House Documents

Nos. 218–221



United States Congressional Serial Set

Serial Number 13470

United States Government Printing Office
Washington : 1984

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LOCAL PROTECTION PROJECT FISH AND WILDLIFE MITIGATION PLAN, DAVENPORT, IOWA

COMMUNICATION

FROM

THE ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

TRANSMITTING

A SPECIAL REPORT FROM THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, ON A PROPOSED MODIFICATION TO THE DAVENPORT, IOWA, LOCAL PROTECTION PROJECT



JULY 29, 1982.—Referred to the Committee on Public Works and Transportation and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON: 1982

96-988 O

97th Congress, 2d Session - - - - - - - - - - - - - - - - - - - House Document No. 97-218

DAVENPORT, IOWA, LOCAL PROTECTION PROJECT FISH AND WILDLIFE MITIGATION PLAN

COMMUNICATION

From

THE ASSISTANT SECRETARY OF THE ARMY
(CIVIL WORKS)

Transmitting

A LETTER FROM THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DATED JULY 9, 1979, SUBMITTING A REPORT, TOGETHER WITH ACCOMPANYING PAPERS AND ILLUSTRATIONS, ON DAVENPORT, IOWA, LOCAL PROTECTION PROJECT -FISH AND WILDLIFE MITIGATION PLAN.

DURING PRECONSTRUCTION PLANNING OF THE FLOOD PROTECTION PLAN FOR DAVENPORT, IOWA, AUTHORIZED PURSUANT TO THE 1970 FLOOD CONTROL ACT (PUBLIC LAW 91-611, DATED, DECEMBER 31, 1970), IT WAS DETERMINED THAT THE PROJECT WOULD ADVERSELY IMPACT ON THE NAHANT MARSH. THUS, THIS SPECIAL REPORT HAS BEEN PREPARED IN ACCORDANCE WITH PROVISIONS OF THE NATIONAL ENVIRONMENTAL POLICY ACT OF 1969 (PL 91-190), AND THE FISH AND WILDLIFE COORDINATION ACT OF 1958 (PL 85-624).

_____ 19 82 Referred to the Committee on Public Works and Transportation and ordered to be printed with illustrations.

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No. 1	Local Flood Protection, Plan of Improvement	(follows p. 93)

LETTER OF TRANSMITTAL

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D.C. 20310

19 JUL 1982

04484

Honorable Thomas P. O'Neill, Jr.
Speaker of the House of
Representatives
Washington, D. C. 20515

JUL 22 1982

Dear Mr. Speaker:

I am transmitting a favorable special report dated July 9, 1979, from the Chief of Engineers, Department of the Army, together with other pertinent papers, on a proposed modification to the Davenport, Iowa, local protection project.

The report was prepared because preconstruction planning for the authorized project identified the desirability of including certain additional project features to mitigate fish and wildlife losses which might otherwise occur. I concur with the report of the Chief of Engineers, provided that the costs of the mitigation features are shared by the local sponsor in the same proportion as their share of the annual costs of the project without the mitigation features. These costs should be estimated at the time construction is initiated.

The views of the State of Iowa and the Department of Interior are set forth in the enclosed communications. The related replies of the Chief of Engineers are also enclosed.

The Office of Management and Budget advises that there is no objection to the transmittal of the report to the Congress. However, it states that determinations with respect to appropriations requests for construction of the modified project, if authorized by the Congress, will be subject to review in the President's annual budget process. A copy of the letter from the Office of Management and Budget is enclosed as part of the report.

Sincerely,

PRINTING ESTIMATE ATTACHED

Augustus F. Hawkins
7/28/82
Chairman
Committee on House Administration

William R. Gianelli
Assistant Secretary of the Army
(Civil Works)

Enclosure

COMMENTS OF THE OFFICE OF MANAGEMENT AND BUDGET

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUN 11 1982

Honorable John O. Marsh
Secretary of the Army
Washington, D.C. 20310

Dear Mr. Secretary:

Assistant Secretary William Gianelli's letter of May 4, 1982, submitted the report of the Chief of Engineers on addition of mitigation features to the authorized flood control project at Davenport, Iowa, and requested information on the relationship of the report to the program of the President.

