The Heritage Foundation
Backgrounder
Executive Summary

No. 1313 July 23, 1999

Crafting a Responsible Budget: The Department of the Interior and Related Agencies Appropriation

Peter Sperry

The House of Representatives recently passed an appropriations bill that would provide $14.3 billion in discretionary funding to the Department of the Interior and related agencies. The Senate Appropriations Committee recommends spending about $14.1 billion. The proposed funding levels for the Department of the Interior and related agencies are well below the levels requested by the Clinton Administration ($15.3 billion) and slightly less than the current appropriations for these programs ($14.4 billion).

It is important to note that the full House and the Senate Appropriations Committee were able to meet the Section 302b funding allocations established by Congress to maintain spending caps in the Balanced Budget Act of 1997 only *by increasing the Section 302b level.* This is a grievous error, which the Senate should correct when it votes on the Interior appropriations bill reported out of its Appropriations Committee. There is little point in establishing funding allocations to maintain fiscal discipline if Congress raises the limits every time it has more money to spend than it anticipated.

After pledging to maintain the spending caps and devote 100 percent of the off-budget surplus to saving Social Security, Congress should not abandon this commitment to fiscal discipline on the basis of projected surpluses that have not materialized yet. If it is truly committed to maintaining the spending caps, the Senate must find savings in the Department of the Interior's natural resources programs and maintain these savings during conference committee negotiations with the House. Such action would make it more likely that Congress can deliver on its pledge to strengthen Social Security and cut taxes.

Produced by
The Thomas A. Roe Institute
for Economic Policy Studies

Published by
The Heritage Foundation
214 Massachusetts Ave., N.E.
Washington, D.C.
20002–4999
(202) 546-4400
http://www.heritage.org

Fortunately, the Department of the Interior and Related Agencies Appropriations Bill (S. 1292 and H.R. 2466) includes many programs that could be scaled back or eliminated. Congress could save some $2.6 billion in additional domestic discretionary spending in fiscal year 2000 if it took steps to (1) eliminate the unnecessary; (2) consolidate the redundant; and (3) privatize and make use of market forces.

To achieve these goals while improving the effectiveness of natural resources programs, Congress should:

- **Combine** redundant administrative functions in the Bureau of Land Management, the Fish and Wildlife Service, the Forest Service, and the Minerals Management Agency, for a savings of $423 million;
- **Impose** a moratorium on land acquisition by the Bureau of Land Management, the Fish and Wildlife Service, the Forest Service, and the National Park Service, which the Congressional Budget Office recommended in April 1999, for a savings of $151 million;
- **Privatize** the U.S. Geological Survey and eliminate its functions that unfairly compete with private-sector mapping companies, for a savings of $813 million;
- **Eliminate** funding for corporate pork disguised as research in the Department of Energy's Fossil Energy Research and Development programs and Energy Conservation Research Programs, for a savings of $1.018 billion;
- **Eliminate** funding for the National Council for Historic Preservation and the Commission of Fine Arts, which duplicate functions of the National Park Service and the National Art Gallery, to save $4 million;
- **Eliminate** funding for the National Endowment for the Arts and its programs that at best compete with private philanthropy, for a savings of $210 million; and
- **Eliminate** funding for the Office of Navajo and Hopi Indian Relocation, a forced ethnic relocation program based on ancient animosities between these two tribes, for a savings of $8 million.

The Department of the Interior and Related Agencies Appropriations Bill should target funding to programs that protect and preserve America's natural resources. It should not be a vehicle for corporate pork, the maintenance of obsolete agencies, the perpetuation of redundant federal offices, or the expansion of mismanaged programs. Allocating resources to such programs as federal land management, which even federal watchdog agencies have shown do more harm than good, wastes taxpayer money and guarantees the federal government will need to spend more funding in the future to correct its mistakes.

