



The Heritage Foundation

Background

Executive Summary

No. 1292

June 10, 1999

CRAFTING A RESPONSIBLE BUDGET: THE ENERGY AND WATER APPROPRIATION

PETER SPERRY

The Senate Appropriations Committee has recommended spending \$21.7 billion on energy and water programs in fiscal year (FY) 2000. This is almost \$279 million below budget estimates and nearly \$440 million under the enacted appropriations level for these programs for the current fiscal year. It is significant that the committee succeeded in limiting discretionary budget authority for these programs to the funding allocation it established in order to maintain the spending caps in the Balanced Budget Act of 1997.

The Appropriations Committee is attempting to keep the U.S. Department of Energy (DOE) and other agencies on track to help to maintain budget targets and assure that surplus money remains for Social Security reform and tax cuts. By contrast, President Bill Clinton's budget proposal contains cap-shattering allocations that would make such reforms and tax cuts much more difficult to achieve. The committee's display of fiscal discipline masks the fact, however, that many energy and water programs have outlived their usefulness and are mere monuments to the federal government's inability to cut spending, and to the near-immortality of its programs.

This year, Congress consistently demonstrated its commitment to fiscal discipline in its budget

resolutions, subcommittee funding allocations, and committee-reported appropriations legislation. Many of the most difficult decisions, however, lay ahead. It is anticipated already that the funding of critical programs may not be possible without raiding the Social Security surplus, unless Congress can make further savings in bills already reported out of the Appropriations Committee.

Fortunately, the Energy and Water Appropriations Bill, S. 1186, offers Congress the opportunity to trim outdated or ineffective programs. A prime example is the "Energy Supply Research" programs conducted at the DOE's national laboratories and other government-owned but contractor-operated laboratories, as well as programs for independent research under DOE grants, that are poorly managed and have a history of failures. The appropriations bill

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contains many programs that could be terminated, consolidated, privatized, or devolved. Privatization is an especially good option for DOE assets, illustrated by the sale of the smallest of its five power marketing administrations—the Alaskan Power Marketing Administration—for over \$82 million in 1998. Such privatization of utilities is used more often overseas, with good results. Since 1988, almost 25 major utilities have been privatized around the world. In 1993, Argentina, Germany, and the United Kingdom raised a total of \$4.4 billion by selling state-owned electric utilities to private investors, including U.S. investors. Congress should follow their lead.

The strong economy today offers Congress the best opportunity since the Great Depression to devolve programs to the states, such as the Appalachian Regional Commission (ARC). All 13 states in the ARC boast healthy revenues and significant increases in per capita spending since 1990. Nine of the 13 states cut their taxes by a total of \$2.6 billion, which suggests they have the resources

available to address their local development and energy needs.

More than \$2.4 billion in federal domestic discretionary spending could be saved in FY 2000 if Congress maintained its commitment to fiscal responsibility established in the Balanced Budget Act and protected the surplus for Social Security by freezing energy and water appropriations to FY 1999 levels. By eliminating the unnecessary, consolidating the redundant, privatizing and making use of market forces, and devolving DOE services to the states and local communities, Congress would become better able to deliver on its pledges to strengthen Social Security and cut taxes. Congress cannot allocate 100 percent of the off-budget surplus to save Social Security and still support the continuing military operations in the Balkans without standing firm on domestic discretionary spending. The Energy and Water Appropriation Bill is a good place to start.

—Peter Sperry is Budget Policy Analyst in The Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation.



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Backgrounder

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The Senate Appropriations Committee recommends spending \$21.7 billion on energy and water programs in fiscal year (FY) 2000. This is almost \$279 million below the budget estimates and nearly \$440 million under the enacted appropriations for these programs for the current fiscal year. It is significant that the committee succeeded in limiting discretionary budget authority for these programs to the Section 302b funding allocations¹ it established in order to maintain the spending caps in the Balanced Budget Act of 1997.

The Appropriations Committee is attempting to keep U.S. Department of Energy (DOE) and other agencies on track to maintain the budget targets and to assure that money from the surplus remains for Social Security reform and tax cuts. By contrast, President Bill Clinton's budget proposal includes cap-shattering allocations that would make Social Security reform and tax cuts much more difficult to achieve. The committee's display of fiscal discipline masks the fact, however, that many energy and water programs have outlived their usefulness and are little more than mere monuments to the federal government's inability

to cut spending, and to the near-immortality of federal programs.

