6. NATURAL RESOURCES AND ENVIRONMENT

Table 6–1. Federal Resources in Support of Natural Resources and Environment

(In millions of dollars)

Function 300	2000 Actual	Estimate					
		2001	2002	2003	2004	2005	2006
Spending:							
Discretionary Budget Authority ...	24,646	28,687	26,401	27,020	27,587	27,630	27,418
Mandatory Outlays:							
Existing law	37	–213	–83	107	249	123	136
Proposed legislation	.....	.....	–10	–69	–20	42	78
Credit Activity:							
Direct loan disbursements	21	33	29	27	28	28	29
Guaranteed loans	.....	.....	50	100	50	.....	.....
Tax Expenditures:							
Existing law	1,520	1,550	1,630	1,710	1,820	1,920	2,020

The Federal Government plans to spend over $26 billion in 2002 to protect the environment, manage Federal land, conserve resources, provide recreational opportunities, and construct and operate water projects. The Federal Government manages about 700 million acres—a third of the U.S. continental land area.

The Natural Resources and Environment function reflects most Federal support for natural resources and the environment, but does not include certain large-scale environmental programs, such as the environmental clean-up programs at the Departments of Energy and Defense. (See Chapter 2, "National Defense" and Chapter 5, "Energy.") This function does not include many other initiatives that help protect the environment, including energy conservation and tax credits for using non-conventional energy sources. (See Chapter 5, "Energy," for more details.)

Within the Natural Resources and Environment function, Federal efforts focus on providing cleaner air and water, conserving natural resources, and cleaning up environmental contamination. The major purposes of this function include:

protecting human health and safeguarding the natural environment;

restoring and maintaining the health of federally-managed lands, waters, and renewable resources; and

providing recreational opportunities for the public to enjoy natural and cultural resources.

Federal lands include the 384 units of the National Park System; the 156 National Forests; the 530 refuges in the National Wildlife Refuge System; and the 264 million acres of public lands managed by the Bureau of Land Management (BLM), mainly in Alaska and 11 Western States.

Land and Water Conservation Fund

The budget allocates $900 million from the Land and Water Conservation Fund (LWCF) to acquire and conserve lands in national parks, forests, refuges, and public lands, and provide grants to States for broad conservation and outdoor recreation purposes.

The National Park Service will provide $450 million in 2002 for LWCF matching grants to States in support of State and local conservation, wildlife protection, and outdoor recreation efforts. In 2002, two new programs aim to establish positive incentives for private landowners and local communities to protect imperiled species and restore habitat: $50 million in matching grants will help States establish Landowner Incentive Programs to help private landowners protect imperiled species, and $10 million will establish a Private Stewardship Grant Program to provide funding for private conservation activities.

- In 2002, the Department of the Interior's (DOI's) and U.S. Department of Agriculture's (USDA's) Federal LWCF program will increase the number of easement acquisitions, rather than just fee simple acquisitions, and increase the involvement of communities as DOI and USDA consider acquiring lands or interests in lands for national parks, forests, refuges, and public lands.

National Parks

The Federal Government spends over $2 billion a year to maintain a system of national parks that covers over 83 million acres in 49 States, the District of Columbia, and various territories. Discretionary funding for the National Park Service (NPS) has steadily increased (almost five percent a year since 1986) and recreation demonstration and concession fee receipts have grown to about $150 million in 2000. Yet, the popularity of national parks has also generated growth in the number of visitors, new parks, and additional NPS responsibilities. Over the past 30 years, the number of national park units has grown by 50 percent and the number of national park visits has increased from 164 million a year to almost 287 million a year.

With growing demands on park facilities and resources, NPS is taking new, creative, and more efficient approaches to managing parks and has developed performance measures against which to gauge progress. NPS is systematically addressing facility maintenance and construction needs through various management reforms, such as establishing five-year lists of priority projects, conducting condition assessments, implementing new information systems, and using business plans at parks to achieve strategic plan goals and resolve management challenges. NPS will use these business plans and other reforms to clearly communicate priorities, hold superintendents accountable, and influence how funding for individual parks is allocated. By next year's budget, NPS expects to establish better measures for addressing the backlog of deferred maintenance and resource protection needs. These reforms, coupled with increased appropriations and targeted fee receipts, will allow NPS to eliminate its backlog after five years.