Congress pledged to use the surplus for Social Security and tax relief. It cannot achieve these worthy goals without fiscal discipline. Eliminating obsolete programs, removing the federal government from private-sector activities, and shrinking or eliminating agencies and programs that have a history of chronic mismanagement are good ways to achieve its commitments.

Ever-changing missions, wasteful spending, costly management deficiencies, and federal infringements of state, local, and private-sector decisions plague the country's natural resource programs. The appropriations bill for the Department of the Interior offers Congress a good opportunity to address such problems. The House missed its opportunity to do so, but there still is time for the Senate to reclaim Congress's commitment to fiscal discipline.

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CRAFTING A RESPONSIBLE BUDGET: THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION

PETER SPERRY

The House of Representatives recently passed an appropriations bill to provide $14.3 billion in discretionary funding to the Department of the Interior and Related Agencies (H.R. 2466). The Senate Appropriations Committee recommends spending about $14.1 billion (S. 1292). The proposed funding levels for these agencies are well below the levels requested by the Clinton Administration ($15.3 billion) and slightly less than current appropriations ($14.4 billion).

It is important to note that the full House and the Senate Appropriations Committee were able to meet the Section 302b funding allocations[1] established by Congress to maintain the spending caps in the Balanced Budget Act (BBA) of 1997 only by *increasing the Section 302b level.* This is a grievous mistake, which the Senate should correct when it votes on the appropriations bill reported out of its Appropriations Committee. There is little point in establishing Section 302b funding allocations to maintain fiscal discipline if Congress raises the limits every time it has more money to spend that it anticipated.

The inability of the House and Senate Appropriations Committees to maintain the commitment to Section 302b allocations established by their respective chambers appears to be the result of euphoria surrounding recent reports by the Office of Management and Budget (OMB) and Congressional Budget Office (CBO) that forecast a larger surplus than expected. Although Congress pledged to use the surplus for Social Security and tax relief for working Americans, the appropriations committees would break the spending caps to use the surplus to fund programs that today are mere monuments to Congress's inability to cut

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1. "Section 302b" allocations refer to funding allocations 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 B1313

How to Reduce Department of the Interior and Related Agencies Spending by Over $2.6 Billion in FY2000

	FY99 Appropriated (Thousands)	FY2000 Budget Authority Requested (Thousands)	FY2000 Senate Committee Funding (Thousands)	Fiscally Responsible Level of FY2000 Budget Authority (Thousands)	Savings in FY2000 Budget Authority (Thousands)
Administrative Overhead					
Bureau of Land Management	$119,118	$122,861	$122,861		
Fish and Wildlife Service	109,363	118,330	114,680		
Forest Service	255,264	256,400	256,400	$105,604 (Combined Agency)	$422,623
Minerals Management Agency	32,908	34,286	34,286		
Total	484,074	531,877	528,227		
Land Acquisition					
Bureau of Land Management	10,800	44,900	13,500		
Fish and Wildlife Service	36,774	60,860	43,328		
Forest Service	106,418	103,960	25,625		
National Park Service	134,425	152,468	69,025		
Total	288,417	362,188	151,478	0	151,478
U.S. Geological Survey	797,896	838,485	813,243	0	813,243
Fossil Energy R&D	384,056	340,000	390,056	0	390,056
Energy Conservation	691,701	812,515	628,817	0	628,817
Commission on Fine Arts	898	1,078	1,078	0	1,078
Council Historic Preservation	2,800	3,000	2,906	0	2,906
NEA and NEH	180,300	300,000	210,700	0	210,700
Office of Navajo and Hopi Relocation	13,000	14,000	8,000	0	8,000
Total FY2000 Savings					2,628,901

Sources: Annual budget reports of listed agencies.

spending (and to the near-immortality of federal programs).

Until the Interior bill was reported to the floor in both chambers, Congress consistently had demonstrated its commitment to fiscal discipline in its budget resolutions, subcommittee funding allocations, and committee-reported appropriations legislation. Yet many of its most difficult spending decisions are yet to be made. It is anticipated that funding critical programs may not be possible without raiding the Social Security surplus—unless Congress finds savings in bills already reported out of the appropriations committees.

