

DEPARTMENT of the INTERIOR

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news release

OFFICE OF THE SECRETARY

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INTERIOR ANNOUNCES BUDGET CUTS OF \$383 MILLION IN FISCAL 1981 AND \$877 MILLION IN FISCAL 1982

Secretary of the Interior James Watt today announced reduced Interior budget requests totaling \$5.94 billion in Fiscal Year 1981 and \$5.75 billion in Fiscal 1982. The new budget figures, part of President Reagan's economic recovery program, represent reductions of \$383 million in Fiscal 1981 and \$877 million in Fiscal 1982 from the Carter Administration budgets for the two fiscal years.

"During the past month, I have participated extensively in discussions with President Reagan and the rest of the Cabinet on the state of the economy and Federal budget," Watt said.

"The economy is in disarray -- whether we look at it from the standpoint of inflation, unemployment, productivity, or interest rates. The budget is out of control. President Reagan and I are committed to a fundamental change of course. We have concluded that massive reductions in the budget, together with streamlining of programs and elimination of excessive regulations, are necessary actions to improve the state of the economy."

Major changes in the revised 1981 and 1982 budgets announced today include:

A proposal to redesign and refund at \$45 million the Payment in Lieu of Taxes program, proposed to be eliminated by the Carter Administration;

A proposal to establish a new Office of Water Policy;

Proposals to eliminate funding for the Office of Water Research and Technology and the Water Resources Council;

Belt-tightening proposals in the Office of the Secretary, Office of Surface Mining, the Geological Survey, the Fish and Wildlife Service and other Bureaus, through elimination of lower priority programs and programs that can be conducted by private industry or State and local governments, program streamlining, and reductions or postponement of funding for other programs;

Consolidation of a number of Indian programs into a single block grant program with greater flexibility for tribes, but at a reduced funding level;

Withdrawal of funding for a deficit elimination program for Guam and the Virgin Islands and postponement of requests for most of the funding proposed for relocating capitals in the Trust Territory.

Last month, Watt noted, President Reagan announced major revisions in the Federal budget. Actions proposed at that time for Interior included:

Establishing a funding moratorium on grant programs for recreation and historic preservation;

Placing a moratorium on Federal land acquisition from the Land and Water Conservation Fund;

Increasing funding for restoration and improvement of national parks;

Postponing spending on several water development projects;

Terminating the Youth Conservation Corps; and

Accelerating Federal energy leasing.

Summary numbers for the Interior Department included in the Economic Recovery Program are:

(\$ billions, rounded)

	<u>FY 1981</u>			<u>FY 1982</u>		
	<u>January Budget</u>	<u>Revised Budget</u>	<u>Change</u>	<u>January Budget</u>	<u>Revised Budget</u>	<u>Change</u>
<u>Budget Authority</u>						
Gross budget authority	6.319	5.936	-.383	6.623	5.747	-.877
Offsetting receipts	<u>-1.843</u>	<u>-1.988</u>	<u>-.145</u>	<u>-2.083</u>	<u>-2.365</u>	<u>-.281</u>
Net Budget Authority	<u>4.476</u>	<u>3.948</u>	<u>-.528</u>	<u>4.540</u>	<u>3.382</u>	<u>-1.158</u>
<u>Outlays</u>						
Gross outlays	6.547	6.414	-.134	6.221	5.669	-.552
Offsetting receipts	<u>-1.843</u>	<u>-1.988</u>	<u>-.145</u>	<u>-2.083</u>	<u>-2.365</u>	<u>-.281</u>
Net Outlays	<u>4.704</u>	<u>4.426</u>	<u>-.279</u>	<u>4.138</u>	<u>3.304</u>	<u>-.834</u>

DEPARTMENT OF THE INTERIOR

Comparison of Current Estimates with the January 1981 Budget Submission

(In thousands of dollars)

