies, the Corps of Engineers for Civil Works is primarily a field organization. In 1993, less than 6% of Corps staff were located in headquarters facilities. In its ongoing efforts to streamline, the Corps has voluntarily reduced its headquarters staff over the period 1989 to 1992 from 1,881 FTEs to 1,715 FTEs, a reduction of 166 FTEs, or 8%. The Corps plans to reduce the headquarters staff by another 327 FTEs over the period 1993 to 1999, a reduction of 26% from the 1989 level, or a 19% reduction from the 1993 level. By comparison, over 1993 to 1999, the non-headquarters staff will be reduced from 27,479 FTEs to 24,420 FTEs, a cut of 3,059 FTEs or 11.1%.
- Senior level positions cut. Ten percent of the positions being cut are senior levels. While it is assumed that cuts in senior level people are intended primarily to address excess numbers of high level managers, one issue within the Corps involves senior level R&D people. These people are often technical experts, rather than managers, who achieved senior levels based on the quality and level of their research. The skills of these people are important to the mission of organization.
- Use of technology to improve efficiency. As an organization built on technology, the Corps will continue to incorporate technology that improves performance and efficiency.
- Customer service. Corps personnel will involve customers (local project sponsors, and others involved) whenever restructuring changes will affect them. Several Corps organizations have initiated Corps customer survey forms to obtain feedback on their operations. Building customer relationships is one of the Corps' strengths. It develops extensive partnerships with its local sponsors beginning in project planning.

**STREAMLINING PLANS: NPR TARGET POPULATIONS
ARMY CORPS OF ENGINEERS - CIVIL WORKS**

	<u>FY 1993 Actual</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY1999</u>
Total FTES.....	29,194	28,482	27,839	27,555	27,201	26,560	25,810
Number of positions:							
Supervisors.....	4,296	3,797	3,395	3,096	2,833	2,578	2,346
Supervisory Ratio.....	5.7	6.5	7.2	7.9	8.6	9.3	10.0
Headquarters Staff.....	1,715	1,584	1,521	1,473	1,438	1,415	1,388
Personnel Specialists.....	554	558	530	484	438	392	344
Budget Specialists.....	353	362	354	350	346	338	330
Acquisition Specialists.....	777	790	772	764	755	739	720
Accountants & Auditors.....	1,079	1,092	1,042	963	818	654	644
Organizational Layers.....	5	4	4	4	4	4	4

DISCRETIONARY INVESTMENT PROPOSALS
ARMY CORPS OF ENGINEERS - CIVIL WORKS
(in millions of dollars)

		<u>FY 1993</u>	<u>FY1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
		<u>Actual</u>	<u>Actual</u>	<u>President's Request (FY95 BUD)</u>	<u>Enacted</u>	<u>President's Request (FY95 BUD)</u>	<u>Agency Request</u>	<u>PAD Recom.</u>	<u>Recom. less Request</u>
Discretionary:									
Regulatory Program	BA	86	92	110	101	110	105	112	7
	OL	88	93	109	101	111	105	112	7
FY 1996 submission funds the normal dredge and fill regulatory program, but does not include \$7 million necessary to fund a new administrative appeals process, which is part of the President's August 1993 Wetlands Initiative.									
Climate Change Program	BA	---	---	1	1	1	1	1	---
	OL	---	---	1	1	1	1	1	---
Climate change program is fully funded in FY 1996 budget submission at \$600 thousand.									
Total, Discretionary.....	BA	86	92	111	102	111	106	113	7
	OL	88	93	110	102	112	106	113	7

SUMMARY OF DISCRETIONARY PROGRAMS
ARMY CORPS OF ENGINEERS - CIVIL WORKS
(in millions of dollars)

<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
<u>Actual</u>	<u>Actual</u>	President's Request (FY 95Bud)	Enacted	President's Request (FY 95Bud)	Agency Request	PAD Recom.	Recom. less Request

Discretionary:

General Investigations	BA	172	208	148	181	156	164	172	8
	OL	168	220	172	192	152	171	175	4

The request would provide funding for 63 new studies (26 flood-damage prevention, 12 reviews of completed or deferred projects, 7 watershed, 6 environmental, 6 navigation, 3 comprehensive studies, 1 water supply reallocation, and 2 special studies). The request also provides funds for planning assistance to States & Tribes (increased at PAD level from \$4 million to \$6 million) and for Floodplain Management Services (increased at PAD level from \$9 million to \$15 million). Funding for these effective technical assistance programs was increased to the maximum authorized levels to help meet the high level of demand. Increased technical assistance is consistent with recommendations in the June 1994 "Galloway Report" on floodplain management (in response to the lessons learned from the 1993 Midwest floods). This level also funds 214 continuing studies and engineering and design on 51 projects included in the FY 1995 budget, including all FY 1995 Congressional adds for this account. In addition, about \$40 million in offsetting collection from non-Federal contributions is projected.

Change from FY 1995 enacted BA : -\$9 million or -5%

Construction General	BA	1,358	1,401	959	984	1,154	991	750	-241
	OL	1,074	1,125	1,143	1,530	1,030	989	1,063	74

The request would provide funding for 35 new-start construction projects (8 urban flood damage prevention, 7 storm damage prevention, 7 commercial navigation, 6 major rehabilitation, 1 rural flood damage prevention, and 6 other projects). Fourteen of these projects were not authorized this Congress as had been expected. (See Issue Paper #1 on New Start Construction Projects.) Funding is also provided to continue 157 previously funded projects, including 13 policy sensitive Congressional adds from 1995 appropriations (See Issue Paper #2). Two single-purpose new-start recreation projects have been deleted by the PAD. The recommended level provides an increase of \$15 million above the FY 1995 enacted level for the Continuing Authorities program, and increases the Section 1135 environmental restoration program by \$17 million from FY 1995 to the full authorization level of \$25 million. In addition, there are projected to be about \$215 million in offsetting collections from non-Federal contributions. A reduction of \$240 million has been made to the BA level for FY 1996 to help reduce excessive carryover funds (current projection: \$875 million in unobligated balances at the end of FY 1995) that will be available for expenditure in FY 1996. (See Summary of PAD Level Decisions not Covered in Issue Papers.) Additional BA reductions are planned for the outyears. In addition, a more realistic estimate of the Corps outlay capability resulted in a decrease of \$372 million in projected outlays in FY 1995 and an increase of \$75 million in outlays in FY 1996. Army agrees with the new approach for estimated FY 1996 BA and outlays.

Change from FY 1995 enacted BA: - \$234 million or -24%

		<u>FY 1993</u>	<u>FY1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			<u>Recom. less Request</u>
		<u>Actual</u>	<u>Actual</u>	<u>President's Request (FY 95Bud)</u>	<u>Enacted</u>	<u>President's Request (FY 95Bud)</u>	<u>Agency Request</u>	<u>PAD Recom.</u>	
Operation and Maintenance	BA	1,597	1,689	1,612	1,647	1,131	1,840	1,831	-9
	OL	1,525	1,831	1,623	1,652	1,135	1,809	1,724	-85

The PAD level provides increased funding for many operations and maintenance activities from the FY 1995 level. Includes increased funding for recreation areas (\$20 million above FY 1995 budget to match the level of new recreation receipts, with a reduction by the PAD of \$9 million from the agency request), and low-use harbors (\$39 million above FY 1995 budget). A technical reestimate of outlays is being made. (See Summary of PAD level decisions.) A reduction of \$78 million has been taken. Army has agreed to the need for this change and will submit a revised budget submission.

Change from FY 1995 enacted BA: + \$184 million or +11%

Regulatory Program	BA	86	92	110	101	110	105	112	7
	OL	88	93	109	101	111	105	112	7
Proposed Reg Permit Fee Increase	BA	—	—	-6	—	-12	—	—	—
	OL	—	—	-6	—	-12	—	—	—

The PAD recommendation funds the normal Corps wetlands regulatory program (Section 404), and provides a PAD increase of \$7 million necessary to fund a new administrative appeals process, which is part of the President's August 1993 Wetlands Initiative. The regulatory fee increase proposed for FY 1995 was not enacted. However, Army's submission includes the regulatory fee increase proposal.

Change from FY 1995 enacted BA: + \$11 million or +11%

Mississippi River and Tributaries	BA	350	348	320	327	335	350	350	—
	OL	325	389	327	334	331	345	345	—

This account is specific to the Lower Mississippi River, from Cairo, Illinois, to the Gulf of Mexico (includes parts of seven States: Missouri, Illinois, Tennessee, Kentucky, Arkansas, Mississippi, and Louisiana). The PAD recommendation provides continued funding for on-going studies and designs on 5 projects, construction on 14 projects (no new starts), and operation and maintenance of completed works.

Change from FY 1995 enacted BA: + \$22 million or +9%

General Expenses	BA	149	159	157	153	160	166	166	—
	OL	144	160	155	152	159	163	163	—

	FY 1993	FY1994	FY 1995		FY 1996			
			President's Request (FY 95Bud)	Enacted	President's Request (FY 95Bud)	Agency Request	PAD Recom.	Recom. less Request
	<u>Actual</u>	<u>Actual</u>						

This account funds salaries and operating costs for executive direction and management of the Civil Works program. The FY 1996 request absorbs and reduces costs for items that, in previous years, were inappropriately billed back to projects.

Change from FY 1995 enacted BA: + \$13 million or +9%

Flood Control & Coastal Emerg.	BA	130	150	15	15	15	20	20	---
	OL	53	170	118	82	16	17	17	---

This account provides for flood emergency preparation, flood fighting and rescue operations, and repair of flood control and Federal hurricane or shore protection works. It also provides for emergency supplies of clean water where the source has been contaminated or where drought has left inadequate supplies for human and livestock consumption. Corps submission requests \$20 million per year for FY 1996 and outyears. The submission is \$5 million above the FY 1995 budget and is for post-flood activities related to the 1993 Midwest flood, such as post flood assessments, establishment of high water markers, and other activities.

Change from FY 1995 enacted BA: + \$5 million or +34%

Oil Spill Research	BA	---	1	1	1	1	1	1	---
	OL	---	1	1	1	1	1	1	---

Funds for this account are derived from the "Oil Spill Liability Trust Fund" managed by EPA. The purpose of the Trust Fund is to finance oil pollution prevention and cleanup responsibilities by various Federal agencies. The Corps of Engineers' efforts include the development of data and mapping systems that use "near real-time" information from satellites or aircraft to facilitate timely response and optimal allocation of resources to individual oil spills.