There is no objection to the transmittal of the report to the Congress. However, determinations with respect to appropriations requests for construction of the modified project, if authorized by the Congress, will be subject to review in the President's annual budget process.

Sincerely,

Frederick N. Khedouri
Associate Director
for Natural Resources,
Energy and Science

COMMENTS OF THE STATE OF IOWA

COMMISSIONERS
HERBERT REED, Chairman – Winterset
THOMAS A. BATES – Bellevue
JOHN C. BROWN – Lansing
HAROLD W. KEMLER – Marshalltown
OLYN T. LUMBARD – Des Moines
DEAN PIKE – Whiting
JOHN C. THOMPSON – Forest City

IOWA CONSERVATION COMMISSION

FRED A. PRIEWERT, Director
Wallace State Office Building, Des Moines, Iowa 50319
515/281-5145

An EQUAL OPPORTUNITY Agency

March 30, 1979

Lieutenant General J. W. Morris
Chief of Engineers
Department of the Army
Washington, D. C. 20314

Dear General Morris:

We appreciate the extended response period and opportunity to comment on the proposed report of the Chief of Engineers on Davenport, Iowa. Local flood Protection Project - Fish and Wildlife Mitigation Plan. After a review of the report, we would like to make the following comments and recommendations from a fish and wildlife standpoint.

From the fisheries standpoint, the plan makes no mention of present utilization of marsh for fish. The only mention of fisheries is a comment from the U. S. Fish and Wildlife Service included in Appendix 3 about enhancement opportunities for fishing and bowfishing. Limited use of the marsh by various fish species has occurred and has previously been dependent upon high water, which would allow ingress of fish from the river. It should be stated that the flood protection project and mitigation plan will not enhance this usage, but rather eliminate it. With no ingress of fish from the river and the susceptibility of a marsh to winterkill, it is unlikely that any significant fisheries could exist in Nahant Marsh with this plan. However, we do feel some chance of this marsh being improved by the installation of the proposed water control gates. These gates could be manipulated in such a way that a more stable water level could be realized.

We find one area of the plan to be unclear and seemingly contradictory. This report repeatedly points out the need to acquire 163 acres currently in private ownership and states directly that "the main requirement for perpetuation of the marsh lies in ownership of the entire marsh and meadow area with the buffer zone". See plate 1-1, which in fact shows the "property take line" to follow the C.R.I. and P. RR line on the south and includes the entire present trap and skeet range of the Scott County Sportsman's Association. Our confusion with the plan lies in the fact that "the required lands for management of Nahant Marsh and a buffer zone would necessitate buying three parcels of land", which is listed in paragraph 30 total to only 153 acres. This is apparently more than just a typographical error as paragraph 41 states that "the proposed plan would include acquiring a flooding easement with the Scott County Sportsman's Association" rather than the outright purchase previously eluded to. I assume that the shooting facilty discussed in the proposed plan will be those currently existing and remain in private ownership.

From a wildlife standpoint, the operation of a trap and skeet range (public or private) which will annually deposit 6,300 pounds of lead shot and over 60,000 clay targets "up to 60 yards into the marsh environs" is hardly compatible with enhancement of that marsh as waterfowl habitat and a nature study area. This deposition of lead shot would present a far more serious pollution problem than those discussed in paragraph 54. Ingestion of lead shot and subsequent lead poisoning of ducks in marsh areas receiving far less shot prompted steel shot restrictions for waterfowl hunting in many regions. However, because of the tree line along the south side of the marsh and the distance to the marsh from the trap and skeet range, it is doubtful that any appreciable amount of lead shot will reach the marsh proper.

Thank you again for the opportunity to comment on the proposed plan. I hope that they will contribute to the final plan which will provide the greatest mitigation for wildlife and habitat loss due to the flood protection project.

