



No. 155
October 1, 1997

F.Y.I.

MEMO TO THE PRESIDENT #4: CANDIDATES FOR A LINE-ITEM VETO IN THE ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL

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Passage of the Balanced Budget Act of 1997 has not ended the practice of pork-barrel spending. The FY 1998 appropriations bills Congress soon will send to President Bill Clinton are packed with hundreds of pork-barrel projects and other kinds of wasteful spending items that taxpayers associate with fiscal irresponsibility.

But unlike previous years, the President now has the authority to veto specific line items in these appropriations bills without vetoing the entire bill. This line-item veto authority also extends to non-statutory sources such as the committee reports that accompany all appropriations bills. Typically, committees use these reports to earmark funds for favored projects and programs in detailed instructions to federal agencies.

This new authority means that by erasing wasteful spending, the President can personally lower the budget deficit. The reason is that the Line-Item Veto Act contains a "lockbox" mechanism to ensure that any savings achieved by canceling pork-barrel projects go toward deficit reduction. Thus, the more President Clinton uses his line-item veto authority, the more he can personally reduce next year's budget deficit, currently estimated by the Congressional Budget Office (CBO) at \$57 billion.

This series of reports provides the President with a menu of worthy targets for exercising his line-item veto.

Congress has approved \$21 billion in funding for the FY 1998 Energy and Water Development appropriations bill, \$220 million more than last year's level. This year's bill offers President Clinton an excellent opportunity to utilize his line-item veto authority and, in so doing, reduce the FY 1998 deficit by millions of dollars. Many of these candidates for the line-item veto, including Army Corps of Engineers construction projects, Tennessee Valley Authority, and the Bureau of Reclamation, have been frequent targets of criticism by the government's own watchdogs—the U.S. General Accounting Office (GAO) and various inspectors general (IGs). The President should use the line-item veto to do what Congress refuses to do itself.

The Department of Energy (DOE) Office of Inspector General has unearthed a significant amount of waste and mismanagement. For example:

- On numerous occasions, “Department management did not fully consider viable alternatives to construction of new facilities. Further, the Department construction plans were not always updated to reflect emerging program and mission changes resulting in the potential construction of unneeded or oversized facilities.”¹
- Significant management and internal control improvements are needed within the Bureau of Reclamation.²
- Despite departmental attempts at reform, the IG continues to uncover widespread financial management and accountability problems. A 1996 IG report stressed that an opinion on DOE’s Consolidated Statement of Financial Position for FY 1995 could not be offered because “the audit disclosed reportable conditions in the department’s internal control structure that adversely affected its ability to manage and account for its assets and liabilities.”³

The GAO also has long been a critic of business as usual within the Department of Energy. Among its findings:

- “The Department of Energy suffers from significant management problems, ranging from poor environmental management of the nuclear weapons complex to major internal inefficiencies rooted in poor oversight of contractors, inadequate information systems, and work force weaknesses.”⁴
- Referring to the Tennessee Valley Authority, the GAO states that “while no cash flow crisis exists today, GAO believes that TVA’s financial condition threatens its long-term viability and places the federal government at risk.”⁵
- The GAO has designated the entire Department of Energy as a high-risk area, “vulnerable to waste, fraud, abuse, and mismanagement because DOE’s missions rely heavily on contractors and DOE has a history of weak contractor oversight. DOE continued to enter into contracts in which competition was the exception, reimbursement of virtually any contractor cost was the practice, and lax contractor oversight was the norm.”⁶

¹U.S. Department of Energy, Office of Inspector General, *Semiannual Report to Congress: October 1, 1996, to March 31, 1997*, p. 20.

²U.S. Department of the Interior, Office of Inspector General, *Semiannual Report*, April 1997, p. 13.

³U.S. Department of Energy, Office of Inspector General, *Audit Report IG-FS-96-01*, February 29, 1996.

⁴U.S. General Accounting Office, “Department of Energy: Need to Reevaluate Its Role and Missions,” statement of Victor S. Rezendes before the Subcommittee on Energy and Water, Committee on Appropriations, U.S. House of Representatives, January 18, 1995

⁵U.S. General Accounting Office, *Tennessee Valley Authority: Financial Questions Raise Questions About Long-Term Viability*, GAO/AIMD/RCED-95-134, August 1995, p. 4.