<u>Bureau/Office</u>	<u>January Budget</u>	<u>Change ±</u>	<u>Current Estimate</u>	<u>January Budget</u>	<u>Change ±</u>	<u>Current Estimate</u>
Bureau of Land Management	1,069,012	+33,988	1,103,000	,099,774	+66,588	1,166,362
Water and Power Resources Service	805,036	- 2,226	802,810	913,523	-63,564	849,959
Office of National Water Policy	--	--	--	--	+ 2,500	2,500
Office of Water Research & Technology	53,337	-34,652	18,685	32,028	-32,028	--
Heritage Conservation & Recreation Service	477,947	-477,947	--	644,971	-644,971	--
Fish and Wildlife Service	437,219	- 9,807	427,412	463,404	-65,593	397,811
National Park Service	515,508	+161,602	677,110	563,895	+156,585	720,480
Geological Survey	631,902	- 7,045	624,857	575,825	-37,664	538,161
Bureau of Mines	143,580	- 461	143,119	150,516	- 7,806	142,710
Office of Surface Mining	175,318	- 1,954	173,364	246,417	-66,622	179,795
Bureau of Indian Affairs	1,644,259	- 2,940	1,641,319	1,544,592	-75,961	1,468,631
Territorial and International Affairs	226,956	- 369	226,587	248,086	-46,332	201,754
Office of the Solicitor	18,165	- 69	18,096	19,856	- 189	19,667
Office of the Secretary	120,498	-40,976	79,522	120,195	-61,500	58,695
Total, Department of the Interior:						
Gross Budget Authority	6,318,737	-382,856	5,935,881	6,623,082	-876,557	5,746,525
Gross Outlays	6,547,421	-133,727	6,413,694	6,221,339	-552,131	5,669,208
Less: Offsetting Receipts	-1,842,996	-144,824	-1,987,820	-2,083,394	-281,396	-2,364,790
Net Budget Authority	4,475,741	-527,680	3,948,061	4,539,688	-1,157,953	3,381,735
Net Outlays	4,704,425	-278,551	4,425,874	4,137,945	-833,527	3,304,418

Office of Budget
March 9, 1981

People to call for additional information regarding Department of the Interior
1981 FY Budget Requests

Bureau or Office	Information Source	Office Phone	Home Phone
Bureau of Land Management	Jim Pedersen Bob Henry	343-4851 343-4851	703-670-9031 703-534-1854
Water & Power Resources Service	Bill Klostermeyer Jess Pepple	343-4691 343-4268	703-451-8037 703-860-2530
Office of Water Research and Technology	Bob Baldauf Manuel Morris	343-6325 343-6325	703-430-0610 301-986-1911
Geological Survey	Tom Davis	860-7217	703-620-3021
Bureau of Mines	Bill Oyler Jim Collins	634-1325 634-1325	301-292-9291 301-770-0683
Office of Surface Mining	Pete Culp	343-4926	301-647-5967
Fish and Wildlife Service	Adam (Dan) Sokoloski Ken Sippel	343-4328 343-2444	703-356-4514 703-573-0648
National Park Service	Jay Sahd	343-4566	703-455-5678
Heritage Conservation and Recreation Service	Larry Cardwell	343-9165	301-654-6438
Office of Territorial Affairs	Hugh Gallagher	343-6971	703-241-1058
Bureau of Indian Affairs	Ralph Sabers	343-6342	301-552-1887
Office of the Solicitor	Don Chendorain Jim Jewer	343-5763 343-5763	703-670-5873 301-551-6913
Office of the Secretary	Terry Garrett Charles E. Wallace	343-5027 343-3171	703-931-6349 703-536-8693
Office of Budget	Bill Bettenberg Joe Gorrell Wesley Sasaki	343-5308 343-5415 343-8077	703-323-6925 703-548-4867 301-552-1476

Bureau of Mines

The revised budget for the Bureau of Mines is \$142.7 million, a reduction of \$7.8 million from the January Budget. Two areas of research are proposed for reduction: mine health and safety research, \$5.2 million; and minerals environmental technology, \$2 million. In line with Administration efforts to place increased emphasis on recovery of strategic and critical minerals, \$8.6 million is proposed to be shifted into this area from within the Bureau.

Territorial Programs

The revised budget for Territorial Affairs totals \$202 million, a reduction of \$46 million from the January Budget. The reductions include \$20 million earlier budgeted for a program to assist the governments of Guam and the Virgin Islands to eliminate their budgetary deficits. The reductions also include \$18 million in financial assistance to three entities in Micronesia for the construction of new capitals -- leaving \$3 million for preparatory work. Some reductions are being made in operations funding and the local cost-sharing requirements for capital projects will be increased from 10 percent to 25 percent. The estimate of \$1 million under proposed legislation to establish a commission to study the applicability of U.S. laws to several territories has been withdrawn.

Reductions in other Indian programs include stretching out the facility repair program (\$12.7 million reduction), savings in personnel, forestry, business enterprise development, road construction, and the Tribal Management Corps (\$16.9 million reduction), and phasing out general assistance payments for Alaska Natives (\$5.7 million reduction). (Alaska currently provides general welfare assistance to all citizens except enrolled natives.)