This year, Congress consistently demonstrated its commitment to fiscal discipline in its budget resolutions, subcommittee funding allocations, and committee-reported appropriations legislation. Yet many of the most difficult decisions lay ahead. It is anticipated already that the funding of critical programs may not be possible without raiding the Social Security surplus unless Congress makes further savings in the bills already reported out of the Appropriations Committee.

After having pledged to maintain the spending caps and devote 100 percent of the off-budget

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1. "Section 302b allocations" refer to funding allocations that the full Appropriations Committee must establish for each of its subcommittees under the authority of Section 302b of the Budget Act of 1974.

Table 1 B1292

How to Reduce Department of Energy Spending by \$2 Billion in FY 2000

	Millions of Dollars					
	FY 99 Budget Authority	FY 99 Outlays	FY 2000 Budget Authority Requested by the President ¹	FY 2000 Outlay, CBO Projection	FY 2000 Budget Authority, Heritage Suggestion ²	Savings in FY 2000 Outlay, Heritage Suggestion ³
Energy Programs Science	\$2,683	\$2,508	\$2,835	\$2,713	\$0	\$1,479
Energy Supply Research	787	893	843	850	0	603
Power Marketing Admin.	222	244	229	228	0	110
Appalachian Regional Comm.	66	159	66	138	0	7
Total	\$3,758	\$3,804	\$3,973	\$3,929	\$0	\$2,199

Note:
 1 Budget authority figures are derived from Office of Management and Budget figures.
 2 Outlay figures are derived from Congressional Budget Office figures.
 3 Savings figures assume that potential outlay savings in FY 2000 resulting from changes in budget authority must be adjusted downward to recognize outlays based on prior budget authority. Consequently, outlay savings in FY 2000 will usually be smaller than budget authority reductions.

Sources: Congressional Budget Office computer report prepared for the author entitled "CBO April 1999 Baseline Estimates," April 29, 1999; White House Office of Management and Budget, *Appendix to the Budget of the United States Government, Fiscal Year 2000*.

surplus to save Social Security, Congress faces the need to fund an uncertain but escalating U.S. military deployment to Kosovo—a problem exacerbated by the chronic underfunding of the military in the past. Congress cannot allocate 100 percent of the off-budget surplus to saving Social Security and still support military operations in the Balkans without standing firm on domestic discretionary spending.

Congress must find savings in energy and water programs if it is truly committed to maintaining the budget caps. Such action would make it more likely that Congress would deliver on its pledge to strengthen Social Security and cut taxes. Fortunately, the Energy and Water Appropriation Bill, S. 1186, includes many programs that could be scaled back or eliminated. More than \$2.4 billion in domestic discretionary spending could be saved in FY 2000 if Congress took steps to (1) eliminate the unnecessary; (2) consolidate the redundant; (3) privatize and make use of market forces; and (4) devolve services to state and local

communities. For example, the first four DOE programs that follow are examples of outdated or unnecessary agencies that could be eliminated, thereby providing substantial savings for U.S. taxpayers. The last program is a prime example of a program that should be privatized.

ENERGY PROGRAMS (SCIENCE)

FY 2000 Outlay Savings: \$1.479 billion

Program Description: According to the DOE's Government Performance and Results Act annual performance plan,

The Department [of Energy,] through the programs of the Office of Science (SC), funds basic research in order to advance the fundamental science knowledge base, as well as train future scientists.²

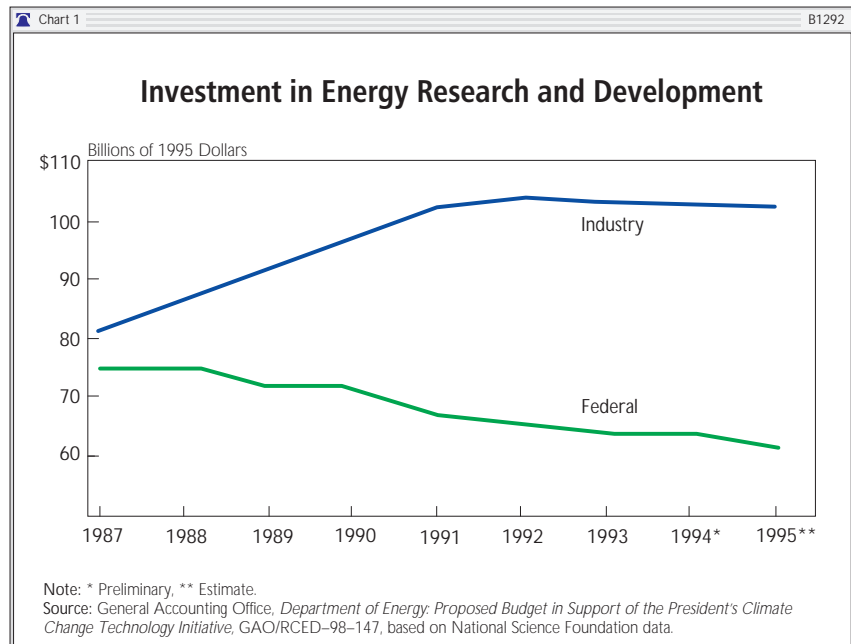
Recommendation: Eliminate the Energy Programs (Science).