In 2002, NPS plans to:

- maintain the percentage of park visitors responding to surveys that summarize their experience as good or very good at 95 percent; and
- as part of the National Resource Challenge, improve science-based management in parks, and complete 1,121 data sets for natural resource inventories in 2002 out of 2,527 required, compared to 455 completed through 2000.

Conservation and Land Management

The 75 percent of Federal land that makes up the National Forests, National Grasslands, National Wildlife Refuges, and BLM-administered public lands also provides significant opportunities for public recreation. BLM provides for nearly 75 million recreational visits a year, while over 36 million visitors enjoy wildlife each year at National Wildlife Refuges. With its approximately 192 million acres, USDA's U.S. Forest Service (USFS) is the largest single supplier of public outdoor recreation. USFS estimates that in 1996 it provided 341 million recreational visitor days. In 2001, USFS will be releasing a new scientific based statistical sample measure for recreation use that it has been developing.

Federal lands also provide other benefits. With combined annual budgets of almost $6 billion, BLM and USFS manage lands for multiple purposes, including outdoor recreation, fish and wildlife conservation, energy

and mineral production, timber production, livestock grazing, and wilderness preservation. As part of the efforts to cut red tape and streamline processes, these agencies will upgrade an integrated nationwide outdoor recreation information system that gives the American public quick and easy electronic access to information about recreation use, permits, and reservations on Federal lands (*www.recreation.gov*).

In addition to managing the land for recreation and conservation purposes, in 2002:

- BLM will improve domestic energy supplies by increasing leasing of oil and gas from 2,900 leases in 2000 to 3,400 leases; and
- BLM plans to increase processing of applications for permits to drill from 3,600 in 2000 to 4,400.

BLM will continue to emphasize accountability as well as verification for royalty production through inspection and enforcement on both Federal and Indian leases. The budget initiates planning and studies on potential oil and gas leasing in the Arctic National Wildlife Refuge in northern Alaska in 2004. Beginning in 2004, the budget would dedicate one-half of the bonus bids—the cash paid to the United States by successful bidders for oil and gas leases—to fund increased research on solar and renewable energy technology research and development, to be conducted by the Department of Energy over a seven-year period. The budget assumes that $1.2 billion would be available in 2004 to increase the funding for the solar and renewable technology program.

Some high-priority projects include:

Service First: USFS and BLM are working together to deliver seamless service to customers and "boundaryless" care for the land. The goal is to: improve customer service with one-stop shopping; achieve efficiencies in operations to reduce or avoid costs; and take better care of the land by taking a landscape approach to stewardship rather than stopping at the traditional jurisdictional boundaries. USFS and BLM are also looking to streamline major business processes to make them work better for both employees and customers.

USFS Administrative Reforms: The Administration is committed to enhancing USFS accountability and ensuring that more resources are available for "on-the-ground" activities. Over the next year, USDA will review and begin implementation of streamlining and efficiency enhancing measures for USFS administrative operations. Centralized servicing and enterprise teams will be evaluated as ways to provide additional efficiency savings. National forest units may be able to contract with the private sector for these services where appropriate, or rely on coordinated cost pools. In addition, streamlined decision-making and an emphasis on forest-level activities will help establish increased accountability and improved decision-making for the agency. USFS will also improve its financial accounting system in support of fire suppression efforts to provide more accurate and timely information on fire suppression costs.

The risk of wildfires increasingly threatens communities and the environment. Last year, USFS and DOI jointly released a report, Managing the Impact of Wildfires on Communities and the Environment. The report outlined a national strategy (known as the National Fire Plan) to reduce risks to communities from catastrophic wildfires, and to increase fire preparedness. The report made clear the importance of restoring landscapes and rebuilding communities devastated by fire; the need to invest in projects to reduce fire risk; and the importance of working closely with local communities to reduce risks. In 2002, the land management agencies plan to:

- perform hazardous fuels treatments on 1.4 million acres of Federal land to reduce the risk of loss of life, property, and natural resources from catastrophic wildfire; and
- assist over 5,300 communities and volunteer fire departments, more than double the number assisted in 1999.