⁶U.S. General Accounting Office, High-Risk Series, *Quick Reference Guide*, GAO/HR-97-2, February 1997, p. 124.

This history of failure, which has come to define the Department of Energy, demands that the President use his line-item veto to control the waste, fraud, and abuse that Congress has allowed to run rampant.

WHAT THE PRESIDENT SHOULD DO

The conference report for the Energy and Water Development appropriations bill has been passed by the House and Senate and sent to the President. When the measure reaches his desk, President Clinton should ready his line-item veto pen. Specifically, the President should:

1) Line-item veto purely local or “pork-barrel” projects.

A number of programs funded by the Energy appropriations bill should be the responsibility of state or local governments, not the federal government. All too often, Members of Congress use these programs to “bring home the bacon.” The line-item veto is a very effective tool to rid the budget of these pork-barrel projects. Examples include:

- **Army Corps of Engineers.** Congress continues to use the Army Corps of Engineers to earmark funds for hundreds of parochial and overtly local projects throughout the country. Moreover, in an effort to continue pork-barrel funding, Congress specifically rejected the President’s efforts to restrict Army Corps of Engineer projects to those that meet the reasonable criterion of “national scope and significance.” Rejection of these attempts to save taxpayer dollars has led to such grants as:
 - \$470,000 for flood control in Metropolitan Louisville, Kentucky;
 - \$11 million for the Thurmond Lake Powerhouse between South Carolina and Georgia;
 - \$20 million for the Tropicana and Flamingo Washes, Nevada;
 - A total of \$830,000 for the Waukegan Harbor, Illinois;
 - \$650,000 for Tuckerton Creek, New Jersey;
 - \$7.0 million for flood control of Mingo Creek, Oklahoma;
 - \$2.0 million for the New York state canal system;
 - \$1.4 million for Harlan County Lake, Nebraska;
 - \$6.4 million for Old Hickory Lock and Dam, Tennessee;
 - \$600,000 for the Jackson Hole Levees, Wyoming;
 - \$2.2 million for navigation of Ventura Harbor, California; and
 - \$7.9 million for Hodges Village Dam, Massachusetts.

2) Line-item veto programs that benefit specific industries or corporations.

Congress continues to shower money on private industries to perform so-called necessary research. However, these billion-dollar industries, and the states that dominate a particular market, could easily finance this research if taxpayer subsidies were eliminated. Moreover, congressional appropriations often acknowledge the economic strength of the business sector that this research is intended to help. FY 1998 examples include:

- **Energy Supply, Research, and Development Activities.** These activities should be eliminated because they directly subsidize private businesses; duplicate research already funded voluntarily by the private sector (such as the \$500 million per year Electric Power Research Institute and the \$175 million per year Gas Research Institute); and duplicate research funded by other government agencies (such as the National Science Foundation and the National Oceanic and Atmospheric Administration). According to an investigative series on “High-Tech Handouts” published in 1995 in *The Philadelphia Inquirer*, researchers who once worked for a private company are now employed by DOE and continue to do the same work. The only thing that has changed is that taxpayers now pick up the tab.⁷ Moreover, much of the government-funded research does not meet its intended objectives. In nuclear fission research, for example, the Congressional Budget Office states that DOE “has little in the way of commercial applications to show for its investment.”⁸
- Solar and Renewable Energy totals approximately \$356 million, nearly \$90 million more than FY 1997, despite House language that lawmakers remain “concerned about the Department’s administration of the programs.”⁹ Examples of funding under this appropriation include:
 - \$68.8 million for photovoltaic energy systems;
 - \$98.4 million for biomass/biofuels energy systems; and
 - \$33.3 million for wind energy systems.
- Nuclear Energy Programs total approximately \$243 million. Specific grants include:
 - \$40.5 million for advanced radioisotope power systems;
 - \$7 million for university reactor fuel assistance and support; and
 - \$16.0 million for isotope support.
- Fusion Energy Sciences total approximately \$232 million. Specific grants include:
 - \$55.4 million for the International Thermonuclear Experimental Reactor; and

⁷Gilbert M. Gaul and Susan Q. Stranahan, “How Billions in Taxes Failed to Create Jobs,” *The Philadelphia Inquirer*, June 4, 1995, p. 1.

⁸Congressional Budget Office, *Reducing the Deficit: Spending and Revenue Options*, August 1994, pp. 112-113.