2. U.S. Department of Energy, *Annual Performance Plan for FY2000*, p. 69.

Rationale: The DOE is fundamentally incapable of effectively operating these programs, which are conducted at its national laboratories and government-owned but contractor-operated laboratories, as well as by independent researchers with DOE grants. Oversight of these programs has focused on the management of the national laboratories, in which most of the research is conducted. In a U.S. General Accounting Office (GAO) report issued September 1998, *Uncertain Progress in Implementing National Laboratory Reforms*, auditors remark:

For nearly 20 years, many advisory groups have found that while DOE's national laboratories do impressive research and development, they are unfocused, are micro-managed by DOE and do not function as an integrated national research and development system.... [I]ts Strategic Laboratories Missions Plan, which was developed to give more focus and direction to the national laboratories, does not set priorities and is not tied to the annual budget process.³

The GAO notes that, as far back as 1982, the DOE's Energy Research Advisory Board reported that the "national laboratories duplicate private sector research."⁴ Chart 1 shows that, generally, as federal funding for energy research and development (R&D) decreases, industry support increases. If Congress were to ask basic questions about the department's R&D programs—such as "what have they produced?"—it would be likely to identify many that are unnecessary or wasteful, or that duplicate other programs.



As the GAO notes, the DOE's ability to adhere to its mission and priorities is difficult because of the rapid changes in energy generation and energy requirements over the past two decades:

In 1992, DOE's Secretary of Energy Advisory Board found that the laboratories, broad mission, coupled with rapidly changing world events, had "caused a loss of coherence and focus at the laboratories, thereby reducing their overall effectiveness in responding to their traditional missions as well as new national initiatives."⁵

Finally, the GAO mentions a previous task force report, the Galvin Task Force report, which concludes, "[T]raditional government ownership and contractor operation of the laboratories has not worked well."⁶ And three years after releasing that report, GAO notes that "DOE lacks an effective strategy for addressing the advisory group's recommendations,"⁷ and "DOE's actions offer

3. U.S. General Accounting Office, *Uncertain Progress in Implementing National Laboratory Reforms*, GAO/RCED-98-197, September 10, 1998, pp. 1, 2.

4. *Ibid.*, p. 4.

5. *Ibid.*, p. 4.

6. *Ibid.*, pp. 4, 5.

uncertain progress.”⁸ The GAO concludes that the DOE

has not developed a way to show how its actions will result in practical and permanent laboratory reform. We believe that without a strategy for ensuring that reforms actually take place, DOE will make only limited progress in achieving meaningful reforms.⁹

Many of the DOE’s science programs would be of dubious value even if they were well managed. For example, the DOE:

- allocated \$1 million to “begin planning for the marine mammal research and education center at the National Energy Laboratory,”¹⁰ even though marine mammals have little to do with energy research;
- allocated \$7 million to West Virginia University and the University of South Carolina “to support the utilization of positron Emission Tomography,”¹¹ but product promotion is not research; and
- allocated \$8 million to “Sacramento County as the local redevelopment authority for medical research in conjunction with the University of California, Davis.”¹² California is capable of handling its own redevelopment needs without receiving tax dollars from other states.

In 1997, analysts at The Heritage Foundation recommended the elimination of many DOE programs,¹³ which would have saved U.S. taxpayers

\$2.24 billion in FY 1998 and more than \$2.5 billion in FY 1999. Congress should carefully examine the reports by the GAO before finalizing appropriations for these programs.

ENERGY SUPPLY RESEARCH

FY 2000 Outlay Savings: \$603 million.