Youth Conservation Corps and Secretarial Offices

The revised budget for the Office of the Secretary is \$58.7 million, a reduction of \$61.5 million from the January estimate. The Youth Conservation Corps summer employment program is being phased out. A rescission of \$38.2 million has been proposed in FY 1981 and the 1982 request has been withdrawn. Funding related to implementation of the Alaska Lands Act includes the subsistence grant to the State of Alaska (+\$3.5 million). The FY 1981 supplemental request for purchase of new aircraft and staff for the Alaska Land Use Council has been withdrawn. Staffing reductions in the immediate office of the Secretary and program assistant secretaries as well as other staff offices in the Office of the Secretary result in savings of \$5 million.

Bureau of Land Management

The revised 1982 budget for the operating programs of the Bureau of Land Management totals \$388.3 million, a decrease of \$35.4 million below the comparable amount included in the January Budget. Primary changes from the January Budget reflect the policy to accelerate energy leasing activities and include an increase in offshore oil and gas leasing and management (+\$1.7 million), offset by a reduction in Outer Continental Shelf environmental studies for regional geologic hazard appraisals similar to work conducted by the Geological Survey (-\$10 million), and an increase in onshore oil and gas leasing (+\$1.4 million). Reductions in inventory and data management (-\$7 million) and wilderness planning and mineral surveys (-\$7 million) reflect efforts to streamline these activities. Other reductions would defer some of the Bureau's construction and maintenance projects (-\$6 million).

In addition to changes in the Bureau's operating programs, the revised 1982 budget reduces the request for the Oregon and California Grant Lands in Oregon by \$13 million, for a total of \$60.1 million. The revised budget eliminates a request for a \$10 million direct appropriation which had been proposed to provide a cushion if receipts fell below the planned program obligation level and defers several small construction projects (-\$3 million).

Fish and Wildlife Service

The revised request for the Fish and Wildlife Service in FY 1982 is \$397.8 million, a \$65.6 million reduction from the January estimate. Funding for cooperative research units (-\$4.9 million), anadromous fish grants (-\$3.5 million), endangered species grants (-\$4 million), Sikes Act funding (-\$0.4 million), and marine mammal grants (-\$0.4 million) have been withdrawn. The pace of permit, license, and project reviews, areawide planning, and contaminant evaluations (-\$5 million) as well as components of the biological services program (-\$6 million) has been reduced. Funding related to implementation of the Alaska Lands Act has been reduced in the studies component in 1981 (-\$1.2 million) and in FY 1982 (-\$2.7 million). The proposed State subsistence program grant has been withdrawn in 1981 (-\$2.1 million) and the \$3.5 million request for 1982 transferred to the Office of the Secretary. The net result of the reductions in Alaska funding is a \$6.8 million increase over the 1981 appropriation. Construction projects have been reduced by \$19.1 million including the postponement of energy conservation projects, several rehabilitation projects, and hatchery and lab construction projects. Reestimates in the permanent accounts have resulted in a decrease of \$342,000 from the January estimates.

Office of Surface Mining Reclamation and Enforcement

The revised budget for the Office of Surface Mining is \$179.8 million, a reduction of \$66.6 million from the January Budget. The funding for State regulatory program grants (\$31.9 million), which the States use to partially offset the costs of enforcing the Surface Mining Control and Reclamation Act, have not been reduced. Funding for Federal regulatory enforcement and assistance programs have been reduced from \$44.4 million to \$33.7 million reflecting the intention to stress state primacy. Funding for the Abandoned Mine Land Fund, which is used to reclaim lands damaged by past mining and then abandoned, decreases by \$46.3 million when compared to the January Budget but increases by \$35.5 million when compared to the FY 1981 appropriation. The largest increase is for State reclamation grants, which jump from \$29.0 million to \$70.0 million. No funding is being requested for the mineral institutes program which received \$9.6 million in FY 1981.

Geological Survey

The revised 1982 budget for Geological Survey is \$538.2 million, a reduction of \$37.7 million from the January Budget. This includes withdrawing requests for increases totaling \$20.2 million for oil shale programs, -\$3.5 million; earthquake and other geologic research initiatives, -\$11.8 million; water programs, -\$2.1 million; and common program services, -\$2.8 million. Streamlining of energy leasing processes allows a net savings of \$10.7 million, which includes an increase of \$1.0 million for OCS acceleration. Curtailment of travel and personnel accounts for additional savings of \$4.4 million. Reductions in the mapping modernization program of \$1.9 million and regional aquifer analyses of \$.5 million are also planned.