⁹H.R. 2203, House Report 105-190, *Energy and Water Development Appropriations Bill, 1998*, p. 91.

- Approximately \$40 million more than FY 1997 for “new efforts to better understand the challenges of economically producing electricity with a fusion machine.”¹⁰

3) Line-item veto redundant or obsolete programs.

There is an old saying that “the closest thing to immortality is a federal program.” With the adoption of the line-item veto, President Clinton has the opportunity to destroy this adage by removing redundant or obsolete programs. The Department of Energy historically has been notable for these types of activities. For example:

- **Power Marketing Administrations.** Customers of PMAs have enjoyed hidden taxpayer subsidies because these government-owned utilities have been able to borrow from the federal Treasury at below-market interest rates and take as long as 50 years to pay back the loans. Because these subsidies are neither targeted nor means-tested, they “simply transfer wealth to a set of lucky citizens who are no less affluent than their fellow citizen-taxpayers.”¹¹ After nearly half a century of such subsidies, it is time for the Power Marketing Administrations to become fully private enterprises. The GAO has stated that “privatization would benefit both consumers and the electric industry.”¹² The PMAs will cost taxpayers \$241 million in FY 1998 should the line-item veto not be used.
- **Tennessee Valley Authority.** The TVA is more than capable of sustaining its activities without \$70 million per year in federal taxpayer support. It has admitted that neither its economic development activities nor its Environmental Research Center are essential functions.¹³ Moreover, despite maintaining funding, Congress repeatedly has ridiculed the TVA for avoiding steps to downsize and move toward a more efficient use of its resources.¹⁴

4) Line-item veto programs with a long history of failure.

In addition to eliminating outdated programs, the President should veto programs that have proven to be consistent failures. Congress continues to fund Energy programs whose failures have been well-documented by the GAO and IG for years. Among those worthy of a line-item veto:

- **Appalachian Regional Commission.** Although Congress approves \$170 million per year for the ARC, there is little or no evidence that the ARC has contributed in any way to the long-term economic health of Appalachia. “The great paradox of Appalachian development since

¹⁰*Ibid.*, p. 97.

¹¹Douglas A. Houston, “Federal Power: The Case for Privatizing Electricity,” Reason Foundation *Policy Study* No. 201, March 1996.

¹²U.S. General Accounting Office, *Power Marketing Administrations: Cost Recovery, Financing, and Comparison to Nonfederal Utilities*, GAO/AIMD-96-145, September 1996.

¹³*Energy and Water Development Appropriations Bill, 1997*, Report No. 104-679, Subcommittee on Energy and Water Development, Committee on Appropriations, U.S. House of Representatives, 104th Cong., 2nd Sess., July 16, 1996, p. 130.

¹⁴*Ibid.*

1960 is that although relatively greater sums of money have been invested in central-Appalachia, this part of the region has shown the lowest ability to increase its economic and social indicators relative to the rest of the United States.”¹⁵ One of the few major agencies targeted to a specific region of the country, the Appalachian Regional Commission is a failure and should no longer be allowed to waste the money of America’s taxpayers.

¹⁵Michael Bradshaw, *The Appalachian Regional Commission: Twenty-Five years of Government Policy* (Louisville: University Press of Kentucky, 1992), p. 143.

Summary
Candidates for a Line-Item Veto in the
Energy and Water Development Appropriations Bill for FY 1998

The following list illustrates the types of programs and projects the President should target for veto. The list is by no means exhaustive.