The agencies will also be working to improve the fuels reduction program by integrating the best available fire science in fuels treatment planning for 2002 and by developing performance measures to better target and then gauge the effectiveness of fuels treatments on reducing fire risks. These perform-

ance measures are expected to be developed and in place by 2002.

BLM and USFS concentrate on the long-term goal of providing sustainable levels of multiple uses while ensuring and enhancing ecological integrity. In 2002:

- USFS will target funding to needed watershed restoration work (25,000 acres) and noxious weed control (85,000 acres); and
- BLM plans to improve the condition of 800 priority watersheds and increase the number of acres treated to control noxious weeds to 245,000 acres.

DOI's Fish and Wildlife Service (FWS), with a budget of $1.091 billion, manages roughly 94 million acres of refuges and, with the Commerce Department's National Marine Fisheries Service (NMFS), protects species on Federal and non-Federal lands.

- In 2002, FWS will again ensure that the refuge acreage is protected, of which 3.4 million acres will be enhanced or restored.
- FWS expects the status of 347 species listed under the Endangered Species Act as endangered or threatened a decade or more to stabilize or improve in 2002, compared to 309 in 2000; and anticipates recovery efforts will result in the delisting of three species.
- NMFS will implement programs in 2002 to reduce from 95 to 74 the number of fisheries where overfishing is occurring out of the 286 major fish stocks.
- The National Oceanic and Atmospheric Administration (NOAA) plans to support an increase in the number of restored acres of coastal habitat by 10,000 acres in 2002 to a total of 80,000.

Half of the continental United States is crop, pasture, and rangeland. Two percent of Americans manage this land—farmers and ranchers. USDA's Natural Resources Conservation Service provides technical and financial assistance to them to improve land management practices.

- Through several programs, USDA will implement conservation and resource management systems to control erosion, reduce nutrient runoff, improve pest management and improve habitat on 32 million acres of cropland.
- USDA intends also to help livestock producers reduce agricultural runoff and protect water quality through the development and implementation of 4,315 comprehensive nutrient management plans.

In addition, in 2002, USDA will explore alternative methods of delivering technical assistance to farmers and ranchers. As part of this effort, USDA has authority to implement a small pilot program through which Conservation Reserve Program participants receive USDA-funded private-sector technical assistance, instead of the technical assistance traditionally provided by USDA. This pilot would allow USDA to determine if contracting out some services improves program delivery or reduces costs, and whether contracting should be explored for similar programs.

Everglades and California Bay-Delta Restoration

Federal and non-Federal agencies are carrying out long-term restoration plans for several nationally significant ecosystems, such as those in South Florida and California's Bay-Delta. The South Florida ecosystem is a national treasure that includes the Everglades and Florida Bay. Its long-term viability is critical to the health of scores of endangered plants and animals, important tourism and fishing industries, the economy of the State, and the quality of life for South Florida's six million people who depend on the ecosystem for its water and natural resources. Economic development and water uses in California's San Francisco Bay-San Joaquin Delta watershed have diminished water quality, degraded wildlife habitat, endangered several species, and reduced the estuary's reliability as a water source for two-thirds of Californians and seven million acres of highly productive agricultural land.

The total proposed in the 2002 Budget for the implementation of the Comprehensive Everglades Restoration Plan (CERP), authorized by the Water Resources Development Act of 2000, is $37 million. This includes $28 million for the Army Corps of Engineers and $9 million for DOI for research,

monitoring, and planning studies to support CERP implementation.

In addition to CERP, the budget proposes $183 million to continue ongoing construction, research, and land acquisition activities associated with the restoration of the South Florida ecosystem, including the Everglades. For example, the budget continues important restoration efforts on the Kissimmee River and funds the project to provide additional water to Everglades National Park.

- By September 30, 2002, five of the 68 currently known federally-endangered and threatened species in South Florida will be able to be "down-listed" or removed from the list.

In August 2000, Federal and State of California officials agreed upon a long-term, $8.7 billion plan for the California Bay-Delta that would improve water quality, habitat and ecological functions, and water supply reliability, while reducing the risk of catastrophic breaching of Delta levees. The Congress is likely to consider legislation to authorize the Bay-Delta program early in 2001. The budget contains funds for Bay-Delta activities that can be undertaken within existing statutory authorities, including $20 million of new funds in a dedicated DOI account.

- In 2002, as part of implementing that plan, participating agencies expect to make up to 60,000 acre-feet of water available to Federal water project contractors that would not otherwise have been available.

Scientific Support for Natural Resources

The management of lands, the availability and quality of water, and improvements in the protection of resources are based on sound and objective natural resources science. DOI's U.S. Geological Survey (USGS) provides research and information to land managers and the public to better understand ecosystems and species habitat, land and water resources, and natural hazards. In 2002, USGS will streamline its activities to better focus on providing sound and objective scientific information to land managers and the public.

The Department of Commerce's NOAA manages ocean and coastal resources in the 200-mile Exclusive Economic Zone and in 13 National Marine Sanctuaries. Its NMFS manages 891 fish stocks and approximately 200 marine mammal populations, and along with NOAA's National Ocean Service seeks to conserve coastal and marine habitats. NOAA's National Weather Service (NWS), using data collected by NOAA's National Environmental Satellite and Data Information Service, provides weather forecasts and flood warnings. Its Office of Oceanic and Atmospheric Research provides science for policy decisions in areas such as climate change, air quality and ozone depletion.

- In 2002, the modernized NWS expects to increase the lead time of tornado warnings to 13 minutes and the accuracy of tornadoes warning to 72 percent; increase the lead time of flash flood warnings to 50 minutes and the accuracy to 87 percent; and increase the accuracy of winter storm warnings to 88 percent. Since 1986, lead times for tornado warnings and flash flood warnings have improved significantly. For example, in 1986 the lead time for tornado warnings was less than five minutes versus the expected 13 minutes lead time in 2002.

Pollution Control and Abatement

The Federal Government helps achieve the Nation's pollution control and abatement goals by: (1) taking direct action; (2) funding actions by State, local, and Tribal governments; and (3) implementing an environmental regulatory system. The Environmental Protection Agency's (EPA) $7.3 billion in discretionary funds and the Coast Guard's $138 million Oil Spill Liability Trust Fund (which funds oil spill prevention and cleanup) finance these pollution control and abatement activities. EPA's discretionary funds have three major components—the operating program, Superfund, and water infrastructure financing.

EPA's $3.7 billion operating program provides the Federal funding to implement most Federal pollution control laws, including the Clean Air, Clean Water, Resource Conservation and Recovery, Safe Drinking Water, and Toxic Substances Control Acts. The

Operating Program is funded at the second highest level in history and is higher than 2001 if unrequested projects are excluded. EPA protects human health and the environment by developing national pollution control standards, supported by sound science, largely enforced by the States under EPA-delegated authority. In 2002, the States and Tribes will receive $1.1 billion in grants, the highest level ever, to administer delegated programs and other responsibilities pursuant to EPA statutes. Included in this total is $25 million in new funding for State enforcement programs, reflecting a shift in enforcement responsibilities in delegated States from Federal enforcement to expanded State enforcement. The budget also includes $25 million for information exchange network State grants, which will develop environmental information standards, practices and design in accord with existing efforts in several States.

Under the Clean Air Act, EPA works to make the air clean and healthy to breathe by setting standards for ambient air quality, toxic air pollutant emissions, new pollution sources, and mobile sources. In 2002:

- EPA plans to certify that three areas of the remaining 55 nonattainment areas have attained the one-hour National Ambient Air Quality Standard for ozone, thereby increasing the number of people living in areas with healthy air quality by 2.9 million; and
- air toxic emissions nationwide from stationary and mobile sources combined will be reduced by five percent from 2001 (for a cumulative reduction of 40 percent from the 1993 annual level of 4.3 million tons).