Program Description: As the Office of Management and Budget (OMB) points out in the *Appendix to the FY 2000 Budget*,

The purpose of energy supply research and development activities is to develop new energy technologies and improve existing energy technologies. Included in this mission are basic and applied research and targeted programs in technology development and market deployment.¹⁴

Recommendation: Eliminate the Energy Supply Research programs.

Rationale: The DOE’s Energy Supply Research programs, coordinated by the same national laboratories that mismanage the DOE’s science and defense research, are fundamentally cost-ineffective. Previous attempts by the federal government to predict the energy market have produced such expensive and well-known failures as the Synthetic Fuels Corporation and the Clinch River Breeder Reactor.¹⁵ In the case of wind power, as analyst Robert Bradley points out in a Cato Institute report on renewable energy R&D,

7. *Ibid.*, p. 7.

8. *Ibid.*, p. 8.

9. *Ibid.*, p. 15.

10. U.S. House of Representatives, Committee on Appropriations, *Making Appropriations for Energy and Water Development for FY99 and for Other Purposes*, Report No. 105-749, September 30, 1998.

11. *Ibid.*

12. U.S. House of Representatives, *Making Appropriations for Energy and Water Development for FY99*.

13. Scott A. Hodge, ed., *Balancing America’s Budget: Ending the Era of Big Government* (Washington, D.C.: The Heritage Foundation, 1997), pp. 98-100.

14. U.S. Office of Management and Budget, *Appendix to the Budget of the United States Government Fiscal Year 2000*, p. 397.

15. Linda R. Cohen and Roger G. Noll, *The Technology Pork Barrel* (Washington, D.C.: The Brookings Institution, 1991).

the federal government's crash course in wind-related research and development has been a bust to date, and further commitment may be doomed as well.¹⁶

Bradley explains that, although the United States spent nearly a half a billion dollars on the aerospace industry between 1974 and 1992 for wind power R&D, no major U.S. manufacturers were selling commercially proven wind turbines by the mid-1990s.¹⁷

Even so, the DOE continues to fund questionable renewable energy research programs. The Congressional Budget Office (CBO) reported in April 1999,

the Department of Energy (DOE) will spend \$336 million on research and development for solar and renewable energy sources [in 1999].... Phasing out the research would save \$1.5 billion over the 2000–2004 time frame.¹⁸

The CBO estimates that FY 2000 savings from eliminating this program would equal \$202 million,¹⁹ and it is only one of several programs funded by this account. Other examples of questionable energy supply studies funded by the DOE are:

- \$1.5 million for the “Million Solar Roof Initiative”;²⁰
- \$4 million for the “Sacramento Valley Ethanol Project, biofuels research and development project”;²¹
- \$300,000 for the “Vermont Methane Energy Project, biofuels research and development”;²² and
- \$4.6 million for “Feedstock development, biofuels research and development.”²³

These alternative energy sources consistently have not proved to be viable. As the CBO recently noted,

Federally sponsored researchers lack the complex market feedback that helps researchers in private companies realize when their technologies become too esoteric or expensive for the market...many of these alternative energies are simply not economical.²⁴

POWER MARKETING ADMINISTRATIONS

FY 2000 Outlay Savings: \$110 million.²⁵

Program Description: The GAO reports that the DOE's power marketing administrations (PMAs)—the Bonneville Power Administration, Southeastern Power Administration, Southwestern Power Administration, and Western Power Administration—primarily market wholesale power in 33 states produced at large multipurpose water projects.²⁶

16. Robert Bradley, Jr., “Renewable Energy Not Cheap, Not Green,” Cato Institute *Policy Analysis*, August 27, 1997, p. 15.

17. *Ibid.*

18. U.S. Congressional Budget Office, *Maintaining Budgetary Discipline: Spending and Revenue Options*, April 1999, p. 56.

19. *Ibid.*

20. U.S. House of Representatives, *Making Appropriations for Energy and Water Development for FY99*.

21. *Ibid.*

22. *Ibid.*

23. *Ibid.*

24. U.S. Congressional Budget Office, *Maintaining Budgetary Discipline*, p. 56.

25. Note: This figure does not reflect potential revenue from the sale of assets. It is merely the difference between the CBO's projection of FY 2000 outlays and the amount of those outlays needed to pay existing obligations.

Recommendation: Eliminate these programs and privatize their assets.