Sincerely,

WILLIAM C. BRABHAM
ACTING DIRECTOR

WCB:DH:rh

LETTER TO THE ACTING DIRECTOR IOWA CONSERVATION COMMISSION

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF ENGINEERS
WASHINGTON, D.C. 20314

REPLY TO
ATTENTION OF:

DAEN-CWP-C

July 9, 1979

Mr. William C. Brabham
Acting Director
Iowa Conservation Commission
Wallace State Office Building
Des Moines, Iowa 50319

Dear Mr. Brabham:

Thank you for your letter of 30 March 1979, providing comments pertinent to my proposed report on the Davenport, Iowa, Local Protection Project - Fish and Wildlife Mitigation Plan.

Your comments from the fisheries standpoint and from the wildlife standpoint have been noted.

You also commented on contradictory data in the accompanying special report prepared by the District Engineer. The acreage listed in Appendix 1, page 18, paragraph 30 of that report as owned by H. Dick Nobis, Summitt Hill Inc. was incorrect. This should have read 36 acres rather than 26 acres, thus producing the total acreage requirement of 163. We have revised page 18, to make the correction.

Thank you for your cooperation.

Sincerely,

J. W. MORRIS
Lieutenant General, USA
Chief of Engineers

COMMENTS OF THE DEPARTMENT OF THE INTERIOR

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

APR 2 1979

PEP ER 79/178

Lieutenant General J. W. Morris
Chief of Engineers
Department of the Army
Washington, D. C. 20314

Dear General Morris:

Thank you for the letter of February 12, 1979, requesting our views and comments on the Chief of Engineers' Report for Local Flood Protection, Davenport, Iowa and the Special Report for Fish and Wildlife Mitigation and Enhancement.

Our Fish and Wildlife Service previously addressed the subject of the preservation and enhancement of Nahant Marsh as mitigation for the Davenport flood control project in letters dated May 10, 1976, and April 25, 1978. In the latter correspondence, we expressed our approval of the Nahant plan but noted several additional points which we felt should be included. To date, these have not been included in the Special Report nor have they been addressed elsewhere. We, therefore, request these points be included in the flood control plan as recommended by the Chief of Engineers in order to ensure proper mitigation of fish and wildlife impacts:

1. The City of Davenport should be required to purchase the 163 acres, including Nahant Marsh, prior to the implementation of the flood control project.

This recommendation is intended to ensure public ownership of Nahant Marsh prior to construction of other flood control measures. It is conceivable that the present owner(s) do not wish to sell the property or that some unforeseen difficulty would prevent the protection of this valuable resource. Once the remainder of the flood control project is begun and/or completed, the incentive for mitigation is lost.

2. The City of Davenport and COE should be required to establish a plan for operation, maintenance and improvement of the marsh. The plan should be made in cooperation with the Iowa Conservation Commission, the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service, and any other interested parties.

This is recommended to ensure that the project sponsors consult with those agencies having expertise and interest in the management of natural resources. Poor management is inexcusable particularly when the opportunity exists for a truly quality resource.

3. The Corps should ensure that the surface drainage area that feeds the Nahant Marsh (approximately 700 acres) continues to drain into the marsh under normal conditions.

We realize a conflict between this recommendation and the mitigation plan's intent to divert poor quality water which drains the adjacent industrial and agricultural areas away from the marsh. This conflict can be resolved by inclusion of a pumping station for augmenting the natural surface flow into the marsh. The mitigation plan notes the "possibility" of such a provision, but it is not an element of the plan as proposed. A pumping station should definitely be included in the final plan.

4. Provisions should be made to ensure that the marsh will always receive an adequate quality and quantity of water.

Reliance upon natural river overflows and surface drainage to maintain a minimum water level in the marsh is risky particularly during periods of drought. Essentially, this concern will be met if a pumping station and a coordinated management plan for the marsh are implemented.

Specific Comments

There appears to be a discrepancy in the elevation of the marsh as given in the special report. It is stated that "The average elevation of the marsh and sedge-meadow ecotype is 552.5 feet" (Appendix 1, page 5, paragraph 3), but later it is stated that the "Low area in Nahant Marsh is at elevation 553" (Appendix 1, page 10, last line above footnote). Still later it is stated that "If the water level were maintained at its present level, about 552.5 ..." (Appendix 1, page 34, paragraph 3). Although the differences are small, there is a significant difference between an average elevation of 552.5 feet and a lowest elevation of 553 feet in an area subject to 2-year flood levels of 553.5 feet and 3-year flood levels of 554.5 feet (Appendix 1, Table IV).

The report should clarify whether the siltation problem (Appendix 1, page 36, paragraph 55) results from overflow directly from

agricultural-land runoff or from Credit Island slough because of insufficient channel capacity to contain the main flow from the agricultural land.

The document states (Appendix 2, page 6) that "Two potential sites for nomination to the National Register for Historic Places will be affected by construction." We urge the Corps to obtain determinations of eligibility for the National Register for these sites before proceeding with this project. Pursuant to 36 CFR 800, we also suggest that the final statement include documentation of concurrence from the State Historic Preservation Officer.

In summary, we commend the Corps for their leadership in the protection of this valuable resource. However, unless the above recommendations are included in the Nahant mitigation package, we do not consider compensation for the flood control project's damages to fish and wildlife resources to be adequate. Please advise us of your action in this matter.

Sincerely,

Larry E. Meierotto
Assistant SECRETARY

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LETTER TO THE ASSISTANT SECRETARY OF THE INTERIOR

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF ENGINEERS
WASHINGTON, D.C. 20314

REPLY TO
ATTENTION OF:

DAEN-CWP-C

July 9, 1979

Honorable Larry E. Meierotto
Assistant Secretary
Department of the Interior
Washington, D. C. 20240

Dear Mr. Meierotto:

Thank you for your letter of 2 April 1979, providing comments pertinent to my proposed report on the Davenport, Iowa, Local Protection Project - Fish and Wildlife Mitigation Plan, and accompanying special report of the District Engineer.

The following, ordered accordingly, address the comments provided in your letter:

1. Control of the 163 acres of Nahant Marsh is part of the proposed plan. However, control for mitigation and enhancement purposes can be accomplished by obtaining easement and/or fee title. .Since Nahant Marsh will be an authorized portion of the Davenport, Iowa, Local Protection Project, the city of Davenport will be required to provide all lands, easements and rights-of-way for the project.

2. The operation, maintenance, and management plan for Nahant Marsh will be developed in coordination with the local sponsor and those entities with expertise and interest in the resource.

3. A pumping station is not proposed at this time. It is felt that the excessive cost for construction of a permanent pump station is not warranted since the facility may receive limited use. It is proposed to utilize a portable or temporary pumping facility when the situation for such use presents itself. The operation and maintenance plan referenced above will address the necessary procedures for use of temporary pumping facilities.

4. Control of water flow into Nahant Marsh, whenever reasonably feasible, is a basic part of the project. However, under drought conditions the only source of water supply would be groundwater (wells) or water pumped from the river. The expense to develop facilities to handle this is prohibitive.

Specific Comments

At the time the special report was prepared, detailed topographic mapping was not available for the Nahant Marsh area. The elevations provided were therefore best approximations. Detailed mapping, which is now available, shows a low elevation of 552.5 feet (northeast corner of marsh) and an average elevation of approximately 553.0 feet. The boundary between marsh/sedge meadow ecotypes is at an elevation of approximately 554.0 feet. That boundary varies somewhat, depending on how wet or dry the specific year may be.

Most of the runoff from the 700 acre watershed above Nahant Marsh drains into the marsh under normal conditions. Siltation in the marsh occurs not because of any channel deficiency but rather because the marsh is an effective sink for sediments from the watershed. The purpose of the control structure at the upstream end of the marsh is to provide a means to regulate water entering the marsh. If the water at any time is unacceptable, because of excessive volume or poor quality it will be diverted to Credit Island Slough. The opportunity to divert some of the water is important because of the construction which is occurring as the land changes from agricultural use to commercial and industrial uses.

The two potential sites for nomination to the National Register for Historic Places are not in the Nahant Marsh area. They will not be affected by the specifics of the project modification recommended in my report. Coordination with the State Historic Preservation Officer, relevant to the two sites, is proceeding as part of preconstruction planning for the overall project.

Thank you for your cooperation.

Sincerely,

J. W. MORRIS
Lieutenant General, USA
Chief of Engineers

DAVENPORT, IOWA, LOCAL PROTECTION PROJECT—FISH AND WILDLIFE MITIGATION PLAN

REPORT OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF ENGINEERS
WASHINGTON, D.C. 20314

REPLY TO
ATTENTION OF:

DAEN-CWP-A

July 9, 1979

SUBJECT: Davenport, Iowa, Local Protection Project - Fish and Wildlife Mitigation Plan

THE SECRETARY OF THE ARMY

1. I submit for transmission to Congress my report, accompanied by an October 1977 special report of the District Engineer, on a proposed modification to the Davenport local protection project. The District Engineer's special report was concurred in by the Division Engineer 13 January 1978. The proposed modification would provide for acquisition of land and construction of minor works for fish and wildlife mitigation and enhancement.

2. The Davenport local protection project was authorized for construction by Congress in the Flood Control Act of 1970, Public Law 91-611, approved 31 December 1970, substantially in accordance with the recommendations of the Chief of Engineers in his report dated 4 December 1970, with the provision that construction shall not be initiated until approved by the Secretary of the Army and the President. The provision was subsequently satisfied in the Secretary of the Army's letter of 23 August 1971, transmitting the 4 December 1970 report of the Chief of Engineers to the Congress with the notation that the project as recommended in that report had been approved by the Secretary of the Army and the President. Letter, report, and related papers are printed in House Document Numbered 92-611.

3. The authorized project consists essentially of earth levees and concrete floodwalls along the Mississippi River, together with a small detention reservoir on the Blackhawk Creek tributary; in detailed project design since authorization, the detention reservoir has been deleted in favor of compensating channel modifications at the downstream end of Blackhawk Creek. Land acquisition for fish and wildlife mitigation was not authorized. The fish and wildlife plan now proposed for inclusion in the project was developed during the post-authorization planning. Detailed project design is otherwise nearly complete. The final environmental impact statement was sent to the Environmental Protection Agency 14 February 1978; notice of availability appeared in the Federal Register on 3 March 1978. A copy of our final statement of findings on the recommended project plan, including the proposed modification to include the fish and wildlife plan, was sent to the Environmental Protection Agency 3 April 1978.

DAEN-CWP-A
SUBJECT: Davenport, Iowa, Local Protection Project - Fish and Wildlife Mitigation Plan

4. The project structures to protect Davenport will inclose the Nahant Marsh area within the city and, in the absence of special measures, will significantly alter the hydrologic processes to which the marsh owes its existence. Also, the degree of flood protection will encourage more rapid development of land within the marsh's drainage area, further shortening the life of the marsh. In post-authorization planning for the project, and coordination with concerned interests, the District Engineer has established that Nahant Marsh is a resource of some importance. Because the marsh supports a diverse ecological community, in close proximity to the Davenport urban setting, it is used as an outdoor laboratory and nature observation area by local primary, secondary and higher education institutions, bird clubs, scouting troops, conservation groups, and individuals.

5. The District Engineer has formulated a plan which would provide for preservation of Nahant Marsh. He recommends that the Davenport project be modified accordingly, to reduce and mitigate fish and wildlife losses which the project would otherwise induce. Further, he notes that, with the protection afforded by the project and the consequential growth in Davenport that can be expected, the ecological importance of Nahant Marsh, if it is preserved, should increase.

6. The plan recommended by the District Engineer, and concurred in by the Division Engineer, is outlined in the accompanying report. Primarily it provides for acquistion of a tract of land of about 163 acres, including Nahant Marsh and fringe lands; construction of a control structure at the outlet of the marsh to regulate water levels in the marsh; construction of drainage control facilities at the upstream end of the marsh to avoid adverse impacts from overland drainage from developing areas; and an access road and small parking lot on the fringe lands to facilitate accessibility to the marsh for nature study. Based on July 1976 price levels, the total estimated first cost for this plan is $218,000. Annual operations and maintenance requirements are estimated as $1,800. Inclusion of these costs with other project costs will not affect favorable justification for the authorized local protection project.

7. All features of the plan except the access road and parking lot are considered to be mitigation features. Estimated first costs are $212,000. The access road and parking lot are considered to be more in the nature of recreation features. Estimated first costs are $6,000. The reporting officers recommend that costs for the mitigation features be divided between the Federal government and the local sponsor in the same proportion as the annual costs for the flood protection portion of the project, estimated as 83.5 percent Federal and 16.5 percent local. Operation and maintenance responsibility for the marsh would be turned

DAEN-CWP-A
SUBJECT: Davenport, Iowa, Local Protection - Fish and Wildlife Mitigation Plan

over to the local sponsor and an adjustment made to the local share of first costs. With this adjustment, estimated local costs for the mitigation features would include $11,000 toward the initial development and $1,800 annually for operation and maintenance. The reporting officers recommend that first costs for the nature study (recreation) features be divided 50/50 between the Federal government and the local sponsor with both shares estimated as $3,000. The local sponsor would bear all costs for operation and maintenance of the nature study features; these should be nominal and have not been estimated. The City of Davenport, by letter dated 2 June 1978, has indicated willingness to comply with these recommended requirements.

8. I agree with the findings of the reporting officers. The plan formulated by the District Engineer for preservation of Nahant Marsh would be a worthwhile addition to the Davenport project and the proposed related requirements of local cooperation are appropriate. Accordingly, I recommend that the local protection project for Davenport, Iowa, authorized by the Flood Control Act of 1970, be modified to incorporate the plan for fish and wildlife mitigation outlined by the District Engineer in his report at an estimated Federal first cost of $214,000, with such modifications as in the discretion of the Chief of Engineers may be advisable: Provided that, prior to construction of such plan, the City of Davenport provide assurances satisfactory to the Secretary of the Army that it will:

a. Bear a percentage of the Nahant Marsh preservation cost attributable to mitigation features equivalent to the non-Federal proportion of costs for the basic flood control project, currently estimated as 16.5 percent on an annual cost basis;

b. Bear 50 percent of the Nahant Marsh preservation cost attributable to nature study features;

c. Acquire all lands, easements, and rights-of-way necessary for the Nahant Marsh preservation plan with credit to the city, for application to other cost-sharing features of the project, for such land acquisition costs exceeding the city's share; and

d. Undertake the maintenance, control and management of Nahant Marsh for wildlife and nature study after the project is completed (with the understanding that expectable costs therefor attributable to mitigation features shall constitute a portion of the city's basic cost-sharing responsibility in accordance with a, above).

J. W. MORRIS
Lieutenant General, USA
Chief of Engineers

REPORT OF THE DISTRICT ENGINEER

1. Description of the Authorized Project

The authorized plan of protection at Davenport, Iowa would consist primarily of earth levees along the Mississippi River and along the left bank of Blackhawk Creek. Where space for levees is not available, concrete floodwalls were planned. In addition to the levees and floodwalls, a detention reservoir on Blackhawk Creek at the upper Rockingham Road crossing was planned.

The authorized works of improvement were designed to provide protection from a flood on the Mississippi River having a 200-year frequency, or an occurrence probability of 0.5 percent in any given year. Such a flood would have a flow of 385,000 c.f.s. with a stage of 26.0, 3.5 feet higher than the 1965 flood.