Under the Clean Water Act, EPA works to conserve and enhance the ecological health of the Nation's waters through regulation of point source discharges, support for programs and projects to address polluted runoff, and through other multi-agency cooperative endeavors.

- In 2003, water quality will improve on a watershed basis such that 600 of the Nation's 2,262 watersheds will have greater than 80 percent of assessed waters meeting all water quality standards. (Water quality is surveyed biennially.)

Under the Federal Insecticide, Fungicide, and Rodenticide Act and the Federal Food, Drug, and Cosmetic Act, EPA regulates pesticide use, grants product registrations, and sets tolerances (standards for pesticide residue on food) to reduce risk and promote safer means of pest control. EPA also seeks to reduce environmental risks where Americans reside, work, and enjoy life, through pollution prevention and risk management strategies.

- By the end of 2002, EPA plans to reassess a cumulative 66 percent of the 9,721 pesticide tolerances required to be reassessed over ten years. This includes 70 percent of the 893 tolerances having the greatest potential impact on dietary risks to children. This will be a major improvement given that only 121 reassessments were completed in 2000.
- The quantity of Toxic Release Inventory pollutants released, disposed of, treated, or combusted for energy recovery in 2002, (normalized for changes in industrial production) is expected to be reduced by 200 million pounds, or two percent, from 2001 reporting levels. These data will be reported in 2004.
- In 2002, EPA will make publicly available screening level hazard data and assessments for eight percent of the 2,800 High Production Volume chemicals (industrial chemicals which are manufactured in or imported into the United States at one million pounds or greater), as part of the Agency's implementation of a comprehensive strategy for screening, testing, classifying, and managing the potential risks posed by commercial chemicals.

Under the Resource Conservation and Recovery Act, EPA and authorized States prevent dangerous releases to the environment of hazardous, industrial nonhazardous, and municipal solid wastes by requiring proper facility management and cleanup of environmental contamination at those sites.

- In 2002, 82 more hazardous waste management facilities are expected to have approved controls in place to prevent dangerous releases to air, soil, and groundwater, for an approximate total of 71 percent of 2,750 facilities.

EPA's underground storage tank (UST) program seeks to prevent, detect, and correct leaks from USTs containing petroleum and hazardous substances. Regulations issued in 1988 required that substandard USTs (lacking spill, overfill and/or corrosion protection) be upgraded, replaced or closed by December 22, 1998. EPA's leaking underground storage tank program (LUST) promotes and implements rapid and effective responses to UST releases. In 2002:

- EPA and its State and Tribal partners aim to achieve 96 percent compliance of active USTs with the 1998 requirements and 75 percent compliance of active USTs will be in compliance with the leak detection requirements. (EPA is in the process of changing the way it measures compliance, including changing from a per tank to a per facility basis.)
- The performance goal is to complete 23,000 LUST cleanups.

The $1.3 billion Superfund program pays to clean up hazardous spills and abandoned hazardous waste sites, and to compel responsible parties to clean up. The Coast Guard implements a smaller but similar program to clean up oil spills. Superfund also supports EPA's Brownfields program. The Administration's strategy on Brownfields (abandoned industrial sites) is to clean them in order to protect human health and the environment while allowing affordable cleanups and flexible approaches. The Administration intends to remove legal obstacles to cleanups, make the Brownfields tax incentive permanent, and make Federal financial assistance more effective by cutting red tape and reforming existing funding mechanisms. Brownfield cleanup and redevelopment is important because it revitalizes urban communities by improving public health and environmental conditions, boosting local property tax rolls, and providing jobs. In 2002:

- EPA and its partners intend to complete 65 Superfund cleanups (construction completions) for an overall total of 895 construction completions by the end of 2002; and
- The Coast Guard expects to reduce the rate of oil spilled into the Nation's waters to 3.6 gallons per million gallons shipped, which will make good progress toward a goal of a 20-percent reduction from the 3.9 gallons per million five-year moving average.

EPA water infrastructure funds provide grants to States for capitalizing revolving funds, which make low-interest loans, to help municipalities pay for wastewater and drinking water treatment systems required by Federal Law. Also, EPA funds State sewer overflow control grant programs. The $1.3 billion requested in the 2002 Budget for EPA state wastewater grants fund the Clean Water State Revolving Funds (CWSRF) at $850 million and the newly authorized Sewer Overflow Control Grant program at $450 million. This request is consistent with EPA's plan to capitalize the CWSRF to the point where it provides $2 billion in average annual assistance and further addresses Federal mandates to control the biggest remaining municipal wastewater problem, sewer overflows. The $76 billion in Federal wastewater assistance since passage of the 1972 Clean Water Act has dramatically increased the number of Americans enjoying better quality water; nearly all of the Nation's wastewater treatment systems have been upgraded to secondary treatment or better. Also, the Drinking Water State Revolving Fund (DWSRF) is funded at $823 million to provide capitalization grants to State DWSRFs, to provide $500 million in long-term average annual assistance. Ensuring that community water systems meet health-based drinking water standards is supported by both the DWSRF and operating program resources. In 2002:

- 700 CWSRF projects are intended to initiate operations, including 400 projects providing secondary treatment, advanced treatment, combined sewer overflow correction (treatment) and, or/or storm water treatment. Cumulatively, 7,900 CWSRF-funded projects will have initiated operations since program inception.
- 91 percent of the population served by community water systems is expected to receive drinking water meeting all health based standards in effect as of 1994, up from 83 percent in 1994.

USDA gives financial assistance to rural communities to provide safe drinking water and adequate wastewater treatment facilities to under-served rural communities (less than 10,000 people). USDA offers this loan assistance at subsidized interest rates based on the community's income. The budget proposes $1.4 billion in combined grant, loan, and loan guarantees for this assistance, equal to the 2001 enacted levels.

- USDA expects to provide 1.4 million rural residents access to clean, safe drinking water and/or quality waste disposal service by funding 900 water/waste treatment projects in 2002.

Water Resources

The Federal Government builds and manages water projects for navigation, flood-damage reduction, environmental purposes, irrigation, and hydropower generation. The Army Corps of Engineers (Corps) operates nationwide, while DOI's Bureau of Reclamation operates in the 17 western States. The budget proposes $4.7 billion for these agencies in 2002—$3.9 billion for the Corps, $0.8 billion for the Bureau of Reclamation. The budget targets Corps funds at completing the backlog of ongoing projects, rather than starting new ones. It gives priority for funding to activities in the Corps' primary missions areas—commercial navigation, flood damage reduction, and environmental restoration.

In 2002, the Corps plans to:

- maintain high-use commercial navigation facilities in a fully operational state at least 90 percent of the time;
- maintain flood damage-reduction facilities in a fully operational state at least 95 percent of the time;
- achieve "no net loss" of wetlands by creating, enhancing, and restoring wetlands functions and values that are comparable to those lost; and
- address concerns regarding the assessment of construction projects.

The Bureau of Reclamation manages, develops, and protects water and related resources in an environmentally and economically sound manner in the interest of the American public.

- In 2002, the Bureau of Reclamation intends to deliver or release the amount of water contracted for from Reclamation-owned and operated facilities, expected to be no less than 28 million acre-feet, and generate power needed to meet contractual commitments and other requirements 100 percent of the time, depending upon water availability.

Tax Expenditures

Conservation Tax Credit: To provide an incentive for private, voluntary land protection, the budget includes a 50-percent capital gains tax exclusion for private landowners who voluntarily sell land or water to a Government agency or qualified conservation organization for conservation purposes. This incentive is a cost effective, non-regulatory, market-based approach to conservation.

Brownfields: To spur more cleanups across the country, the budget includes a permanent extension of favorable tax treatment of the costs of cleaning up contamination at abandoned waste sites. Taxpayers may elect to treat certain environmental remediation expenditures as deductible in the year paid or incurred. Under current law, the Brownfields tax incentive expires at the end of 2003.