Rationale: The federal government is not capable of operating these utilities in an efficient and cost-effective manner. According to the GAO,

divesting the three PMAs and federal power assets would eliminate the government's presence in a commercial activity and, depending on a divestiture's terms and conditions and the price obtained, could produce both a net gain and a future stream of tax payments to the Treasury. Corporatization or divestitures of government assets have been accomplished recently in the United States and also overseas.²⁷

The CBO recently reported that

The organization and financing of federal power operations can make it hard for government managers to function efficiently, even when they are motivated to do so.²⁸

It concludes with the observation that

The government could save money over the long term by selling many of the facilities that it now uses to supply electric power.²⁹

Congress should follow the example of other countries that are privatizing their state-owned utilities. In 1993, Argentina, Germany, and the United Kingdom raised a total of \$4.4 billion by selling state-owned electric utilities to private investors, including U.S. investors. Almost 25 major utility privatizations have taken place

around the world since 1988. In the United States, the relatively small Alaskan PMA was sold in 1998 for over \$82 million.

There is widespread consensus that privatization would benefit both consumers and the electricity industry. Douglas Houston, professor of business economics at the University of Kansas, estimates that privatizing the Tennessee Valley Authority and the PMAs would generate \$15 billion to \$30 billion for the U.S. Treasury.³⁰ The OMB estimates that selling the relatively small Southeastern and Southwestern PMAs could generate \$1 billion (\$500 million each).³¹ Southeastern PMA, which sells less than 2 percent of the power in the region, could be sold swiftly to regional utilities because it does not own or operate any transmission facilities; it simply pays fees to various utilities to market power through transmission lines. Southwestern PMA, which accounts for 4 percent of the energy sold in its region, could be sold to regional investor-owned utilities as well.

APPALACHIAN REGIONAL COMMISSION

FY 2000 Outlay Savings: \$7 million.

Program Description: This appropriation establishes a framework for joint federal and state efforts to create opportunities for self-sustaining economic development and an improved quality of life for the people of Appalachia.

Recommendation: Eliminate federal participation in this program.

Rationale: The 13 states that belong to the Appalachian Regional Commission (ARC) are more than capable of financing their own

26. U.S. General Accounting Office, *Budgetary Implications of Selected GAO Work for Fiscal Year 2000*, GAO/OCC-99-26, p. 78.

27. *Ibid.*, p. 78.

28. *Ibid.*, p. 17.

29. *Ibid.*, p. xvi.

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

31. White House, *Budget of the United States Government, Fiscal Year 1996* (Washington, D.C.: U.S. Government Printing Office, 1995).

community development programs. The CBO recently described the arguments for and against the ARC:

The debate over eliminating ARC focuses on two main points. First, ARC's critics argue that the responsibility for supporting local or regional development basically lies with the state and local governments whose citizens will benefit from the development, not with the federal government.... Second, the agency's critics note that all parts of the country have needy areas, but areas in Appalachia have no special claim to federal dollars. According to such critics, needy Appalachian areas should, like other areas, get federal development aid through national programs, such as those of the Economic Development Administration.³²

Congress recognized the duplication of efforts in 1998 when it ended separate funding of ARC Appalachian highway projects and brought them within the jurisdiction of the highway trust fund. By the ARC's own admission, non-highway programs are equally redundant. Its 1993 annual report shows that "other federal funds" made up 28 percent of funding in related projects and that a significant portion of ARC grants were for supplemental grants:

Under this program, the federal share in grant programs may be raised (from the usual 50 percent) to as much as 80 percent of the cost of construction so that the state or community can participate by putting up as little as 20 percent as its matching share.³³

At the same time, communities served by the ARC receive supplemental grants so they can qual-

ify for more federal funding; 9 of the 13 member states cut their taxes by a total of \$2.6 billion.³⁴ Even West Virginia, traditionally the poorest state in Appalachia, raised per capita spending by 36.3 percent between 1990 and 1997. There appears to be more than enough state money available to meet local needs.

BUREAU OF RECLAMATION

FY 2000 Outlay Savings: \$0

Program Description: The Bureau of Reclamation and the U.S. Army Corps of Engineers own and operate 480 dams, most of which provide water and electricity to Western states. The Bureau of Reclamation is responsible for the direct sale of water to farmers and urban areas throughout the Western states.

Recommendation: Direct the GAO to study the feasibility of privatizing the water delivery and sales programs of the Bureau of Reclamation.

Rationale: Water, like electricity, can and should be delivered and sold by private-sector utility companies. Although anyone familiar with the first, second, or third Johnstown floods recognizes that there are significant public safety reasons for government ownership and operation of large dams, the electricity and water produced by these dams can and should be marketed through the private sector. Extensive research by the GAO and CBO, among others, on the advantages, potential revenues, and cost savings to be gained from selling the existing PMAs indicates that similar savings could result from privatizing water distribution.

Although the GAO has conducted six major studies on federal water policies since 1989 and identified five possible reforms,³⁵ it has not addressed the issue of water marketing. The GAO's

32. U.S. Congressional Budget Office, *Maintaining Budgetary Discipline*, p. 116.

33. Appalachian Regional Commission, "Annual Report 1993," March 31, 1994, p. 20.

34. National Governors' Association, "The Fiscal Survey of States," Washington D.C., December 1998, p. 9, Table 7.

35. U.S. General Accounting Office, *Budgetary Implications of Selected GAO Work for Fiscal Year 2000*, GAO/OCG-99-26, p. 105.

reports on the effects of water subsidies indicate there are substantial potential savings in this area:

Estimates of the current cost of federal water subsidies are substantial. For example, the Department of the Interior reported that irrigation subsidies throughout the 17 western states totaled 534 million in 1986, while the Bureau of Reclamation placed the cost at \$2.2 billion. Estimates differ because of different definitions of an irrigation subsidy, different interest rates used to calculate the subsidies, and different methods for compounding unpaid interest.³⁶

The GAO also notes that

the use of federally subsidized water to produce federally subsidized crops results in the government paying double subsidies....The Department of the Interior estimated that irrigation subsidies used to produce subsidized crops throughout the 17 western states totaled \$203 million in 1986; the Bureau of Reclamation placed the figure at \$830 million.³⁷

The GAO's most recent study on water transfers, "Water Markets: Increasing Federal Revenues through Water Transfers," indicates that

Water transfers, in which water rights to use water are bought and sold, are a mechanism for reallocating scarce water resources to new users by allowing those who place the highest economic value on the resource to purchase it. Water

transfers are a valuable tool for improving the efficiency of water use and environmental quality and can be a promising way to increase federal revenues.³⁸

Unfortunately, the GAO's study is five years old, and it assumes that the Bureau of Reclamation, rather than the private sector, would market water transfer rights. Congress should direct the GAO to reexamine federal water programs to determine whether it would be practical to establish a separate water utility, similar to PMAs, that then could be privatized.

CONCLUSION

Congress has committed itself to reserving 100 percent of the off-budget surplus for Social Security and 100 percent of any on-budget surplus for tax relief. It cannot achieve these objectives without fiscal discipline and a rollback of domestic discretionary spending. Eliminating obsolete programs, removing the federal government from private-sector activities, and shrinking or eliminating agencies or programs that have a history of chronic mismanagement are good avenues to take. The Department of Energy is plagued by an ever-changing mission, wasteful spending, costly management deficiencies, and many programs in which the federal government simply should not be involved. The appropriations bill now before Congress is a good opportunity to change this latter situation and achieve the former.

—Peter Sperry is Budget Policy Analyst in The Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation.

36. *Ibid.*

37. *Ibid.*

38. *Ibid.*

APPENDIX: SPECIAL PROJECTS, EARMARKED FUNDS, AND OTHER POSSIBLE CUTS IN THE ENERGY AND WATER APPROPRIATION BILL (S. 1186)

Senate appropriators use legislative language in the Energy and Water appropriation bill to require that over \$233 million be spent on projects designed to benefit a single state, community, or limited region.³⁹

Title I, Corps of Engineers

- \$226,000 for general investigations at Great Egg Harbor Inlet to Townsend's Inlet in New Jersey;
- \$328,000 for general investigations at Hunting Bayou, Texas;
- \$2.2 million for general construction at Norco Bluffs in California;
- \$3 million for general construction at the Indianapolis Central Waterfront in Indiana;
- \$1 million for general construction related to Ohio River Flood Protection in Indiana;
- \$800,000 for general construction in Jackson County, Mississippi;
- \$17 million for Hurricane Protection construction in Virginia Beach, Virginia;
- \$4.4 million for general construction along the Upper Cumberland River and other areas in West Virginia;
- \$9 million for general construction at Buffalo Bayou, Texas; and
- \$200,000 for general construction in Dickenson County, Virginia.