Congress should not abandon its commitment to fiscal discipline based on surpluses that have yet to materialize. The Senate must find savings in natural resources programs if it wants to maintain the budget caps, and it must insist on maintaining these savings during conference committee negotiations with the House. Such action would make it more likely that Congress can deliver on its pledge to strengthen Social Security and cut taxes.

Fortunately, the Department of the Interior and Related Agencies Appropriations Bill includes many programs that could be scaled back or eliminated. Congress could save some $2.6 billion in additional domestic discretionary spending in fiscal year (FY) 2000 if it took steps to (1) eliminate the unnecessary; (2) consolidate the redundant; and (3) privatize and make use of market forces.

TITLE I: DEPARTMENT OF THE INTERIOR

Administrative Overhead: Bureau of Land Management/Fish and Wildlife Service/ Forest Service/Minerals Management Agency

FY 2000 Outlay Savings: $422,623,000

Program Descriptions: According to the OMB,

> The Bureau of Land Management (BLM) is charged with the multiple use management of natural resources on 264 million acres of public land. It also supervises mineral leasing and operations on an additional 300 million acres of federal mineral estate that underlie other surface ownerships.[2]
>
> ...
>
> The [Fish and Wildlife] Service maintains the National Wildlife Refuge System consisting of 526 units, with waterfowl production areas in 198 counties and 50 coordination areas, totaling about 93 million acres.[3]

The National Forest Service manages

> the natural resources of timber, minerals, range, wildlife, outdoor recreation, watershed, and soil [in] the 156 National Forests, 20 National Grasslands, and nine land utilization projects located in 44 States, Puerto Rico and the Virgin Islands...under multiple-use and sustained yield principles.[4]
>
> ...
>
> The Mineral Management Service supervises exploration for, and the development and production of, gas, oil, and other minerals on the Outer Continental Shelf (OCS) lands; and collects royalties, rentals, and bonuses due the Federal Government and Indian lessors from minerals produced on Federal, Indian, and OCS lands.[5]

Recommendation: Combine these four agencies to reduce overhead.

Rationale: These agencies offer a textbook example of overlapping government programs. Excessive redundancy imposes unnecessary administrative costs, requires additional expenditures to resolve policy differences among the agencies, and impedes effective management of the country's land and mineral resources. The redundant offices could be combined into a single, streamlined federal land and mineral management agency.

The U.S. General Accounting Office (GAO) identifies redundant land management programs as one of the "Major Management Challenges and Program Risks" facing the Department of the Interior. It reports that:

> A Basic Reexamination of the Organization and Functions of Land Management Agencies is needed. The four major land management agencies in the United States are the Bureau of Land Management (BLM), the National Park Service, and the Fish and Wildlife Service (FWS) in Interior and the Forest Service in the Department of Agriculture. The responsibilities of these agencies—particularly, BLM and the Forest Service—have become similar over time. At the same time, managing these agencies has become more complex; budgets have become tighter, and there is an increased understanding that the boundaries for natural systems are not necessarily

2. U.S. Office of Management and Budget, *Appendix to the Budget of the United States Government Fiscal Year 2000,* p. 529.
3. *Ibid.*, p. 561.
4. *Ibid.*, p. 170.
5. *Ibid.*, p. 542.

Table 2 B1313

Redundant Land Management Programs

	Fish and Wildlife Service	Bureau of Land Management	Forest Service	Minerals Management Agency
Minerals Management		X	X	X
Wetlands	X	X		
Water Resources	X	X		
Public Affairs	X	X	X	X
Fish Management	X	X		
Forestry	X		X	
Endangered Species Protection	X	X	X	
Legislative Affairs	X	X	X	
International Programs	X			X
Financial Management	X	X	X	X
Regional and State Offices	X	X	X	X

Sources: Organizational charts of listed agencies from *U.S. Government Manual.*

consistent with the existing jurisdictional and administrative boundaries of federal, state, and local agencies. These conditions suggest a need to reexamine how these agencies are organized and function in order to streamline their operations and become more efficient.[6]

Land Acquisition: Bureau of Land Management/Fish and Wildlife Service/ Forest Service/National Park Service

FY 2000 Outlay Savings: $152,478,000

Description: Land acquisition programs of major land management agencies.