Department of Defense—Civil	Conference Agreement
Army Corps of Engineers—General Investigations	
Dog River, AL.....	\$400,000
Coastal Studies Navigation Improvement, AK.....	\$600,000
Tucson Drainage Area, AZ.....	\$830,000
White River to Newport, AR.....	\$400,000
Napa River, Salt Marsh Restoration, CA.....	\$500,000
Chatfield, Cherry Creek, and Bear Creek Reservoirs, CO.....	\$100,000
Coastal Connecticut Ecosystem Restoration, CT.....	\$100,000
Delaware Bay Coastline, DE–NJ.....	\$460,000
Tampa Harbor, Alafia River, FL.....	\$270,000
Savannah River Basin Comprehensive, GA–SC.....	\$300,000
Wailupe Stream Flood Control Study, HI.....	\$230,000
Waukegan Harbor, IL.....	\$100,000
Little Calumet River Basin, IN.....	\$150,000
Des Moines and Raccoon Rivers, IA.....	\$100,000
Turkey Creek Basin, KS–MO.....	\$260,000
Metropolitan Louisville, KY.....	\$470,000
Wallace Lake, LA.....	\$100,000
Baltimore Metropolitan Water Resources Study, MD.....	\$420,000
Blackstone River Watershed Restoration, MA–RI.....	\$350,000
Sault St. Marie, MI.....	\$100,000
Crookston, MN.....	\$400,000
Pascagoula Harbor, MS.....	\$100,000
Ballwin, MO.....	\$100,000
Antelope Creek, Lincoln, NE.....	\$90,000
Truckee Meadows, Reno, NV.....	\$600,000
Townsend Inlet to Cape May Inlet, NJ.....	\$500,000
Rio Grande Ecosystem Restoration, NM–CO.....	\$100,000
Arthur Kill Channel, NY.....	\$880,000
Brunswick County Beaches, NC.....	\$1 million
Devils Lake, ND.....	\$1.1 million
Belpre, OH.....	\$150,000
Willamette River Temperature Control, OR.....	\$700,000
Milton, PA.....	\$500,000
Rio Guanajibo (Puerto Rico).....	\$700,000
Providence, RI.....	\$250,000

Charleston Estuary, SC.....	\$100,000
North Chickamauga Creek Watershed, TN.....	\$100,000
Cypress Creek, TX.....	\$940,000
Provo and Vicinity, UT.....	\$350,000
Sumerset and Searsborg Dams, Deerfield River, VT.....	\$100,000
AIWW Bridge Replacement, VA.....	\$100,000
Blair Waterway Navigation Study, WA.....	\$600,000
Marmet Locks and Dam, WV.....	\$350,000
Jackson Hole Restoration, WY.....	\$200,000

Army Corps of Engineers, General Construction

Walter F. George Lock and Dam, AL-GA.....	\$2.8 million
Dillingham, AK.....	\$1.2 million
Clifton, AZ.....	\$2.3 million
Dardanelle Lock and Dam Powerhouse, AR.....	\$3.0 million
Santa Ana River Mainstem, CA.....	\$52.99 million
Alamosa, CO.....	\$3.3 million
Delaware Coast Protection, DE.....	\$220,000
Pinellas County, FL.....	\$12.6 million
Thurmond Lake Powerhouse, GA-SC.....	\$11.0 million
IAO Stream Flood Control, Maui, HI.....	\$280,000
Melvin Price Lock and Dam, IL-MO.....	\$1.9 million
Fort Wayne Metropolitan Area, IN.....	\$5.8 million
Perry Creek, IA.....	\$8.3 million
Winfield, KS.....	\$2.0 million
McAlpine Locks and Dam, KY-IN.....	\$6.7 million
Grand Isle and Vicinity, LA.....	\$1.0 million
Cumberland, MD.....	\$380,000
Hodges Village Dam, MA.....	\$7.9 million
North Fork, Flathead River, MT.....	\$50,000
Pine River Dam, MN.....	\$300,000
Natchez Bluff, MS.....	\$4.0 million
Table Rock Lake, MO-AR.....	\$800,000
Wood River, Grand Island, NE.....	\$500,000
Tropicana and Flamingo Washes, NV.....	\$20.0 million
Great Egg Harbor Inlet and Peck Beach, NJ.....	\$3.1 million
Las Cruces, NM.....	\$1.5 million
New York State Canal System, NY.....	\$2.0 million
Wrightsville Beach, NC.....	\$1.1 million
Buford-Trenton Irrigation District, ND.....	\$2.0 million
West Columbus, OH.....	\$15.2 million
Mingo Creek, OK.....	\$7.0 million
Elk Creek Lake, OR.....	\$3.9 million
Southeastern Pennsylvania, PA.....	\$1.0 million
Charleston Harbor, SC.....	\$2.0 million

Tennessee River, Hamilton County, TN	\$1.5 million
Freeport Harbor, TX.....	\$4.9 million
Little Dell Lake, UT	\$1.0 million
Richmond Combined Sewer Overflow, VA.....	\$1.0 million
Columbia River Fish Mitigation, WA-OR-ID	\$95.0 million
Robert C. Byrd Locks and Dam, WV.....	\$5.4 million
Lafarge Lake, Kickapoo River, WI.....	\$700,000

**Army Corps of Engineers,
General Operation and Maintenance**

Mobile Harbor, AL.....	\$19.9 million
Chena River Lakes, AK.....	\$2.6 million
Dequeen Lake, AR	\$2.0 million
Painted Rock Dam, AZ.....	\$2.3 million
Ventura Harbor, CA	\$2.2 million
John Martin Reservoir, CO	\$1.6 million
Stamford Hurricane Barrier, CT.....	\$350,000
Wilmington Harbor, DE.....	\$2.4 million
Jim Woodruff Lock and Dam, FL.....	\$5.4 million
J. Strom Thurmond Lake, GA-SC	\$9.0 million
Waianae Small Boat Harbor, HI.....	\$330,000
Lucky Peak Lake, ID	\$1.11 million
Waukegan Harbor, IL	\$640,000
Indiana Harbor, IN.....	\$730,000
Red Rock Dam, IA	\$3.3 million
Tuttle Creek Lake, KS.....	\$1.9 million
Rough River Lake, KY.....	\$1.7 million
Calcasieu River and Pass, LA.....	\$6.7 million
Honga River and Tar Bay, MD.....	\$680,000
Littleville Lake, MA.....	\$500,000
Cedar River Harbor, MI.....	\$2.4 million
Orwell Lake, MN.....	\$930,000
Okatibbee Lake, MS.....	\$1.5 million
Harry S Truman Dam and Reservoir, MO.....	\$8.0 million
Libby Dam, MT.....	\$6.5 million
Harlan County Lake, NE	\$1.4 million
Edward Macdowell Lake, NH.....	\$500,000
Tuckerton Creek, NJ.....	\$650,000
Cochiti Lake, NM.....	\$1.9 million
Mamaroneck Harbor, NY	\$4.5 million
Everett Jordan Dam and Lake, NC.....	\$1.0 million
Garrison Dam, ND.....	\$9.2 million
Berlin Lake, OH	\$2.4 million
Broken Bow Lake, OK	\$1.7 million
Lost Creek Lake, OR	\$4.0 million

Crooked Creek Lake, PA.....	\$1.5 million
Georgetown Harbor, SC.....	\$3.7 million
Big Bend Dam, SD.....	\$5.8 million
Old Hickory Lock and Dam, TN.....	\$6.4 million
Sam Rayburn Dam and Reservoir, TX.....	\$4.0 million
Wright Patman Dam and Lake, TX.....	\$2.4 million
Union Village Dam, VT.....	\$440,000
Philpott Lake, VA.....	\$2.1 million
Grays Harbor and Chehalis River, WA.....	\$13.2 million
Sutton Lake, WV.....	\$1.6 million
Sheboygan Harbor, WI.....	\$500,000
Jackson Hole Levees, WY.....	\$600,000

Department of the Interior

Bureau of Reclamation

Tres Rios Wetlands Demonstration, AZ.....	\$1.0 million
Contra Costa Canal Intake, Rock Slough, CA.....	\$1.5 million
Animas-La Plata Project, CO.....	\$6.0 million
Velarde Community Ditch Project, NM.....	\$1.0 million
Albuquerque Wastewater Recycling, NM.....	\$5.0 million
San Antonio Water Recycling Program, TX.....	\$200,000

Department of Energy

Energy Supply, Research and Development Activities

Solar and Renewable Energy.....	\$356.3 million
Biofuels (ethanol from rice straw).....	\$98.4 million
Geothermal.....	\$30.0 million
Electric Energy Systems and Storage.....	\$44.5 million
Nuclear Energy Programs.....	\$243.1 million
Fusion Energy Sciences.....	\$232.0 million

Science

High Energy Physics.....	\$680.0 million
Nuclear Physics.....	\$320.9 million
Biological and Environmental Research.....	\$406.7 million
Basic Energy Sciences.....	\$668.2 million
Other Energy Research Programs.....	\$173.7 million

Power Marketing Administrations

Alaska Power Administration.....	\$13.5 million
Bonneville Power Administration (Borrowing Authority).....	\$3.75 million
Southeastern Power Administration.....	\$12.2 million
Southwestern Power Administration.....	\$25.2 million
Western Area Power Administration.....	\$189.0 million

Independent Agencies

Appalachian Regional Commission	\$170.0 million
Tennessee Valley Authority	\$70.0 million