Change from FY 1995 enacted BA: - \$0.1 million or -6%

Total, Discretionary.....	BA	3,842	4,048	3,316	3,409	3,050	3,637	3,402	-235
	OL	3,377	3,989	3,642	4,044	2,923	3,600	3,600	---
Discretionary Planning									
Guidance.....	BA	N/A	N/A	N/A	N/A	---	3,600	---	---
	OL	N/A	N/A	N/A	N/A	---	3,600	---	---

**POTENTIAL REDUCTIONS
TO DISCRETIONARY PROGRAM RECOMMENDATIONS
ARMY CORPS OF ENGINEERS - CIVIL WORKS**
(in millions of dollars)

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>				
		<u>Actual</u>	<u>Actual</u>	<u>President's Request (FY 95Bud)</u>	<u>Enacted</u>	<u>President's Request (FY 95Bud)</u>	<u>Agency Request</u>	<u>PAD Recom.</u>	<u>Potential Reduced Level</u>	<u>Potential Reduc. less Pad Recom.</u>
Discretionary:										
Remove funding for Increased operations	BA	1,597	1,689	1,612	1,647	1,131	1,840	1,840	1,800	-40
	OL	1,525	1,831	1,623	1,652	1,135	1,809	1,809	1,777	-32
Requested operation funding was increased \$40 million above the FY 1995 level to accommodate inflation and additional lock operations on the Red River Waterway, LA. The PAD recommendation would freeze the operation portion of operation and maintenance at the 1995 level. Given that the Corps is streamlining its operations organization, it is unlikely that an increase in operations is warranted.										
Remove funding for deferable O&M	BA	1,597	1,689	1,612	1,647	1,131	1,840	1,840	1,812	-28
	OL	1,525	1,831	1,623	1,652	1,135	1,809	1,809	1,787	-22
Defer maintenance that can be postponed until a future budget year.										
Reduce funding for Mississippi River and Tributaries	BA	350	348	320	327	335	350	350	320	-30
	OL	325	389	327	334	331	345	345	324	-21

Reduce funding for the construction portion of the account to the FY 1995 level (-\$30 million). The Mississippi River Levees construction project schedule has been revised. The schedule has slipped to reflect non-Federal sponsor ability to obtain project lands, easements, and rights-of-ways. Although the project schedule has been spread out, the amount of funding in the budget year has increased \$10 million. This recommendation would hold this project to the FY 1995 level. In addition, the budget request for the Upper Yazoo (MS) flood control project has doubled from the FY 1995 level (plus \$20 million). It is uncertain that the Corps can meet this accelerated schedule, given that the project is just getting re-started.

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>				
		<u>Actual</u>	<u>Actual</u>	<u>President's Request (FY 95Bud)</u>	<u>Enacted</u>	<u>President's Request (FY 95Bud)</u>	<u>Agency Request</u>	<u>PAD Recom.</u>	<u>Potential Reduced Level</u>	<u>Potential Reduc. less Pad Recom.</u>
Reduce funding for a New Water Supply Study	BA	---	---	---	---	---	3	3	1	-2
	OL	---	---	---	---	---	2	2	1	-1

Army proposes to initiate a study that would be a national assessment of water supply demand and availability. This study would serve as a guide for national policies concerning water supply management and investment. The last time such a study was undertaken was 1975. This study is to have a steering committee consisting of the Corps, EPA, DOI, USDA, TVA, States, counties and municipalities, American Water Works Association (AWWA), Environmental Defense Fund, and others, with technical expertise provided by the Corps, SCS, BuRec, EPA, USGS, FWS, Census, and AWWA. With this broad participation, responsibility for funding this study should not reside only with the Corps. NRD recommends reducing funding from \$3 million to \$1 million and encourage the difference to be funded through other agencies. This will help ensure a true partnership approach.

MAJOR OUTYEAR CHANGES FROM A HARD FREEZE
(COMPARISON OF PAD RECOMMENDATIONS AND PLANNING GUIDANCE)
ARMY CORPS OF ENGINEERS - CIVIL WORKS
(in millions of dollars)

Proposal		FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Planning Guidance.....	BA	3,600	3,700	3,800	3,900	
	OL	3,600	3,600	3,800	3,900	
Agency Request.....	BA	3,637	3,616	3,849	3,919	4,076
	OL	3,600	3,632	3,762	3,913	4,021
PAD Recommended Level.....	BA	3,402	3,516	3,639	3,849	4,039
	OL	3,600	3,632	3,762	3,837	3,917
Differences between PAD Recommended Level and Planning Guidance:						
Adjustment #1.....	BA	-198	-184	-161	-51	N/A
	OL	0	32	-38	-63	N/A

Two programs, Construction General and Operations and Maintenance, have not been outlaying funds at expected levels causing excessive carryover. In addition, Corps estimates for Construction General outlays in FY 1995 were unrealistically high. Once realistic estimates were calculated, it became clear that there were excess funds available for construction in the form of carryover that could allow for a technical reduction in BA with no programatic impact. Adjustments to outlays in FY 1996 were made -- an increase of \$75 million for construction and a decrease of \$78 million for operations and maintenance. Army has agreed that there are BA and outlay problems with these two accounts and plans to send a revised budget submission to address the issue.

DISCRETIONARY ISSUE PAPER #1
ARMY CORPS OF ENGINEERS - CIVIL WORKS
(in millions of dollars)

ISSUE: Which Army-requested new start construction projects should be proposed for funding in FY 1996? (See W-25 for the detailed list of projects.)

PREPARER/EXT: Linda Wiesman/56808

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
			Pres. Request		Pres. Request	Agency Request	Recom. PAD Recom.	Recom. less Request
	<u>Actual</u>	<u>Actual</u>	<u>(FY95BUD)</u>	<u>Enacted</u>	<u>(FY95BUD)</u>	<u>Request</u>	<u>Recom.</u>	<u>Request</u>
BA/OB.....	--	--	--	--	--	58	24	-34
OL.....	--	--	--	--	--	32	13	-19

OPTION 1: PAD RECOMMENDATION -- Fund only the 21 new-start construction projects that are already authorized.

OPTION 2: AGENCY REQUEST -- Fund all 37 potential new-start construction projects, including 14 that are currently unauthorized. Two of the authorized projects were deleted at the PAD level review.

OPTION 3: Fund no new-start construction projects in FY 1996.

DESCRIPTION OF ISSUE: The Army Corps of Engineers requested 37 new-start construction projects in its budget submission. Of these, 14 are unauthorized; 2 are single-purpose recreation projects, which were reduced as part of the PAD mark (See Summary of PAD Decisions); and 21 are other projects that are authorized and for which OMB has no policy or other objections. The first-year costs (FY 1996) and total Federal costs for the requested new starts are:

Type of new start projects	Number of projects	First year Fed costs (millions)	Total Fed costs (millions)
Unauthorized	14	\$33	\$662
Recreation only	2	1	3
Other authorized	<u>21</u>	<u>24</u>	<u>484</u>
Total new starts	37	\$58	\$1,149

The 14 unauthorized projects have been approved by the Administration for inclusion in the 1994 Water Resources Development Act (WRDA) and were submitted in the Corps' budget with the expectation that WRDA would be passed in the last Congress. However, WRDA was not passed. There is an expectation by the Corps that WRDA will pass in FY 1995, in time for the FY 1996 appropriation process.

For the FY 1995 budget, the Administration chose not to fund any new starts as part of the \$500 million overall reduction for FY 1995. Congress funded 22 unrequested new starts at a total Federal cost of \$1.75 billion spread out over the next several years.

PERFORMANCE INFORMATION: The Corps' construction program includes projects to expand or improve commercial navigation, flood control, storm damage prevention, hydropower generation, beach and stream bank protection, erosion control, environmental protection and recreation. The Corps uses established "Principles and Guidelines" to estimate costs and benefits of potential projects so that the Administration and Congress understand which projects are economically justifiable. The Corps estimates that it provides an average return on investment of \$2 in benefits for every \$1 invested. For example, it estimates that the Nation's \$25 billion investment in flood control has prevented over \$200 billion in flood damages (an 8 to 1 return). Performance measures include both outputs and measures of efficiency and cost effectiveness. For example, for its dredging operations, the Corps monitors volumes of material removed and costs of removal and disposal. For hydropower generation, it monitors both the number of kilowatt hours and the cost per kilowatt hours.

FINANCIAL MANAGEMENT INFORMATION: Corps projects are cost-shared with beneficiaries under the terms of the 1986 Water Resources Development Act. Cost sharing is provided in proportion to Federal contributions as construction progresses.

ANALYSIS:

OPTION 1: Fund only the 21 new-start construction projects that are already authorized.

Not recommending funds for unauthorized projects has been an important element in an effort to impose discipline on the project authorization/funding process. If WRDA is passed in FY 1995 (which is doubtful), Congress can add the projects back in, and since the first-year costs are relatively small (\$33 million in BA), the Corps could absorb that cost within OMB's recommended funding levels if needed. The down side of not funding the projects is that local sponsors, many of whom provide cost sharing, would be disappointed because they would like the Administration to provide funding for their projects expeditiously once the projects are approved. Some project sponsors have used bond issue proceeds as their cost share, with repayment timed to timely project initiation.

OPTION 2: Fund all 37 potential new start construction projects including 14 that are currently unauthorized. Two of the authorized projects were deleted at the PAD level review.

This option would respond to the expectation that WRDA could pass in FY 1995 by making funds available in FY 1996, allowing the Administration to take credit for funding the projects. However, this would eliminate the discipline of not recommending funding for unauthorized projects.

OPTION 3: Fund no new-start construction projects in FY 1996.

While this option would save \$58 million in FY 1996 in President's budget, it would signal lack of support for Federal water resources development program, and likely to again be ignored by Congress. For the FY 1995 budget the Administration placed a 1-year listing on new starts, and expected to fund new-construction projects in FY 1996. Only once in the Bush Administration (FY 1991) did it propose no new starts, which Congress also ignored.