Recommendation: Impose a moratorium on land acquisition.

Rationale: The federal government should suspend acquiring new lands until it develops mechanisms to manage the land already under its jurisdiction properly. In a recent study of land management programs, a Heritage analyst noted that "The federal government now owns one-third of the land in the United States."[7] The Bureau of Land Management, Fish and Wildlife Service, Forest Service, and National Park Service are tasked with managing most of this land, but federal watchdogs determined that these agencies fail to do a good job. For example:[8]

- The GAO reported the cost of eliminating the agencies' reported backlog of maintenance problems on public land exceeds $12 billion.
- The Department of Agriculture's Inspector General found serious accounting and financial reporting deficiencies in the Forest Service, including "pervasive errors" in data supporting land, buildings, equipment, and accounts receivable and payable.
- A 1996 GAO study reportedly did not use a General Services Administration (GSA) analysis of the amount of land each agency managed because of discrepancies between GSA numbers and agency numbers.
- According to the CBO, in many instances the National Park Service, the Forest Service, and the Bureau of Land Management find it difficult to maintain and finance operations on their existing land holdings.

The study also noted that

6. U.S. General Accounting Office, *Major Management Challenges and Program Risk, Department of Interior,* GAO/OCG–99–9, January 1999, p. 7.
7. Alexander F. Annett, "The Federal Government's Poor Management of America's Land Resources," Heritage Foundation *Backgrounder* No. 1282, May 17, 1999.
8. *Ibid.*

> Such internal management problems, coupled with federal environmental regulations, undermine the efforts of federal land managers to care for public land under their oversight. Yet both President Bill Clinton and Congress have proposed establishing trust funds to purchase even more federal land which then would fall under the agencies' control.[9]

Current federal land management agencies should be reformed, not given more land to mismanage.

U.S. Geological Survey (USGS)

FY 2000 Outlay Savings: $813,243,000

Description: According to the Department of the Interior,

> The U.S. Geological Survey's initial charge was for the classification of public lands, and the examination of the geological structure, mineral resources, and products of the national domain.... It is the Federal Government's principal civilian mapping agency and primary source of data on...water, energy, mineral, land, and biological resources.[10]

Recommendation: Privatize the USGS.

Rationale: At its creation in 1879, the USGS was the only source for reliable maps and geological information, but many private-sector corporations entered its field after the turn of the century. The USGS uses taxpayer financing to compete with private-sector enterprises in these areas, which gives it a competitive advantage. According to Heritage analysts,

> The original mission of the USGS is complete. More than 60,000 maps of American lands have been compiled and issued. The USGS's own publications highlight the changes in the market which would allow the ready privatization of the agency's mapping activities.[11]

This study quotes a USGS brochure, *Earth Science in the Public Service,* which notes

> the recent explosive growth of geographic information system technology has placed unprecedented demands on the USGS for map data in computer-readable files.[12]

If there indeed was such an explosive and growing demand, then a privatized mapping service would not need government subsidies to survive. As the study notes, "Modern technology allows for relatively easy entry into this market, ensuring competition and market-based price controls."[13] Private-sector energy producers, mineral mining companies, and other similar industries have sufficient market incentives to find mineral deposits on their own.

The USGS water resource investigations function could be privatized or devolved. More than 900 state and local agencies and 32 other federal agencies cooperate with the USGS in water resource investigation.[14] Such extensive duplication of effort is inefficient. Finally, any USGS research projects that cannot be privatized should be terminated. Many universities and private research organizations are capable of conducting that research.[15]

9. *Ibid.*
10. See U.S. Department of the Interior, "Budget in Brief," at *http://www.doi.gov/budget/2000/00_web_hilite/bureau/00G_USGS.pdf.*
11. John S. Barry, "U.S. Geological Survey," in Scott A. Hodge, ed., *Balancing America's Budget: Ending the Era of Big Government* (Washington, D.C.: The Heritage Foundation, 1997), pp. 160–161.
12. *Ibid.*
13. *Ibid.*
14. *Ibid.*

TITLE II: DEPARTMENT OF ENERGY

Fossil Energy Research and Development/ Energy Conservation Research Programs

FY 2000 Outlay Savings: $1,018,873,000

Description: The Fossil Energy Research and Development (R&D) programs support the development of new products and processes for the commercial market, including company-specific technology development and demonstration projects.[16] The Energy Conservation Research Program supports corporate R&D, applied research, and market introduction with cost-sharing programs ranging from 50 percent to 67 percent of total R&D costs.[17]

Recommendation: Eliminate these programs.

Rationale: These two programs provide corporate welfare to profitable energy companies by subsidizing their energy research projects. Many of the research programs funded are ineffective or suitable for corporate funding.

The environmental group Friends of the Earth recognizes the waste in the Department of Energy's Petroleum R&D program:

> Private companies already provide services for enhanced recovery and exploration. Market forces spur oil industry research in enhanced recovery and exploration. DOE's Petroleum program competes with or duplicates private research. The program is corporate welfare. The multibillion dollar industries that benefit [from] this program can afford to conduct their own research.[18]

Most of this research is ineffective, which is one of the reasons private-sector corporations take advantage of only those programs that are highly subsidized. 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.[19]

Consequently, many of the programs funded under the Energy Conservation Research Program support advocacy more than research.

A prime example is the Million Solar Roofs Initiative, whose stated goal for FY 1998 was "Initiating the government, industry, and state partnership to put solar panels on one million roofs." For FY 2000, it was to

> Facilitate the installation of 26,000 solar energy systems in support of the Million Solar Roofs Initiative, bringing the total number of installed systems to 51,000.[20]

It is difficult to understand how installing 1 million or even 51,000 solar roofs could be considered a research project more than a subsidy of the solar panel industry.

TITLE III: RELATED AGENCIES

Council for Historic Preservation/ Commission of Fine Arts

FY 2000 Outlay Savings: $3,984,000

Description: The OMB notes that

> The Council [for Historic Preservation] provides independent advice to the

15. *Ibid.*

16. U.S. Office of Management and Budget, *Appendix to the Budget of the United States Government Fiscal Year 2000,* p. 400.

17. *Ibid.,* p. 403.

18. Friends of the Earth, *Green Scissors99: Cutting Wasteful and Environmentally Harmful Spending* (Washington, D.C.: Friends of the Earth, 1999, p. 26.

19. Congressional Budget Office, *Maintaining Budgetary Discipline,* March 1999, p. 56.

20. U.S. Department of Energy, *Annual Performance Plan for FY2000,* March 1999, p. 16.

> President and Congress relating to the national historic preservation program....[21] [And the] Commission [of Fine Arts] advises the President, Congress, and Department heads on matters of architecture, sculpture, painting, and other fine arts.[22]

Recommendations: Eliminate these two programs.

Rationale: Although these are relatively small programs, they nevertheless are redundant. The National Park Service already administers a "Heritage Partnership Program," which is scheduled to receive $6.3 million in funding from the House and $5.3 million from the Senate, as well as the Historic Preservation Fund, with $42 million in funding from the House and $42.4 million from the Senate, for FY 2000. The Smithsonian supports seven art galleries and two sculpture gardens, largely with private donations. Congress, the White House, and federal department heads already have access to many sources for information on historical preservation and the fine arts. The taxpayers do not need to support additional independent agencies to advise them.