(\$ millions)

	<u>1981</u>	<u>1982</u>		<u>Reduction</u>
		<u>January Budget</u>	<u>Revised Budget</u>	
- Central Arizona Project	144.1	191.5	186.5	-5.0
- Yuma Desalting Complex	38.1	29.1	21.7	-7.4
- San Felipe Division, Central Valley	27.0	47.7	37.1	-10.6
- Dolores Project	31.7	46.6	43.6	-3.0
- North Loup Division	17.5	29.3	27.3	-2.0
- Bonneville Unit, Central Utah	74.1	70.0	66.0	-4.0
- Oroville-Tonasket	5.5	13.3	11.3	-2.0
- Upper Colorado River Recreation Facilities	11.5	13.2	12.2	-1.0
- Other Projects	<u>221.1</u>	<u>211.9</u>	<u>210.3</u>	<u>-1.6</u>
 Total Construction Program	 570.6	 652.6	 616.0	 -36.6

Secretary Watt explained:

"The Water and Power Resources Service will continue to seek out well planned new investments in the Nation's water resource base. All current construction projects will be continued but acceleration of construction schedules and initiation of new projects will await an improved national economic situation. An effort will be made, in concert with Western Governors, to find suitable candidates for new reclamation starts, perhaps as early as Fiscal Year 1983."

The request for \$6.8 million in supplemental appropriations to initiate work on additional hydroelectric power generation at six existing sites will be retained and the dam safety initiative continued. \$10 million of the proposed \$30 million increase in WPRS operation and maintenance funding will be postponed and requested funding for new project loans will be withdrawn. A number of smaller reductions in WPRS programs will be proposed including elimination of funding for cloud seeding in the high plains.

Federal Payments to States, Counties and Municipalities

The program of Payments in Lieu of Taxes, proposed to be eliminated in the January Budget, will be redesigned and proposed for refunding in the Reagan budget. This program provides payments to governments that do not receive tax revenues because of Federal ownership of land. \$45 million is being proposed for the FY 1982 budget. A legislative proposal is being drafted for submission to Congress which would provide for minimum payments to units of local governments in the amounts provided in existing law, but which would offset payments above the minimum to the extent that revenues from Federal public lands activities (largely mineral leasing and timber sales) are shared with State and local governments.

Projections of revenues shared with States from mineral leasing have been increased by \$70 million, primarily as a result of oil decontrol, raising the total 1982 estimate for such payments to \$649 million.

Block Grants to Indian Tribes

A new program of block grants to Indian tribes is proposed as a substitute funding mechanism for several programs now operated either directly by the Bureau of Indian Affairs or by tribal organizations or other entities under P.L. 93-638 contracts or grant arrangements. The block grant approach would provide for direct funding and significant program flexibility for tribal governments compared with current budgeting procedures and would provide "umbrella" funding for ten existing programs including supplemental educational assistance (Johnson-O'Malley), adult vocational training and education, direct employment, supplemental funding for college scholarships, housing, Indian Action Teams, and self-determination grants.

In line with the major reduction being proposed in many Interior programs Secretary Watt announced, "The total amount available for tribal discretion in these programs would be less than originally budgeted, but the reduction will be partially cushioned by reducing the overhead. This approach will give tribal governments much more say in the final allocation than is traditionally the case when reductions are made on an individual program basis. I believe this is an important step in this Administration's partnership with tribal governments. They will truly have the opportunity to set program priorities and have the flexibility to adjust those priorities within the funding levels requested for the block grants. ...It is my hope that tribal leaders will view this as an important new opportunity for them in their pursuit of self-determination. We have identified over \$160 million in the Carter Budget in Bureau of Indian Affairs programs which I believe are readily adaptable to a block grant approach."

Funding requested for the combined programs totaled \$162.1 million in the January Budget. This will be reduced by about 25 percent, or \$40.6 million. Selection of a grant to operate Bureau programs on a reservation will be at the option of the tribe concerned. Tribes which elect to receive a single consolidated grant will submit a plan for carrying out the programs, projects, functions, and services included in the consolidated activity. These plans would set forth a comprehensive description of the activities to be undertaken consistent with applicable legislative and regulatory provisions for program eligibility.