Title II, Department of the Interior

- \$38.049 million to deliver water from the Colorado River to Central Utah;
- \$2.247 million for projects along the Upper Colorado River;

- \$24.326 million for projects along the Lower Colorado River; and
- \$50 million for the restoration of the San Francisco Bay-Delta region in California.

Title IV, Independent Agencies

- \$71.4 million for economic development projects in Appalachia; and
- \$25 million for economic development projects in Alaska.

FUNDING RECOMMENDATION IN REPORT ACCOMPANYING S. 1186 (S. 106-58)

The Appropriations Committee uses the report accompanying S. 1186 to instruct that certain favored projects receive higher funding levels than President Clinton requested. Although instructions contained in the report do not have the force of law, they rarely are ignored. The cost of these instructions would exceed \$150 million if enacted.

Title I, Corps of Engineers

- \$150,000 for preconstruction engineering and design on the Rio de Flag project in Arizona;
- \$170,000 for the Metro Atlanta Watershed in Georgia;
- \$1.7 million for the Cook Inlet navigation project in Alaska (\$1.2 million over the budget request);
- \$33 million for the Montgomery Point Dam in Arkansas (\$13 million over the budget request);
- \$38 million for the Los Angeles County Drainage Area in California (\$8 million over the budget request);

39. "S. 1186, Making Appropriations for Energy and Water Development for the Fiscal Year ending September 30, 2000, and for other purposes," U.S. Senate Report No. 106-58, Calendar No. 128, 106th Cong., 1st Sess., placed on the calendar June 2, 1999.

- \$38.634 million for the Olmstead Lock and Dam in Illinois (\$10 million over the budget request);
- \$1 million for Ohio River Flood Protection in Indiana (no funding was included in the budget request for FY 2000 to continue this project);
- \$18.7 million for the Blue River Channel in Kansas City, Missouri (\$5 million over the budget request);
- \$1.3 million for the Missouri National Recreational River (\$1 million over the budget request);
- \$12 million for the West Columbus flood control project in Ohio (\$4 million over the budget request);
- \$31.6 million for the Monongahela River in Pennsylvania (\$10 million over the budget request);
- \$11.294 million for the Yazoo Basin demonstration erosion control project (\$5 million over the budget request);
- \$10.781 million for the J. Bennett Johnston Waterway in Louisiana (\$2 million over the budget request);
- \$3.447 million for Oologah Lake in Oklahoma (\$500,000 over the budget request);
- \$20,000 for Portsmouth Harbor, Piscataqua River, in New Hampshire (\$20,000 over the budget request);
- \$787,000 for studies of disposal of dredge material at Port Orford in Oregon (\$50,000 over the budget request); and
- \$1.3 million for reconstruction of the bulkhead at Burlington Harbor in Vermont (\$1.3 million over the budget request).

Title II, Department of Interior

- \$8.532 million for the Central Valley Project in Sacramento, California (\$1.5 million over the budget request); and
- \$4.010 million for the Middle Rio Grande Project in New Mexico (\$2 million over the budget request).

LIMITING TRAVEL EXPENSES

The Appropriations Committee uses the report accompanying S. 1186 to identify and limit abuse of travel funds by contractors working for the DOE. Although the committee's recommendation to limit these costs to 80 percent of FY 1998 levels would save \$49.8 million, Congress could save \$124.5 million by limiting these expenditures to 50 percent of FY 1998 levels.

Title III, Department of Energy

Certain Department of Energy contractors are being reimbursed for exorbitant travel expenses. In fiscal year 1998, Department of Energy contractors incurred \$249,000,000 in travel costs for which they sought reimbursement. Sandia National Laboratories alone reported taking over 4,500 trips to Washington, DC, in fiscal year 1998 or the equivalent of 87 trips each week. Those sort of practices are absolutely unacceptable. The Committee has included in its recommendation both a statutory cap on the total amount of funds available for contractor travel costs and required that each contractor's travel costs in fiscal year 2000 be limited to not more than 80 percent of the amount incurred in fiscal year 1998.⁴⁰

ELIMINATING DOE OFFICES

Congress could save over \$8 million by eliminating offices within the DOE whose primary

40. United States Senate, *Report to Accompany S. 1186 Energy and Water Development Appropriation Bill, FY 2000*, Report No. S. 106-58, June 2, 1999, p. 89.

purpose is to influence public decisions rather than implement them: \$4.91 million for Congress-

sional and Intergovernmental Affairs and \$3.963 million for Public Affairs.