National Endowment for the Arts (NEA)

FY 2000 Outlay Savings: $210,700,000

Description: According to the OMB,

> The National Endowment for the Arts programs encourages individual and institutional development of the American artistic heritage, wider availability and appreciation of the arts.... The National Endowment for the Humanities [NEH] funds activities to improve the quality of education and teaching in the humanities, to strengthen the scholarly foundation for humanities study and research, to preserve cultural and intellectual resources, and to advance understanding of the humanities among general audiences.[23]

Recommendations: Eliminate the NEA and NEH.

Rationale: Not only are these programs controversial, but they also duplicate the educational activities of the Smithsonian. As a Heritage study noted in 1997

> few programs seem more worthy of outright elimination than the National Endowment for the Arts.[24]

Since its inception in 1965, the NEA has been mired in controversy over such decisions as funding a distributor of pornographic movies and videos in which, for example, men engaged in anonymous bathroom sex, and funding the Phoenix Art Museum, which presented an exhibit of American flags in a toilet, made out of human skin, and placed on the museum floor to be walked on.[25] And as Sheldon Richman and David Boaz of the Cato Institute note,

> Thanks to an NEA grantee, the American taxpayers once paid $1,500 for a poem, "lighght." That wasn't the title or a typo. That was the entire poem.[26]

As Laurence Jarvik, Ph.D., editor of *The National Endowments: A Critical Symposium* (Los Angeles, Cal.: Second Thoughts Books, 1995), and author of *PBS: Behind the Screen* (Rocklin, Cal.: Prima, 1997), observes:

21. U.S. Office of Management and Budget, *Appendix to the Budget (2000),* p. 1103.

22. *Ibid.,* p. 1111.

23. *Ibid.,* pp. 1176–1177.

24. Laurence Jarvik, Ph.D., "Ten Good Reasons to Eliminate Funding for the National Endowment for the Arts," Heritage Foundation *Backgrounder* No. 1110, April 29, 1997.

25. *Ibid.*

26. "Cultural Agencies," *Cato Handbook for Congress (105th Congress)* (Washington, D.C.: Cato Institute, 1997).

> Despite numerous attempts to reinvent it, the NEA continues to promote the worst excesses of multiculturalism and political correctness, subsidizing art that demeans the values of ordinary Americans.[27]

Office of Navajo and Hopi Indian Relocation

FY 2000 Outlay Savings: $8,000,000

Description: The OMB reports that

> The Office of Navajo and Hopi Indian Relocation was established by Public Law 93–531 to plan and conduct relocation activities associated with the settlement of a land dispute in northern Arizona between the two tribes.[28]

Recommendation: Eliminate this program.

Rationale: The federal government should not force ethnic groups to relocate. The Navajo and Hopi tribes, traditional enemies since pre-Colonial times, battled in the 19th century over land, water, and grazing rights in northeastern Arizona. In 1974, 1.8 million acres were split between the tribes. About 8,000 Navajo and 100 Hopi were ordered to move to one or the other side of the dividing line or to a nearby town.

Navajo resistance to relocation has been intensive, despite the benefits they receive, such as three-bedroom houses worth $66,000 and $5,000 incentive bonuses.[29] As Senator John McCain (R–AZ) testified in 1996:

> It has been over 22 years since the Navajo–Hopi Settlement Act was passed with the intention of settling disputes between the Navajo Nation and the Hopi Tribe. Since that time, the federal government has spent over $350 million to fund the Navajo–Hopi Relocation program. That funding exceeded the original cost estimates by more than 900 percent. And yet, there are over 130 appeals still pending.[30]

Although the program was extended in 1996, many in the Navajo tribe continue to resist relocation; and the Clinton Administration, which spent almost $2 billion to prevent such forced ethnic "relocation" in Kosovo, is requesting $14 million to promote ethnically relocating Native Americans in Arizona. The Navajo–Hopi Relocation Program represents flawed 19th-century thinking.

RECOMMENDED STUDIES AND INVESTIGATIONS

U.S. Bureau of Reclamation

FY 2000 Outlay Savings: Not available.

Description: As the Department of the Interior notes,

> The Bureau of Reclamation's [BOR] mission is to manage, develop, and protect water and related resources in an environmentally and economically sound manner.... BOR is the largest supplier and manager of water in the 17 western States, delivering water to 31 million people for agricultural, municipal, industrial, and domestic uses. BOR is the fifth largest producer of electric power in those States, generating nearly a billion dollars in annual power revenues; and its multi-purpose projects also provide substantial flood control, recreation, and fish and wildlife benefits.[31]

27. Jarvik, "Ten Good Reasons."
28. U.S. Office of Management and Budget, *Appendix to the Budget (2000),* pp. 1187.
29. Ruth Marcus, "Tribal Feud Over Homeland Still Raging Between Navajo, Hopi," *The Washington Post,* July 28, 1982, p. A2.
30. Statement of Senator John McCain Upon Consideration of S. 1973, the Navajo–Hopi Land Dispute Settlement of 1996, September 25, 1996, Federal Document Clearing House, Inc., Washington, D.C.
31. U.S. Department of the Interior, "Budget in Brief."

Recommendation: Direct the GAO to study full or partial privatization possibilities.

Rationale: The current system of water distribution in the western United States subsidizes favored special interests, encourages inefficient water usage, and imposes unnecessary burdens on tax- and rate-payers who support the system. The GAO recently reported that

> estimates of the current costs 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 interest rates.[32]

Outdated water distribution policies have resulted in "the use of federally subsidized water to produce federally subsidized crops resulting in the government paying double subsidies,"[33] as well as continual government support of agribusiness:

> By the end of fiscal year 1990, after receiving water from the Central Valley Project (CVP) in California's Central Valley Basin for over 40 years, irrigators had repaid only $10 million, 1 percent of over $1 billion in construction costs that they owe the federal government.[34]

Past efforts to limit water subsidies continue to favor agriculture at the expense of all other users.

> Under the Reclamation Reform Act of 1982, as amended, some farmers have reorganized large farming operations into multiple, smaller landholdings to be eligible to receive additional federally subsidized irrigation water...due to the vague definition of the term "farm," the flow of federally subsidized water to land holdings above the 960 acre-limit has not stopped, and the federal government is not collecting revenues to which it is entitled under the act.[35]

The GAO identifies water transfers as a valuable mechanism to correct the inequities of water distribution in the West; but it does not examine the potential of private-sector mechanisms in the sale and distribution of water.

> Water transfers, in which rights to use water are bought and sold, are a mechanism for reallocating scarce water to new users by allowing those who place the highest economic value on a 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 for water development projects.[36]

Congress should instruct the GAO to investigate, and then report to Congress, the feasibility of establishing a water distribution system that would allow private-sector utilities to purchase water rights from the federal government by competitive bid for resale to customers through market mechanisms.

32. U.S. General Accounting Office, *Budgetary Implications of Selected GAO Work for Fiscal Year 2000,* GAO/OCG–99–26, April 1999, p. 105.
33. *Ibid.*, p. 104.
34. *Ibid.*
35. *Ibid.*
36. *Ibid.*, p. 108.

CONCLUSION

The Department of the Interior and Related Agencies Appropriations Bill should target funding that protects and preserves America's natural resources for present and future generations. The appropriations should not fund corporate pork, maintain obsolete agencies, perpetuate redundant government offices, or expand mismanaged programs. Allocating resources to such programs as federal land management that have been shown to do more harm than good wastes taxpayer dollars and guarantees the federal government will need to spend more money in the future to correct its current funding mistakes.

Congress committed 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. 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 achieve its objectives.

Ever-changing missions, wasteful spending, costly management deficiencies, and federal intrusion into state, local, and private-sector decisions burden the country's natural resource programs. The appropriations bill for the Department of the Interior offers Congress a good opportunity to address these problems. The House missed its opportunity to do so, but there still is time for the Senate to reclaim Congress's commitment to fiscal discipline.

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