The National Park Service, Heritage Conservation
and Recreation Service and the Land and Water
Conservation Fund

As previously announced, the President proposes to substantially refocus the Department's recreation and historic preservation programs. This will be accomplished through moratoriums on Federal land purchases and on funding for three major State and local government grant programs for recreation and historic preservation, by significantly increasing the resources available for existing national parks, and by consolidating the remaining programs of the Heritage Conservation and Recreation Service (HCRS).

A major infusion of funds — \$105 million — to the National Park Service is being proposed to help restore and improve existing parks. The increased funding — proposed to come from the Land and Water Conservation Fund -- would be used in the parks for rehabilitation of historic structures, reconstruction of deteriorated roads and bridges, water and sewer improvements, correction of health and safety deficiencies, increased cyclical maintenance for park buildings, roads, bridges, trails and campgrounds, and other improvements. Watt said:

"We are preparing legislation to make Land and Water Conservation Fund monies available for restoration and improvement of our National Parks. These parks, for the most part, represent our most significant natural and historic places of true national interest and we must hold ourselves accountable for their preservation and wise use. I believe we have been seriously deficient on both accounts. Our parks and park facilities have been deteriorating while we have been rushing to acquire more lands."

The moratorium on new Federal land acquisition would save \$395 million in Fiscal Years 1981 and 1982. This amount consists of a 1981 rescission of \$105 million and a 1982 reduction of \$290 million. Proposed funding of \$45 million in 1982 would be used for court awards, a limited number of hardship and other emergency purchases, and monitoring of active State and local projects funded through previous grants. The Secretary explained:

"I believe that most of the truly unique areas of national significance requiring Federal management and funding are already a part of the national park, forest, refuge, trails, and wild and scenic rivers systems. In an era of budgetary constraint, we should be seeking to round out the Federal estate and manage better the areas that are part of that estate."

During the funding moratorium, a review of land acquisition policies and priorities, the potential for land exchanges, and existing park and recreation legislation will be conducted.

The moratorium on the programs for State recreation grants from the Land and Water Conservation Fund, grants to urban areas for recreation facility restoration, and grants to States for historic preservation would save about \$476 million this year and next. Secretary Watt said:

"We consider these activities discretionary and amenable to continued independent State and local endeavor without Federal guidelines. State and local governments have traditionally had more funds available for these purposes than could be matched by the Federal government and have accomplished far more than those projects funded in part by the grants. Tax benefits and private and other local historic preservation activities far exceed the amounts supported through Interior grants. We would, however, propose to continue funding for the National Trust for Historic Preservation which operates historic sites and programs."

Budget proposals affecting the grants moratorium include 1981 rescissions of \$145 million, \$35 million and \$8 million respectively for the Land and Water Conservation Fund, Urban Parks, and Historic Preservation Programs. Respective 1982 reductions are \$185 million, \$75 million, and \$28 million. \$4.7 million would be retained for the National Trust for Historic Preservation.

Water Resource Programs

The revised budget proposes \$2.5 million in funding to establish a new Office of Water Policy reporting to the Assistant Secretary for Land and Water Resources. This Office would work with the States, interested citizens, Congress, and other Federal agencies in developing and coordinating national water policy. In announcing the new Office, Secretary Watt said:

"As a Nation, we clearly need to rethink our approaches to conserving water resources and meeting water resource requirements. This needs to be done in a framework of State and Federal cooperation, but the emphasis should be on respect for State water rights and on State management of their water resources and financial participation in water resource projects."

In conjunction with this initiative, the revised budget proposes to eliminate funding for the Office of Water Research and Technology (OWRT) and the Water Resources Council (WRC). The Secretary said:

"I believe that neither organization properly focuses on national concerns for development of water policies and programs. In this era of fiscal austerity, many of the functions of the Office of Water Research and Technology should properly be the responsibility of States and private industry. The staff of the Water Resources Council primarily supports an interagency committee and the work of the Council suffers from all the defects you would expect from such an organizational arrangement."

The OWRT proposal includes withdrawing a proposed 1981 supplemental request of \$22.9 million, a 1981 rescission of \$11.8 million in contract, grant and other funds, and elimination of the 1982 request for \$32 million for total savings of \$66.7 million. The WRC proposal includes withdrawing the 1982 request of \$39.8 million and rescinding 1981 grant funds totaling \$5 million.

A 1982 reduction of \$64 million is proposed for the Water and Power Resources Service. This would include postponing construction funding totaling \$35 million for eight projects and saving \$1.6 million in salary costs, reducing 1982 construction funding to \$616 million, an increase of \$45.4 million over 1981 appropriations to date. The affected projects are: