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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.