RECOMMENDATION: Do not fund unauthorized projects in FY 1996.

DISCRETIONARY ISSUE PAPER #2
ARMY CORPS OF ENGINEERS - CIVIL WORKS
(in millions of dollars)

ISSUE: Should funding be provided for low-priority water projects for which Congress added funds in FY 1995? (See W-29 for the detailed list of sensitive projects.)

PREPARER/EXT: Jim Kazel/53752

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
			Pres. Request		Pres. Request	Agency Request	PAD Recom.	Recom. less Request
	<u>Actual</u>	<u>Actual</u>	<u>(FY95BUD)</u>	<u>Enacted</u>	<u>(FY95BUD)</u>	<u>Request</u>	<u>Recom.</u>	
BA/OB.....	43	63	0	46	0	60	8	- 52
OL.....	42	54	28	53	21	54	26	- 28

OPTION 1: PAD RECOMMENDATION -- Provide funding (\$8 million) for four low-priority projects added by Congress in FY 1995 consistent with the FY 1995 budget decisions for the FY 1994 Congressional adds. (The four projects are: Ouachita River Levees, LA; Richmond Filtration Plant, VA; Casino Beach and Jetty, IL; and Red River Below Denison Dam, AR, LA and TX)

OPTION 2: AGENCY REQUEST -- Provide funding (\$60 million) for 13 low-priority projects added by Congress in FY 1995.

OPTION 3: Do not include funding (-\$60 million) for any of the 13 low-priority projects included in Army's request to OMB.

DESCRIPTION OF ISSUE: The President's February 1993 "A Vision of Change for America" included as a deficit reduction item not funding water projects that were relatively low priority because the projects were either: (1) not economically justified; (2) traditionally not a Federal responsibility; (3) exempted from standard cost-sharing; or (4) environmentally unacceptable. For the Corps of Engineers, the Administration

claimed savings over 5 years of \$235 million for these reductions. The Vision Statement provided Congress an option to fund these projects if Congress found offsetting savings within the same program areas. The deficit reduction included six construction projects, although not specifically identified at the time. For the FY 1995 Budget, the Administration ultimately decided to fund certain Congressional adds that would be completed with budget year funding or for other reasons. The projects and the decisions during the preparation of the FY 1995 budget were:

<u>Project</u>	<u>FY 1995 Budget Decision</u>	<u>Reason</u>
Red River Waterway, Locks and Dams 4 and 5, LA (uneconomic)	Budget	A major inland waterway project nearing completing.
Harlan Flood Control, KY (uneconomic, and no cost sharing)	No funding	Required a long-term budget commitment.
McCook and Thornton Reservoirs, IL, Thornton reservoirs (interior drainage, a traditional non-Federal responsibility)	Budget	Reservoirs are a part of a system of reservoirs. One reservoir, O'Hare, was nearing completion.
Bethal Bank Stabilization, AK (bank erosion; not a Federal responsibility)	Budget	Project completed with budget year funding.
Lake Ponchartrain, Parallel Hurricane Protection, LA (interior drainage, a non-Federal responsibility)	No funding	Required a long-term budget commitment.

Army traditionally excludes low-priority projects from its annual budget requests to OMB. However, in order to send a "positive, cooperative signal to Congress", Army's FY 1996 budget request includes funding for certain Congressionally sensitive FY 1995 projects. All of these 13 projects were added by Congress in FY 1995, and require continuing funding in FY 1996 (see W-29 for more detail):

<u>Project</u>	<u>Budgeting Requirements</u>
1. Upper Mingo County, Flood Control, WV (Uneconomic)	Requires a long term budget commitment.
2. Hatfield Bottom, Flood Control, WV (Uneconomic)	"
3. Williamsburg, Flood Control, KY (Uneconomic)	"
4. Harlan, Flood Control, KY (Uneconomic)	"
5. Middlesbrough, Flood Control, KY (Uneconomic)	"
6. Lake Ponchartrain, Parallel Hurricane Protection, LA (Interior drainage, a non-Federal responsibility)	"
7. Ouachita River Levees, Rehabilitation, LA, (Inadequate local Cost sharing)	Close to completion.
8. Richmond Water Filtration Plant, VA (Traditional non-Federal responsibility)	Completes in budget year.
9. Casino Beach and Jetty, IL (Recreation, low funding priority)	"
10. Des Moines Recreation River and Greenbelt, IA (Recreation, low funding priority)	Requires a long term budget commitment.
11. Red River Below Denison Dam, AR, LA, TX (Uneconomic)	Close to completion.
12. Wallisville Lake, TX (Water supply, a non-Federal responsibility, and inadequate local cost sharing)	Requires a long term commitment.
13. San Timoteo Creek, element of Santa Ana River Mainstem, CA (Uneconomic)	"

PERFORMANCE INFORMATION: Normal Corps of Engineers' budgeting procedures require that budgeted water resources projects be formulated in accordance with the established "Principles and Guidelines" so that only economically justifiable projects are pursued. In the case of many of these projects, the benefit/cost ratio is less than 1 and in several cases as little as 0.1. Budgeting for projects that are uneconomic, exempted from established cost sharing, or the Federal assumption of traditionally non-Federal responsibilities can undermine the Corps' construction program as a whole, and makes it more difficult to say no to future low-priority projects.

FINANCIAL MANAGEMENT INFORMATION: Normal Corps projects are cost-shared with beneficiaries under the terms of the 1986 Water Resources Development Act. Some of these low-priority projects have been exempted by law from these cost sharing requirements.

ANALYSIS:

OPTION 1: Provide funding for four low-priority projects added by Congress in FY 1995 consistent with the FY 1995 budget decisions for the FY 1994 Congressional adds. (PAD Rec.)

For the FY 1995 budget, a decision was made that the Administration would budget for low-priority projects only if the budget year completes the projects or the project is close to completion. For the FY 1996 budget there are four projects that meet this criterion -- Ouachita River Levees, LA; Richmond Filtration Plant, VA; Casino Beach and Jetty, IL; and Red River Below Denison Dam, AR, LA, and TX. This option would exclude funding for the remaining 9 projects.

OPTION 2: Provide funding for the 13 low-priority projects requested by Army for FY 1996. (Agency Request)

Support for these projects would promote comity with Congress, but signal a change in the Administration's support for only projects that are economic, environmentally acceptable, conform to established cost sharing, and not a Federal assumption of a traditionally non-Federal responsibility. In the end, funding for these projects would likely have long-term programmatic and budgetary implications.

OPTION 3: Do not include funding for the 13 low-priority projects added by Congress in FY 1995.

Collectively, these projects would require the expenditure of \$265 million over 5 years (\$60 million in FY 1996). Most of them are uneconomic. Some expand the role of the Corps of Engineers to non-traditional areas or are contrary to the cost-sharing reforms contained in the 1986 Water Resources Development Act. Others are recreation projects that traditionally have been a low priority for the Corps. E.O. 12893, Principles for Federal Infrastructure Investment, requires the calculation of project benefits and costs to determine Federal infrastructure investments. Budgeting for uneconomic water resources projects can undermine the underlying principles for why the E.O. was issued.

RECOMMENDATION: Provide funding (\$8 million) for four low-priority projects added by Congress in FY 1995 consistent with the FY 1995 budget decisions for the FY 1994 Congressional adds. (The four projects are: Ouachita River Levees, LA; Richmond Filtration Plant, VA; Casino Beach and Jetty, IL; and Red River Below Denison Dam, AR, LA, and TX.)

DISCRETIONARY ISSUE PAPER #3
ARMY CORPS OF ENGINEERS - CIVIL WORKS
(in millions of dollars)

ISSUE: Should the Army Corps of Engineers' FTE target be increased to allow the Corps to expand its support work to other Federal agencies?

PREPARER/EXT: Jim Kazel/53752

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
			Pres. Request		Pres. Request	Agency Request	PAD Recom.	Recom. less Request
	<u>Actual</u>	<u>Actual</u>	<u>(FY95BUD)</u>	<u>Enacted</u>	<u>(FY95BUD)</u>	<u>Request</u>	<u>Recom.</u>	<u>Request</u>
BA/OB.....	-	-	-	-	-	-	-	-
OL.....	-	-	-	-	-	-	-	-
FTE.....	1,283	1,301	1,296	N/A	1,287	1,387	1,387	0

(These figures are for support work for others. The base for 1996 is 27,555.)

OPTION 1: PAD RECOMMENDATION AND AGENCY REQUEST -- Increase the Army Corps of Engineers' FTEs dedicated to support other Federal agencies by 100.

OPTION 2: Do not increase the Corps' FTEs for support to other Federal agencies at this time.

OPTION 3: Do not increase the Corps' FTE support to other Federal agencies, but authorize and encourage other agencies to transfer FTEs to the Corps when they request Corps support. Any transfer would not count against the Corps' FTE target. After the support work is done, the Corps would transfer the FTEs back to the requesting agency.

BA/OB.....	-	-	-	-	-	-	-	-
OL.....	-	-	-	-	-	-	-	-
FTE.....	1,282	1,301	1,296	N/A	1,287	1,387	1,287	- 100

DESCRIPTION OF ISSUE: The Army Corps of Engineers is experiencing a rapid increase in the number of requests from other Federal agencies for it to do support work for them. This is a result of both Administration initiatives to reduce the government work force and the working relationships the Corps has developed over the years with other Federal agencies.'

On a reimbursable basis, the Corps of Engineers provides engineering, design, construction management, and environmental cleanup support to USAID, USDA, DOD, Commerce, DOE, EPA, FEMA, HHS, HUD, DOI, Justice, NASA, DOE, National Science Foundation, State Department, DOT, Treasury, FAA, Voice of America, and others. The largest users of Corps support in FY 1994 were DOE and EPA. The Corps' 1996 OMB FTE target for support work is 1,287: Within the target, the Corps is allowed to support Federal agencies as it chooses.

The "support for others" FTE ceiling has resulted in the Corps not being able to meet many agencies' needs. For example, in FY 1993, the Corps turned down a request by the Department of Education for assistance in inspecting schools in support of several of its grant programs. In FY 1994, the Corps was unable to commit FTE resources to the Department of Energy for environmental cleanup work at its Hanford, Washington, site. In FY 1994, the Corps also began assisting the Department of Housing and Urban Development with management and housing inspection expertise for the Nation's public housing projects. If the Corps had more FTE available, it could conduct more housing authority inspections, probably helping HUD to improve its program delivery.

PERFORMANCE INFORMATION: By having another Federal agencies, such as the Corps, providing technical expertise and contract management, the Federal oversight role is enhanced and duplicative Federal agency activities can be avoided.

FINANCIAL MANAGEMENT INFORMATION: By having high quality technical and contracting management capability, the parent agency should experience cost reduction or at least better cost effectiveness in engineering, design, and construction projects. Those agencies that provide grant funds for construction or environmental cleanup can use the Corps to field inspections to ensure Federal dollars are being spent for the purposes intended and are efficiently used.

ANALYSIS:

OPTION 1: Increase the Army Corps of Engineers' FTEs dedicated to support other Federal agencies by 100.

Federal agencies are responsible for carrying out their own program. However, from time-to-time the agencies find themselves needing engineering, design, construction, or

environmental cleanup assistance. Many agencies lack adequate technical capability to properly manage the engineering or construction needs of their missions. An example is the Department of State. Rather than build in-house capability or contract out the work, State often uses the Corps to carry out engineering, design, and construction work associated with new embassies. What they get is state-of-the-art engineering, design, and construction management, at lower project cost than doing it in-house, and Federal oversight of contractors to protect the State Department's interest.

The Corps is known world wide for its engineering, design, construction management and environmental cleanup capabilities. For other Federal agencies to duplicate the Corps' capability would not be the most efficient or cost-effective alternative. The Vice President's National Performance Review recommends that OMB and other agencies make the maximum use of the Corps' engineering and technical capabilities.

Agencies generally submit their requests for Corps assistance just prior to the budget year. The 100 figure is estimate based on recent levels of requested assistance.

OPTION 2: Do not increase the Corps' FTEs for support to other Federal agencies at this time.

Agencies are responsible for carrying out their own programs, and agencies should either develop the means in-house to effectively carry out their responsibilities or contract the work with the private sector. The Corps already has these capabilities, and for agencies to duplicate this capability may not be the most efficient or cost-effective alternative for them.

OPTION 3: Do not increase the Corps' FTE support to other Federal agencies, but authorize and encourage other agencies to transfer FTEs to the Corps when they request Corps support. Any transfer would not count against the Corps' FTE target. After the support work is done, the Corps would transfer the FTEs back to the requesting agency.

This option may not be the most efficient and cost-effective means, some agencies would some would not. The agency would be giving up FTEs that it may need to execute other parts of its program.

RECOMMENDATION: Increase the Army Corps of Engineers' FTEs dedicated to support other Federal agencies. Revisit where the 100 FTE add in the Corps is offset from other agencies when total FTE guidance is determined in the November 15th Director's review on federal employment levels.

SUMMARY OF PAD LEVEL DECISIONS NOT COVERED IN ISSUE PAPERS
ARMY CORPS OF ENGINEERS - CIVIL WORKS
(in millions of dollars)

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
				<u>President's</u>		<u>President's</u>	<u>Agency</u>	<u>PAD</u>	<u>Recom.</u>
				<u>Request</u>		<u>Request</u>	<u>Request</u>	<u>Recom.</u>	<u>less</u>
		<u>Actual</u>	<u>Actual</u>	<u>(FY 95Bud)</u>	<u>Enacted</u>	<u>(FY 95Bud)</u>			<u>Request</u>
Discretionary:									
			</						

- o Reduce BA by \$240 million in FY 1996 to help correct for excessive carryover

In the Construction General program, outlays have been running well below no-year BA levels in recent years, leading to excessive carryover of unobligated balances. In its budget submission, the Corps of Engineers assumed that it would outlay over \$1.5 billion in FY 1995. When the FY1995 outlay level is adjusted downward to a more realistic level, a total carryover of \$875 million is projected to be available to outlay in FY 1996 in addition to any new BA. The Corps has now recognized the problem and is rethinking a strategy to reduce the carryover in the future by reducing its BA requests in FY 1996 and the outyears while still meeting the outlay targets. The PAD mark reduces the BA request by \$240 million. Army agrees with this change and will be sending a revised request.

- o Remove funding for single purpose recreation projects (\$1 million)

This includes two projects – Port Mayaca, FL (\$2.4 million total cost) and Yatesville Lake, KY (\$4.5 million total cost). These projects provide economic benefits to the local communities and are relatively inexpensive. However, the precedent of the Administration supporting single- purpose seperable recreation projects at Corps facilities is likely to invite Congress and the Corps to fund many more of these types of projects in the future, with potentially much higher overall costs. The affected Congressional interests and other details are presented on page W - 26.

General Investigations	BA	172	208	148	181	156	164	172	8
	OL	168	220	172	192	152	171	175	4

- o Provide funding for Flood Plain Management Services at maximum authorized level

This program provides technical assistance to locals on flood protection planning. The program has been effective and well-received by local water project interests, and has more requests for assistance than can be filled under current funding levels. Increased technical assistance is consistent with recommendations from the June 1994 Galloway Report on the 1993 Midwest floods. The PAD mark would increase the budgeted amount from \$9 million to \$15 million, the maximum authorized amount for this program. Cost-share for this program is zero if information is gathered for a State or local government. Otherwise, the non-Federal cost-share is the Corps of Engineers cost of providing the information.

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
				President's Request (FY 95Bud)	Enacted	President's Request (FY 95Bud)	Agency Request	PAD Recom.	Recom. less Request
		<u>Actual</u>	<u>Actual</u>						

◦ Provide funding for Planning Assistance to States and Tribes at maximum authorized level

This is a companion program to the Floodplain Management Services program. It provides technical assistance to States and tribes on problems related to flood control and other water resource issues, and is cost shared 50/50. It has also been an effective program that has the capacity to expand. Increased technical assistance is consistent with recommendations from the Galloway Report. The PAD mark would increase funding for this program from \$4 million to \$6 million.

Regulatory	BA	86	92	110	101	110	105	112	7
	OL	88	93	109	101	111	105	112	7

◦ Provide full funding for President's Wetlands Initiative

Recommend additional \$7 million for a new administrative appeals process and to accelerate application review for permits to dredge or fill wetlands.

Operations and Maintenance	BA	1,597	1,689	1,612	1,647	1,131	1,840	1,831	-9
	OL	1,525	1,831	1,623	1,652	1,135	1,809	1,724	-85

◦ Remove excess funding for recreation O&M

Recreation fees were increased by \$20 million under OBRA 1993. To prevent public outcry that these fees are not going toward providing services for recreation areas, that \$20 million increase should be directed toward recreation O&M. The Corps recommended an increase of \$29 million in recreation O&M. The PAD mark would reduce that increase by \$9 million to reflect the recreation revenues received. In addition, based on the low outlay rate in recent years, outlays for FY 1995 are being adjusted downward. A reduction of \$78 million is being taken at this time. Army has agreed with this change and will be sending a revised budget submission.

Total, Discretionary.....	BA	3,213	3,390	2,829	2,913	2,551	3,100	2,865	-235
	OL	2,855	3,269	3,047	3,475	2,428	3,074	3,074	—

**ARMY CORPS OF ENGINEERS - CIVIL WORKS
FISCAL YEAR 1996 CONSTRUCTION NEW STARTS
AGENCY'S REQUESTED PROGRAM**

PROJECT	STATE	MAJOR OUTPUT	BENEFIT TO COST RATIO	PROJECT COST (\$s in millions)			FY 1996 REQUEST	CONG. INTEREST
				TOTAL	FEDERAL	NON-FED		
REGULAR CONSTRUCTION (AUTHORIZED)								
1 VIRGINIA BEACH	VA	SDP	1.3	125.4	81.5	43.9	1.1	Pickett (D-VA-02)
2 MARSHALL	MN	SDP	1.5	9.6	6.9	2.7	1.1	Minge (D-MN-02)
3 PORTAGE	WS	SDP	3.2	8.9	6.5	2.4	0.3	Klug (R-WI-02)
4 HOUSTON	MN	UP	1.7	6.6	4.9	1.7	0.1	Penny (D-MN-01)
5 ROUGHANS POINT, REVERE	MA	SDP	2.3	12.0	7.8	4.2	1.4	Markey (D-MA-07)
6 HOLES CREEK, W. CARROLLTON	OH	RF	2.1	4.7	3.3	1.4	0.2	Hall (D-OH-03)
7 LOS ANGELES HARBOR	CA	DH	2.1	619.3	100.9	518.4	1.2	Harman (D-CA-36) Horn (R-CA-38)
8 ABIQUIU DAM	NM	UP	1.9	4.2	4.2	0.0	1.2	Richardson (D-NM-03)
9 SHOAL CREEK (HANCOCK CREEK)	TX	RF	2.1	8.1	6.0	2.1	0.0	Pickle (D-TX-10)
SUBTOTAL:				798.8	222.0	576.7	6.7	
* REGULAR CONSTRUCTION (UNAUTHORIZED, AND NOT IN PAD RECOMMENDATION)								
10 ATLANTIC INTRACOASTAL WATERWAY, GREAT BRIDGE	VA	DH	2.1	26.5	22.8	3.7	1.2	Sisisky (D-VA-04)
11 ILLINOIS - CHICAGO SHORELINE	IL	SDP	5.3	259.0	138.0	121.0	1.3	Rush (D-IL-01) Reynolds (D-IL-02) Rostenkowski (D-IL-05) Collins (D-IL-07) Yates (D-IL-09)
12 COOS BAY	OR	DH	1.7	14.6	10.8	3.8	5.2	DeFazio (D-OR-04)
13 MARMET LOCK & DAM	WV	DH	2.1	326.0	326.0	0.0	10.4	Rahall (D-WV-03)
14 METRO LOUISVILLE, POND CREEK	KY	UP	3.2	17.9	12.2	5.7	1.4	Mazzoli (D-KY-03)

UP - Urban flood damage prevention
* Requires WRDA authorization or modification
(Not included in PAD recommendation)

DH - Deepdraft Harbor, Commercial Navigation
RF - Rural Flood Protection
R - Recreation

SDP - Storm damage protection
NAV - Inland Waterways
H - Hydropower

	PROJECT	STATE	MAJOR OUTPUT	BENEFIT TO COST RATIO	PROJECT COST (\$s in millions)			FY 1996 REQUEST	CONG. INTEREST
					TOTAL	FEDERAL	NON-FED		
15	METRO REGIONAL CINCINNATI, DUCK CREEK	OH	UP	1.3	17.1	12.8	4.3	0.5	Mann (D-OH-01) Portman (R-OH-02)
16	SAW MILL RUN	PA	UP	1.2	13.8	10.4	3.5	0.1	Coyne (D-PA-14)
17	PALM VALLEY BRIDGE	FL	SDP	1.3	17.2	17.2	0.0	0.6	Fowler (R-FL-04)
18	SAN JUAN HARBOR	PR	DH	2.2	61.5	44.5	17.0	0.8	Romero-Barcelo (D-Pres. Commissioner-PR)
19	WILMINGTON HARBOR, NE CAPE FEAR RIVER	NC	DH	2.2	53.5	26.4	27.1	6.5	Rose (D-NC-07)
20	SAN LORENZO	CA	UP	1.5	17.2	8.7	8.5	0.2	Farr (D-CA-17)
21	UPPER JORDAN	UT	UP	3.4	13.3	8.9	4.4	0.5	Shepherd (D-UT-02) Ortron (D-UT-03)
22	SANTA BARBARA HARBOR	CA	DH	1.04	5.8	4.7	1.2	4.2	Huffington (R-CA-22)
23	SAN RAFAEL CANAL	CA	SDP	2.1	29.4	19.1	10.3	0.2	Woolsey (D-CA-06)
SUBTOTAL:					872.9	662.4	210.4	33.0	

UNSTARTED SEPARABLE ELEMENTS (AUTHORIZED)

24	CENTRAL AND SOUTHERN FLORIDA, PORT MAYACA RECREATION	FL	R	2.10	2.4	1.2	1.2	0.5	Hastings (D-FL-23)
25	SAN DIEGO RIVER AND MISSION BAY, QUIVIRA BASIN BREAKWATER	CA	DH	1.70	3.4	2.2	1.2	1.9	Schenk (D-CA-49)
26	YATESVILLE LAKE, PLEASANT RIDGE RECREATION AREA	KY	R	1.24	4.5	2.3	2.3	0.3	Bunning (R-KY-04) Rogers (R-KY-05)
27	ATLANTIC INTRACOASTAL WATERWAY, FAIRFIELD BRIDGE	NC	NAV	N/A	26.5	26.5	0.0	0.9	Lancaster (NC-03)
SUBTOTAL:					36.8	32.1	4.7	3.5	

PROJECT	STATE	MAJOR OUTPUT	BENEFIT TO COST RATIO	PROJECT COST (\$s in millions)			FY 1996 REQUEST	CONG. INTEREST	
				TOTAL	FEDERAL	NON-FED			
MAJOR REHABILITATIONS (AUTHORIZED)									
28	HARTWELL LAKE POWERHOUSE	GA, SC	H	3.1	17.7	17.7	0.0	3.3	Deal (D-GA-09) Johnson (D-GA-10) Derrick (D-SC-03)
29	JIM WOODRUFF L&D POWERHOUSE	FL, GA	H	1.4	30.6	30.6	0.0	0.6	Everett (R-AL-02) Peterson (D-FL-02) Bishop (D-GA-02)
30	JOHNSTOWN	PA	UP	6.1	35.5	35.5	0.0	1.2	Murtha (D-PA-12)
31	L&D 14, MISSISSIPPI RIVER	IA	NAV	2.3	20.9	21.0	0.0	0.8	Leach (R-IA-01) Evans (D-IL-17)
32	L&D 24, MISSISSIPPI RIVER	IL, MO	NAV	2.6	21.8	21.8	0.0	3.2	Durbin (D-IL-20) Volkmer (D-MO-09)
33	THURMOND LAKE POWERHOUSE	GA, SC	H	1.3	<u>69.7</u>	<u>69.7</u>	<u>0.0</u>	<u>1.2</u>	Johnson (D-GA-10) Derrick (D-SC-03)
	SUBTOTAL:				196.2	196.3	0.0	10.3	
RECONSTRUCTIONS (AUTHORIZED)									
34	LOWER SACRAMENTO AREA LEVEE RECONSTRUCTION	CA	UP	3.8	5.2	3.9	1.3	1.0	Matsui (D-CA-05)
35	MID-VALLEY AREA LEVEE RECONSTRUCTION	CA	UP	1.5	<u>22.6</u>	<u>17.0</u>	<u>5.6</u>	<u>0.5</u>	Fazio (D-CA-03)
	SUBTOTAL:				27.8	20.9	6.9	1.5	

<u>PROJECT</u>	<u>STATE</u>	<u>MAJOR OUTPUT</u>	<u>BENEFIT TO COST RATIO</u>	<u>PROJECT COST (\$s in millions)</u>				<u>CONG. INTEREST</u>
				<u>TOTAL</u>	<u>FEDERAL RMNG</u>	<u>NON-FED</u>	<u>FY 1996 REQUEST</u>	
RESUMPTION (AUTHORIZED)								
36 BARKLEY DAM AND LAKE BARKLEY (NOTE: Total project cost is \$156,899,000)	KY	UP	1.4	146.5	10.4	0.0	1.6	Barlow (D-KY-01) Sundquist (R-TN-07)
DEFICIENCY CORRECTION (AUTHORIZED)								
37 REND LAKE, SUBIMPOUNDMENT DAMS (NOTE: Total project cost is \$50,737,000)	IL	UP		5.3	5.3	0.0	1.0	
GRAND TOTAL:				2,084.2	1,149.5	798.7	57.6	

**FY 1996 BUDGET
ARMY CORPS OF ENGINEERS - CIVIL WORKS
FISCAL YEAR 1995 CONGRESSIONAL ADDS -- LOW PRIORITY PROJECTS**

ARMY'S NEW BUDGETING CRITERIA FOR CONGRESSIONAL ADDS:

1. Funds were added in the Act in both FY 1994 and FY 1995, or
2. Funds were added in report in FY 1995 and item is greater than 50% complete, or
3. Continuing contracts were directed in law to be awarded and follow-on funds are appropriate.

Project Name

Reason

Interested Member

THE 13 CONGRESSIONALLY SENSITIVE PROJECTS INCLUDED IN ARMY'S SUBMISSION:

Levisa and Tug Forks of the Big Sandy and Upper Cumberland Rivers, WV, KY and VA

SEPARABLE ELEMENTS

1. Upper Mingo County, WV	Meets Army's NEW budgeting criteria	Rahall (D-WV-3), Byrd (D-WV)
2. Hatfield Bottom, WV	"	Rahall (D-WV-3), Byrd (D-WV)
3. Williamsburg, KY	"	Rogers (R-KY-5)
4. Harlan, KY	"	Rogers (R-KY-5)
5. Middlesbrough, KY	"	Rogers (R-KY-5)
6. Lake Pontchartrain and Vicinity, LA (Parallel protection part)	"	Livingston (R-LA-1), Jefferson (D-LA-2), Johnson (D-LA)
7. Ouachita River Levees, LA	"	McCrery (R-LA-5), Baker (R-LA-6)
8. Richmond Filtration Plant, VA	"	Bliley (R-VA-7)
9. Casino Beach and Jetty, IL	"	Collins (D-IL-7), Yates (D-IL-9)
10. Des Moines Recreation River and Greenbelt, IA	"	Lightfoot (R-IA-3), Smith (D-IA-4), Grandy (R-IA-5)
11. Red River Below Denison Dam, AR, LA, and TX	"	Dickey (R-AR-4), Fields (D-LA-4), McCrery (R-LA-5), Chapman (D-TX-1)
12. Wallisville Lake, TX	"	Wilson (D-TX-2), Brooks (D-TX-9)
13. San Timoteo, element of Santa Ana River Mainstem, CA	"	Lewis (R-CA-40), Brown (D-CA-42)

Project NameReasonInterested Member**OTHER CONGRESSIONALLY SENSITIVE PROJECTS NOT INCLUDED IN ARMY'S SUBMISSION:**

1. Lake Pontchartrain and Vicinity, LA, (Jefferson Parish)	Carryover funds adequate for FY96	Livingston (D-LA-1), Jefferson (R-LA-2)
2. Lake Pontchartrain Storm Water Discharge, LA	Not in act language for 2 years	Livingston (D-LA-1), Jefferson (R-LA-2)
3. Red River Emergency Bank Protection, AR	No plan developed	Dickey (R-AR-4), Fields (D-LA-4)
4. Broad Top Region, PA	Not in act language for 2 years - no plan developed	Shuster (R-PA-9)
5. Fire Island Inlet to Jones Inlet, NY	Current nourishment fully funded - no FY96 requirement	Hochbruckner (D-NY-1)
6. Hackensack Meadowlands, NJ	Not in act language for 2 years	Torricelli (D-NJ-9)
7. South Central PA Environmental Restoration, PA	Fully funded to authorized limit	Shuster (R-PA-9), Margolies (D-PA-12)
8. Cedar River Harbor, MI	Carryover funds adequate for FY96	Stupak (D-MI-1)
9. Onondaga Lake, NY, Combined Sewer Overflow	Not in act language for 2 years	Walsh (R-NY-25)
10. Red Rock Dam and Lake, IA	"	Lightfoot (R-IA-3)
11. Saylorville Lake Road, IA	"	Smith (D-IA-4)
12. Allendale Dam, RI	Fully funded to authorized limit	Machtley (R-RI-1)
13. Columbia River Treaty Access Sites, OR & WA	Carryover funds adequate for FY96	Smith (R-OR-2), Wyden (D-OR-3), Unsoeld (D-WA-3), Inslee (D-WA-4)
14. Dillingham, AK, Shoreline Erosion	Not in act language for 2 years	Young (R-AL)
15. Southern WV Environmental Restoration, WV	Fully funded to authorized limit	Rahall (D-WV-3)
16. Broward County, FL	Reimbursement for nourishment not required until FY97	Bacchus (D-FL-15), Lewis (R-FL-16)
17. Pinellas County, FL	Current nourishment fully funded	McCollum (R-FL-8), Billrakis (R-FL-9)
18. Savannah Harbor Deepening, GA	Project fully funded	Kingston (R-GA-1)
19. St. Johns County (St. Augustine Beaches), FL	Not in act language for 2 years	Brown (D-FL-3), Flower (R-FL-4)
20. Sacramento River Flood Control Project, CA	Carryover funds adequate for FY96	Hamburg (D-CA-1), Fazio (D-CA-3)
21. Arkansas River Levees, AR	Not in act language for 2 years	Thorton (D-AR-2)
22. Montgomery Point Lock and Dam, AR	FY95 and FY96 Budget for engineering and design only, not in act language for 2 years	Lambert (D-AR-1), Dickey (R-AR-4), Synar (D-OK-2), Brewster (D-OK-3)

Army Corps of Engineers - Civil Works Management Scorecard

Performance Measurement	RATING
GPRA Activities	
Status of Pilots	●
Status of Strategic Plan	●
Special Attention Project	○
Performance Measures	○
Streamlining	
Restructuring/Reengineering	
Status of planning	○
Status of Implementation	○
FTE Goals	
Status of planning	○
Status of Implementation	●
High Risk	
None	
Electronic Commerce	
Status of Implementation	○
Inspector General	
Financial Audit Program	●
Status of Recommendations	○
Information	
Strategic Plan	○
Government Information Locator	●

Key:

- Achieved Goals and Active Program for Continued Enhancement
- Significant Progress toward Achieving Goals
- Active Efforts Underway to Achieve Goals
- Reservations About Adequacy of Progress and/or Plans for Achieving
- N/A Not Applicable

AGENCY SUMMARY
BUREAU OF RECLAMATION - INTERIOR
(in millions of dollars)

	<u>FY 1993</u>		<u>FY 1994</u>		<u>FY 1995</u>		<u>FY 1996</u>	
	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>
DISCRETIONARY								
FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.	810	835	818	971	792	796	—	—
FY 1996 Agency Request.....							775	782
FY 1996 PAD Recommended Level							762	772
Percentage Change from:								
FY 1993 Actual.....							-5.9%	-7.6%
FY 1994 Actual.....							-6.8%	-20.5%
FY 1995 Enacted.....							-3.7%	-3.0%
Agency Request.....							-1.7%	-1.3%
MANDATORY								
FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.	101	78	53	11	58	42	—	—
FY 1996 Agency Request.....							57	43
FY 1996 PAD Recommended Level.....							57	43
AGENCY TOTAL								
FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.	911	913	871	982	850	837	—	—
FY 1996 Agency Request.....							832	825
FY 1996 PAD Recommended Level.....							819	814

AGENCY SUMMARY
SECRETARY OF THE INTERIOR
1992 CENTRAL UTAH PROJECT COMPLETION ACT
(in millions of dollars)

DISCRETIONARY	FY 1993		FY 1994		FY 1995		FY 1996	
	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>
FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.	—	—	26	25	40	39	—	—
FY 1996 Agency Request.....							48	47
MANDATORY								
FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.	—	—	6	5	6	6	—	—
FY 1996 Agency Request.....							6	6
CENTRAL UTAH, TOTAL.....	—	—	32	29	46	45	54	53
FY 1996 PAD Recommended Level							54	53

COMBINED TOTAL FOR RECLAMATION AND CENTRAL UTAH

FY 1993 Actual/FY 1994 Actual/FY 1995 Enacted.	911	913	902	1011	896	882	—	—
FY 1996 Agency Request.....							886	878
FY 1996 PAD Recommended Level.....							873	867

DISCRETIONARY INVESTMENT PROPOSALS
BUREAU OF RECLAMATION - INTERIOR
(in millions of dollars)

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
				President's Request (FY95 Bud)	Enacted	President's Request (FY95 Bud)	Agency Request	PAD Recom.	Recom. less Request
		<u>Actual</u>	<u>Actual</u>						

Discretionary:

**Wastewater Reclamation and
Reuse Pilot Program**

Los Angeles Area	BA	—	5	5	8	15	9	9	0
	OL	—	4	5	8	13	9	9	0
San Diego Area	BA	—	—	—	3	—	2	2	0
	OL	—	—	—	2	—	2	2	0
San Jose	BA	—	—	—	2	—	2	2	0
	OL	—	—	—	1	—	2	2	0
San Gabriel Basin	BA	—	5	5	5	22	10	10	0
	OL	—	4	5	5	19	9	9	0

Reclamation is providing partial funding for four wastewater reuse projects in California, first initiated as demos in the FY 1995 budget. The projects will supply treated water for industrial use and landscape irrigation, for groundwater recharge, and for injection underground as a seawater intrusion barrier. The PAD mark funds the two projects requested in the FY 1995 Presidential investment initiative as well as two that Congress later added. In passback, NRD plans to ask Interior to develop a strategy to limit this demonstration program to the existing four projects. The Administration's pilot program consisted of two projects last year, but the two add-ons doubled the projected Federal cost. The Bureau is authorized to contribute "up to" 25% of construction costs; if it does, these four California projects would cost Federal taxpayers \$193M to complete. The pilot nature of this program suggests a few demonstrations only, but may point the way to a new, more environmentally sound mission for BuRec.

Total, Discretionary.....									
	BA	—	10	10	18	37	23	23	0
	OL	—	9	10	16	32	22	22	0

Construction Program -- Long Range

Funding for Wastewater Programs

October 8, 1994

\$ in thousands

Project	TEC	Totals Thru FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	BTC
LA Water Reclamation/Reuse Project	252,000	21,000	33,000	37,200	84,000	88,000	8,800	0
Federal Funding	83,000	8,250	8,250	9,300	21,000	17,000	2,200	0
Non-federal Funding	169,000	15,750	24,750	27,900	63,000	71,000	6,600	0
San Diego Area Wtr Reclamation 2/	282,000	-0-	10,000	9,380	90,000	80,000	122,640	
Federal Funding	70,500	-0-	2,500	2,340	18,000	20,000	30,860	0
Non-federal funding	211,500	-0-	7,500	7,020	48,000	60,000	91,780	0
San Jose Area Water Reuse	130,000	-0-	7,000	50,000	90,000	22,000	1,000	0
Federal Funding	32,500	-0-	1,750	1,750	12,500	18,250	250	0
Non-federal funding	97,500	-0-	5,250	48,250	37,500	5,750	750	0
San Gabriel Basin Project 1/	214,000	20,000	20,000	38,000	88,000	48,000	-0-	---
Federal Funding	55,000	5,000	5,000	9,750	22,250	13,000	-0-	---
Non-federal funding	159,000	15,000	15,000	28,250	65,750	33,000	-0-	---
Total Wastewater Program (federal funds only)	221,000	10,250	17,500	23,140	70,750	66,250	33,110	0

1/ We assume that construction for the San Gabriel project will be limited to Phase I work only. Therefore, we have reduced the BTC by \$70M to reflect this.

2/ 1997 - 1999 includes funding for Escondido and San Diego Water Reclamation grants and \$80.0 million for repurification work.

WOC Dkt CH s:\Water\WEC

SUMMARY OF DISCRETIONARY PROGRAMS
BUREAU OF RECLAMATION - INTERIOR
(in millions of dollars)

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
		<u>Actual</u>	<u>Actual</u>	<u>President's Request (FY 95Bud)</u>	<u>Enacted</u>	<u>President's Request (FY 95Bud)</u>	<u>Agency Request</u>	<u>PAD Recom.</u>	<u>Recom. less Request</u>

Discretionary:

General Investigations	BA	13	14	13	14	13	14	14	0
	OL	14	13	13	14	13	14	14	0

Request and recommendation would fund 37 ongoing and 15 new studies that evaluate future water needs and examine ways to improve management of existing water resources. Some of these studies may support future requests for Federal funds to meet local water supply needs.

Percent Change (agency request from FY 1995 enacted BA) : -4%

Construction Program	BA	471	448	381	433	391	414	413	-1
	OL	470	636	394	431	389	414	414	-0

Requests \$269M to construct traditional water projects, most of which were underway when President Clinton took office. The rest would support a medley of new programs, including environmental mitigation, water conservation, salinity control, water reclamation and reuse, and an assortment of other projects. The Bureau's request includes \$37M for acquiring two hydroelectric dams on the Elwha River (WA) and beginning restoration work to reduce damage to Olympic National Park. Estimates of total project costs range between \$148 and \$307 million in 1992 dollars. The bulk of these costs would occur over a six to ten year period, starting in FY 1996. PAD recommendation deletes \$2.5M for Mid-Dakota (SD)(see issue paper) and adds \$2M for restoration of the south fork of the Trinity River (CA).

Percent Change (agency request from FY 1995 enacted BA) : -5%

Operation and Maintenance	BA	275	283	284	284	284	289	284	-5
	OL	284	267	283	283	284	286	282	-4

Requests \$224M to support the O&M of completed Reclamation projects. PAD mark deletes \$5M for a new "Enterprise Fund" to reward Bureau regional managers, who find cost-saving ways to operate and maintain projects without reducing service.

Percent Change (agency request from FY 1995 enacted BA) : 6%

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
		<u>Actual</u>	<u>Actual</u>	<u>President's Request (FY 95Bud)</u>	<u>Enacted</u>	<u>President's Request (FY 95Bud)</u>	<u>Agency Request</u>	<u>PAD Recom.</u>	<u>Recom. less Request</u>
Small Project Loan Program	BA	4	14	4	10	4	11	11	0
	OL	4	9	7	11	4	10	10	0

Requests \$5.7M for two ongoing loans and program administration and \$5M for new water project loans.

Percent Change (agency request from FY 1995 enacted BA) : 11%

**General Administrative
Expenses**

BA	54	54	54	54	54	50	51	0
OL	54	55	54	54	54	51	51	0

Funds the Bureau's overall program management and its personnel, training, and public relations functions. The request includes roughly \$2M for the Advisory Commission on Western Water Resources. PAD mark includes an additional \$400 thousand in FY 1996 to conduct an ex-post study of selected projects constructed during the Bureau's dam-building years.

Percent Change (agency request from FY 1995 enacted BA) : -7%

CVP Restoration Fund	BA	—	33	45	45	31	40	32	-8
	OL	—	27	45	43	34	41	35	-6

Funds environmental mitigation and restoration work from mandatory and discretionary revenues collected from Central Valley Project (CVP) water and power users. The reduction results from the authorizing statute, which limits certain collections to a 3-year rolling average of \$30M (indexed). The budget assumes that FY 1996 will be a normal water year; if it is not, the Bureau may have less available from the fund for environmental purposes. PAD mark deletes \$8.1M to acquire poor drainage agricultural land on the west side of the San Joaquin Valley (CA). If Reclamation does not use these revenues to acquire poor drainage lands and the associated water rights, it will probably want to use them for other activities authorized under the 1992 CVP Improvement Act. In that case, PAD recommendation would require the Bureau to generate comparable savings elsewhere in its budget to achieve the reduction.

Percent Change (agency request from FY 1995 enacted BA) : -12%

		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
		<u>Actual</u>	<u>Actual</u>	<u>President's Request (FY 95Bud)</u>	<u>Enacted</u>	<u>President's Request (FY 95Bud)</u>	<u>Agency Request</u>	<u>PAD Recom.</u>	<u>Recom. less Request</u>
CVP Restoration Fund - Offset	BA	--	-22	-39	-39	-25	-34	-34	0
	OL	--	-22	-39	-39	-25	-34	-34	0

The largest of several sources of revenue to the CVP Restoration Fund, consisting of discretionary receipts that the Bureau is authorized to collect only to the extent specified in appropriations acts. This money then becomes available for mitigation and restoration purposes.

Percent Change (agency request from FY 1995 enacted BA) : -14%

Boulder Canyon - WAPA Transfer		BA	-7	-7	-7	-7	-8	-8	-8	0
		OL	--	--	--	--	--	--	--	--

Funds operation and maintenace costs that WAPA incurs distributing power from Hoover Dam.

Percent Change (agency request from FY 1995 enacted BA) : 9%

Other		BA	1	1	-2	-2	1	0	0	0
		OL	8	-14	-1	-1	1	0	0	0

Reflects changes in the Bureau's Emergency Fund and Working Capital Fund.

Total, Discretionary		BA	810	818	732	792	744	775	762	-13
		OL	835	971	757	796	754	782	772	-10

**POTENTIAL REDUCTIONS
TO DISCRETIONARY PROGRAM RECOMMENDATIONS
BUREAU OF RECLAMATION - INTERIOR**
(in millions of dollars)

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>					
			President's Request (FY 95Bud)	Enacted	President's Request (FY 95Bud)	Agency Request	PAD Recom.	Potential Reduced Level	Potential Reduc . less Recom.	
	<u>Actual</u>	<u>Actual</u>								

Discretionary:

Elwa River (WA) Restoration

Bureau of Reclamation Portion	BA	—	—	0.4	0	38	37	37	0	-37
	OL	—	—	0.3	0	32	31	31	0	-31
Other DOI Agencies	BA	—	3	4	4	4	4	4	3	-2
	OL	—	1	1	2	2	3	3	2	-1

Interior would like the Bureau to acquire and demolish two private dams and restore one of the principal watersheds in Olympic National Park, a large and diverse wilderness that is one of the crown jewels of the National Park System. The dams have disrupted the park's ecosystem by ruining 10 native anadromous fish runs. Retention of the dams does not serve any important purpose. The main impediment is the total cost of the project — between \$148 and \$307 million in 1992 dollars, mostly over a six to ten year period, depending upon the extent to which the Bureau would attempt to remove sediments behind the dams that have accumulated since 1911. The priorities of the Chairmen of the House Interior (Yates, D-IL) and Senate Energy and Water Development (Johnston, D-LA) Appropriations Subcommittees do not appear to leave much room to fund this initiative within their ceilings. Last year, the appropriators did not fund the Bureau's modest request (\$400 thousand). Without a well-defined and effective strategy and possibly some assistance from the White House, the same could happen in FY 1996.

**Tucson (AZ) Water Supply
- Reliability**

BA	1.0	1.3	1.5	5.5	6.3	3.6	3.6	0	-3.6
OL	0.8	1.2	1.5	4.9	5.6	3.9	3.9	0.9	-3.0

Delete funding to construct a reservoir at the terminus of the Central Arizona Project (CAP), which would supplement Tucson's water supply during periods of scheduled maintenance and emergency outages, saving \$60M through FY 1999. Tucson can afford to build the reservoir without Federal assistance. In 1981, Interior decided to finance this reservoir using a 3.25% rate of repayment. Support Federal funding only if the project beneficiaries agree to pay an increased share of the costs.

			FY 1995		FY 1996			
	<u>FY 1993</u>	<u>FY 1994</u>			<u>President's</u>	<u>Agency</u>	<u>PAD</u>	<u>Potential</u>
	<u>Actual</u>	<u>Actual</u>	<u>Request</u>	<u>Enacted</u>	<u>Request</u>	<u>Request</u>	<u>Recom.</u>	<u>Reduced</u>
			<u>(FY 95Bud)</u>		<u>(FY 95Bud)</u>			<u>Level</u>
								<u>Recom.</u>
Central Arizona Project		BA					30	0
								-30

The Bureau has been trying to settle its dispute with the master contractor of the Central Arizona Project (CAP), the Central Arizona Water Conservancy District (CAWCD), over how to interpret certain key provisions of their repayment contract and related issues in order to maximize repayment of debt owed the U.S. The negotiations do not appear to be going well at the moment. If they do not improve soon, Interior may need to reduce its \$122M request for the CAP by about \$30M. The terms of the current repayment contract may not require the CAWCD to repay any of these costs.

DISCRETIONARY ISSUE PAPER # 1
BUREAU OF RECLAMATION - INTERIOR
(in millions of dollars)

ISSUE: Should the Administration propose to fund the Bureau's Mid-Dakota project, a water supply system for 29,000 people in rural South Dakota?

PREPARER/EXT: Gary Waxman/54590

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>		
			Pres. Request		Pres. Request	Agency Request	Recom. less Request
	<u>Actual</u>	<u>Actual</u>	<u>(FY95BUD)</u>	<u>Enacted</u>	<u>(FY95BUD)</u>	<u>Request</u>	<u>Recom.</u>
BA/OB.....	0	1.5	0	4.0	0	2.5	0
OL.....	0	1.3	0.2	3.6	0	2.7	0.6
							-2.5
							-2.1

OPTION 1: PAD RECOMMENDATION -- Do not propose Mid-Dakota funding in FY 1996.

OPTION 2: AGENCY REQUEST -- Propose \$2.5 million for Mid-Dakota in FY 1996.

DESCRIPTION OF ISSUE: The Mid-Dakota Rural Water System project is a non-Indian local water distribution system that would supply treated water to 29,000 people and 600 livestock ranchers in central South Dakota. Many in the area now drink groundwater that is substandard in quality. Work on Mid-Dakota barely has begun. The Administration has not proposed to fund this project for construction before, but Congress initiated funding in FY 1994. The Farmers Home Administration (FmHA) provides assistance for rural wastewater treatment and water supply, and has requested a large increase in FY 1996, but not for projects of this scale.

Reclamation estimates that the project will cost \$105 million more to complete. Congress authorized the project in 1992. Its chief sponsors are Senators Daschle (D-SD) and Pressler (R-SD), and Representative Tim Johnson (D-At Large). Since the ranchers and the local agribusinesses generally do not require high quality water, the main project

beneficiaries are the 29,000 people of this rural area. To use a very rough approximation -- dividing the remaining Federal spending by 29,000 -- the Bureau proposes to finance, on average, \$14,500 in construction costs for each family of four. By law, most of this money will not be repaid.

PERFORMANCE INFORMATION: The Bureau generally uses benefit-cost analyses to evaluate its projects. It has not developed performance measures to assess the relative merits of different projects. Because the local water companies developed the plan for this particular project on their own, the Bureau has not evaluated whether Mid-Dakota would have net benefits.

FINANCIAL MANAGEMENT INFORMATION: The Bureau has generic authority to finance municipal, rural, and industrial (MR&I) water supply projects under the 1939 Reclamation Act and the 1958 Water Supply Act, under which beneficiaries must repay the entire cost, including interest during construction, at Treasury interest rates. With a few exceptions, the Bureau and the Army Corps of Engineers have financed such projects only as part of a larger, multi-purpose water development constructed primarily for irrigation, power generation, flood control, or navigation. During the Reagan and Bush Administrations, OMB opposed single-purpose MR&I water supply systems because such projects are not a Federal responsibility. In theory, economically sound water supply projects should generate sufficient revenues from State and local water users to repay the loans in full. Nonetheless, Congress authorized several such projects in the 1980s and early 1990s, primarily in North and South Dakota and in Oklahoma, and provided in these cases that the beneficiaries would repay considerably less than the full project costs.

The Mid-Dakota authorization is typical. The local beneficiaries are negotiating with the Bureau to determine precisely how much they will repay. In October 1992, as part of an Omnibus Reclamation Act, Congress authorized Mid-Dakota and provided for a Federal grant that "shall not exceed" 85 percent of project costs. The Bureau is seeking a 22 percent rate of repayment, similar to rates on its other projects in the State. It calculates that this roughly is what the beneficiaries should be willing to pay.

ANALYSIS: The Bureau is an agency in search of economically sound, environmentally sensitive "new" missions. For example, as part of the Administration's investment program, the Bureau is funding four pilot wastewater reclamation and reuse projects in California. NRD believes the Bureau ought to define its role in terms of restoring the environmental damage its efforts have caused in the past, and encouraging the growth of

water markets and other efficiencies in the future, not in providing grants for construction of conventional infrastructure for local development.

Reclamation argues that North and South Dakota are entitled to Federal water development assistance as part of a political arrangement dating back to the 1930s. The Bureau and the Army Corps were competing then for business in the Missouri basin. Instead of deciding which of the many, mutually-inconsistent projects the agencies had proposed were worthy, Congress eventually authorized all of them. Under what became known as the Pick-Sloan Plan, the Corps eventually built six dams on the main stem of the Missouri River that brought flood control and navigation benefits to the downstream States. The Bureau was supposed to build irrigation projects for the Dakotas as part of the package, but for a variety of reasons, never did. Since irrigation is no longer a Federal priority, Reclamation now wants to provide some other form of water development assistance to the upstream States.

The Bureau feels that by supporting Mid-Dakota, it also will be in a stronger position to oppose two low-priority South Dakota projects that are in the pipeline for future funding: (1) the Lewis & Clark Rural Water System, proposed for the city of Sioux Falls (designed for a population of 125,000) and the surrounding rural area, and (2) Lake Andes-Wagner, Marty II, a project to "demonstrate" the impacts of irrigation on soils with high selenium content and, afterwards, to develop water resources to irrigate the lands in question.

Although many have questioned the economic and environmental impacts of the Bureau's traditional projects, the "old" Bureau of Reclamation was engaged at all times in implementing a basic national policy -- developing the water resources of the emerging American West. The Bureau, which now is seeking new missions that will transform it into "a leading water resources manager," should try to limit itself to programs that likewise serve a fundamental national purpose. Local projects like Mid-Dakota fail this test.

RECOMMENDATION: Mid-Dakota raises a basic issue concerning the extent to which the Bureau of Reclamation ought to subsidize local infrastructure and economic development projects. NRD believes this type of project does not warrant continued support through the Reclamation program. The Administration should complete those projects to which it already has made a funding commitment, but not support new ones like Mid-Dakota. We should require that the appropriators find offsets if they want to use the Bureau's budget for additional projects of this kind.

SUMMARY OF PAD LEVEL DECISIONS NOT COVERED IN ISSUE PAPERS
BUREAU OF RECLAMATION - INTERIOR
(in millions of dollars)

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
	<u>Actual</u>	<u>Actual</u>	<u>President's Request (FY 95Bud)</u>	<u>Enacted</u>	<u>President's Request (FY 95Bud)</u>	<u>Agency Request</u>	<u>PAD Recom.</u>	<u>Recom. less Request</u>

Discretionary:

DECREASES

Land Retirement (CA)	BA	---	0	7	7	4	8	0	-8
	OL	---	0	6	6	4	8	1	-7

Delete funding to purchase poor drainage agricultural land on the west side of California's San Joaquin Valley and associated water rights. Many of these farmers appear headed for bankruptcy. The rising groundwater table and the prospects of reduced water deliveries from the Bureau's Central Valley Project have impaired their ability to secure commercial financing. Since the marketplace may force the abandonment of most of these lands without Federal acquisition, NRD questions whether the Bureau should devote scarce Federal resources to achieve a similar objective.

Enterprise Fund	BA	---	---	---	---	---	5	0	-5
	OL	---	---	---	---	---	4	0	-4

The Bureau wants to establish a \$5M fund to reward area managers who achieve long-term savings by giving them additional money to spend on operations and maintenance projects as they please. The money would go to projects that did not qualify otherwise as a Bureau priority. While the concept is interesting, NRD believes that the Bureau should allocate its resources based on an assessment of the merit of competing proposals by area managers, measured by performance standards where possible. The Commissioner is able already to direct more resources to managers who show an ability to use them efficiently and wisely, provided the projects that the successful managers wish to undertake can withstand the normal budgetary review process and emerge as an agency priority. We also believe the appropriators will earmark the \$5M that the Bureau would treat as an "Enterprise Fund" to meet other FY 1996 funding needs.

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>		<u>FY 1996</u>			
	<u>Actual</u>	<u>Actual</u>	<u>President's Request (FY 95Bud)</u>	<u>Enacted</u>	<u>President's Request (FY 95Bud)</u>	<u>Agency Request</u>	<u>PAD Recom.</u>	<u>Recom. .. less Request</u>

INCREASES

Study of Project Impacts	BA	---	---	---	---	---	---	0.4	0.4
	OL	---	---	---	---	---	---	0.4	0.4

Fund a credible, ex-post, economic, financial, and environmental study of selected traditional irrigation projects constructed during the Bureau's dam-building years. For these projects, the study also would calculate actual Federal and non-Federal cost-shares over the years and assess opportunities to restore environmental values and encourage more efficient use of water. When we suggested this study, the Bureau expressed an interest in starting work with FY 1995 funds, if possible.

Trinity River, California - Stream Restoration

BA	10	4	5	5	0	5	7	2
OL	9	5	5	5	1	5	7	2

Expand the scope of the restoration effort underway on California's Trinity River to include the south fork of the river, which has excellent potential salmon and steelhead habitat. The Trinity River Task Force, a group of Federal, State, county, and tribal agencies charged with restoring the fisheries of the river, supports expanding restoration efforts in this part of the watershed.

Total, Discretionary.....	BA	10	4	12	12	4	18	8	-11
	OL	9	5	11	11	5	17	9	-8

**BUREAU OF RECLAMATION - INTERIOR
SENSITIVE PROJECTS**
(dollars in millions)

<u>Project</u>	<u>State</u>	<u>Total Federal Cost</u>	<u>Expended Thru FY 1994</u>	<u>Budgeted FY 1995</u>	<u>Enacted FY 1995</u>	<u>Request FY 1996</u>	<u>Member</u>
Animas-LaPlata	CO, NM	456	47	7	7	5	CO-3 McInnis (R); NM-3 Richardson (D) CO Campbell (D), Brown (R); NM Domenici (R), Bingham (D)
Garrison Diversion Unit	ND	1,483	520	30	32	27	At Large Pomeroy (D); ND Dorgan (D), Conrad (D)
Mid-Dakota Rural Water Supply	SD	114	2	0	4	3	At Large Johnson (D); SD Pressler (R), Daschle (D)
Elwha River Restoration	WA	198	0	0.4	0	37	WA Murray (D); NJ Bradley (D)
Central Arizona Project	AZ, CA, NV, NM UT	4,125	3,134	156	164	122	AZ-2 Pastor (D); AZ-3 Stump (R); AZ-4 Kyl (R); AZ-5 Kolbe (R), AZ-6 English (D)

BUREAU OF RECLAMATION - INTERIOR
FY 1995 CONGRESSIONAL ADDS - CONSTRUCTION PROGRAM

(In thousands of dollars)

PROJECT TITLE	ST	FY 1994	FY 1995		DIFFER.	CONGRESSIONAL INTEREST
			BUDGET REQUEST	ENACTED		
CONSTRUCTION PROGRAM						
Central Arizona Project (LCRBDF)	AZ	160,470	146,293	153,793	7,500	Arizona: Pastor (D); Stump (R); Kye (R);
CVP - Miscellaneous Project Programs	CA	3,085	2,350	8,285	5,935	California: Fazio (D)
CVP - Delta Divison	CA	13,270	6,024	8,502	2,478	California: Fazio (D)
CVP - Sacramento River Division	CA	7,989	—	3,460	3,460	California: Fazio (D)
CVP - San Luis Unit	CA	50	100	676	576	California: Fazio (D)
CVP - Shasta Division	CA	660	5,000	18,000	13,000	California: Fazio (D); Herger (R)
LA Area Water Reclamation & Reuse	CA	5,250	5,250	8,250	3,000	California: Fazio (D); Torres (D)
San Jose Area Water Reclamation & Reuse	CA	—	—	1,750	1,750	California: Fazio (D)
PSMB - Bostwick Division	NE	1,230	100	600	500	Nebraska: Barrett (R)
Mni Wiconi Project	SD	10,000	8,400	14,500	6,100	South Dakota: Johnson (D)
Mid Dakota	SD	2,000	—	4,000	4,000	South Dakota: Pressler (R); Daschle (D)
Garrison	ND	32,000	30,000	32,000	2,000	North Dakota: Dorgan (D); Conrad (D); Pomeroy (D)
San Diego Area Water Recl. Prog	CA	—	—	2,500	2,500	California: Feinstein (D); Boxer (D)
Lake Andes Marty II	SD	—	—	250	250	South Dakota: Pressler (R); Daschle (D)
Hungry Horse	MT	3,500	1,072	4,722	3,650	Montana: Williams (D)
Elwha River Restoration	WA	—	400	—	-400	Washington: Dicks (D)
Wetlands Development, Caddo Lake	TX	—	—	2,500	2,500	
Reclamation Recreation Mgmt. Act, Title 28	Var	2,000	11,000	6,938	-4,062	
Farwell Unit	NE	560	60	210	150	
Costila Dam - Claim Settlement	NM	—	—	4,827	4,827	
Groundwater Recharge Demo Program	Var	4,470	1,765	2,265	500	
Underfinancing		-37,639	-30,357	-38,750	-8,393	
All Other Construction	Var	259,998	193,449	193,449		
TOTAL, CONSTRUCTION PROGRAM		468,893	380,906	432,727	51,821	

**BUREAU OF RECLAMATION - INTERIOR
CONSTRUCTION PROGRAM**
(in millions of dollars)

	<u>State</u>	<u>FY1994</u>	<u>FY 1995</u>		<u>FY 1996</u>
		<u>Actual</u>	<u>President's Request (FY95 BUD)</u>	<u>Enacted</u>	<u>Agency Request</u>
Animas-LaPlata	CO, NM	7	7	7	5
Central Arizona Project (inc. SOD) 1/	AZ	179	156	164	122
Central Utah Project	UT	31	16	16	14
Central Valley Project	CA	30	21	46	25
Colo. River Salinity - old projects	7 Basin States	32	15	15	10
Colo. River Salinity - new format	"	---	---	---	7
Colo. River Endangered Species	"	---	7	7	6
Columbia/Snake River Salmon	ID, WA, OR, WY	2	6	6	15
Elwha River Restoration	WA	---	---	---	37
Garrison Diversion Unit	ND, SD	32	30	32	27
Mid-Dakota	SD	2	---	4	3
Mni Wiconi	SD	10	8	15	11
National Fish & Wildlife Foundation	various	---	---	---	3
Recreation Management	"	2	11	7	4
Safety of Dam (exc. CAP) 1/	"	63	57	62	67
Science and Technology	"	11	8	9	8
Umatilla Basin	OR	10	10	10	7
Water Reclamation/Reuse Projects	CA	10	10	18	23
Water Conservation Partnerships	various	---	---	---	9
Other Projects	"	82	50	57	39
Subtotal		502	411	471	442
Underfinancing		-38	-30	-39	-28
Rescission of PY Balances		-16	---	---	---
Total, Construction		448	381	433	414

1/ Funds for Roosevelt Dam Safety of Dams work are included in Central Arizona Project