In authorizing the project, Congress stipulated that its construction be subject to the fulfillment of certain local cooperation requirements, as follows:

a. Provide without cost to the United States all lands, easements, and rights-of-way necessary for the construction of the project, estimated at $2,700,000;

b. Hold and save the United States free from damages that may be due to the construction work;

c. Maintain and operate the works (including the beautification and mitigation measures) after completion, in accordance with regulations prescribed by the Secretary of the Army, estimated at $67,729 annually;

d. Bear the cost of all relocations and alterations to buildings, utilities (except the parts of drainage structures that pass over or under the protective works), roads, and other facilities, except railroad bridges, ramps, and approaches thereto, where necessary in the construction of the project, estimated at $220,000;

e. Bear not less than one-half of the separable first costs of recreational development, estimated at $94,500, and all the costs of operation, maintenance, and replacement incurred therefore, estimated at $12,000 annually (included in the figure cited in the above cost for maintenance);

f. Obtain legal control to prevent encroachment on any flood control or flood protection structure, on the channel of Blackhawk Creek downstream from the dam, and on pondage areas until substitute ponding area or equivalent pumping capacity shall have been provided; and

g. Provide at local expense pressurization of the Marquette Street sewer and construction of pressurized sewers at Iowa, Ripley, and Division Streets.

2. Authorization

The Federal flood control project at Davenport, substantially as described in House Document Number 92-161, Ninety-Second Congress, First Session, was authorized by Congress in Section 201 of PL 91-611, The Flood Control Act of 1970.

This original authorization is for a structural flood control plan and cost sharing for recreational development in conjunction with the flood control plan. Additional authorization is needed for Federal participation in the acquisition of land for fish and wildlife mitigation and enhancement, which is being recommended in this report.

3. Funding Since Authorization

Fiscal Year	Allocation
1972	$ 29,800.00
1973	150,000.00
1974	80,000.00
1975	240,900.00
1976	255,000.00
1976T	60,000.00
1977	180,000.00
1978	91,000.00

4. Current Status

The Davenport Local Flood Control Project is in the final planning stage. The Phase I General Design Memorandum, Plan Formulation, for Flood Control Report dated August 1976, and the Final Environmental Impact Statement dated April 1975, are being reviewed. The City of Davenport has indorsed the recommended plan proposed in the Phase I General Design Memorandum. The recommended flood damage reduction plan is shown on Plate 1. The Statement of Findings for the Davenport Local Flood Protection Project is in Appendix 2.

5. Changes in Project Purpose

During formulation of the Davenport project it was determined that the project would adversely affect Nahant Marsh by altering the hydrologic processes to which the marsh owes its existence. The structures would interrupt the periodic river overflow that feeds the marsh. Without this frequent replenishment of water and the flushing action it provides, the marsh would experience a relatively rapid reduction in size. At the same time, the high

level of flood protection would encourage more rapid development of the land in the marsh's drainage basin. Development, with resulting soil disturbance and increased runoff, would further hasten the aging process of the marsh. These effects, in total, would drastically shorten the life expectancy of this valuable wetland. These project-induced impacts warrant mitigative actions.

The proposed project would also cause adverse impacts on wildlife habitat in portions of the project area. The most significant would be removal of about 20 acres of habitat on Credit Island as result of levee construction.

The Nahant preservation plan is also intended to mitigate these losses. It is proposed that a 163 acre tract of land be acquired to help mitigate the effects of the project. The tract includes about 100 acres of marsh and 63 acres of fringe land. (Acquisition of the fringe land is necessary to have a manageable unit.) In addition to land acquisition, the mitigation plan includes the following features:

a. Construction of a control structure at the outlet to the marsh to regulate water levels in the marsh.

b. Construction of a low levee, drainage ditch, and control structure at the upstream end of the marsh to control the quantity and quality of water entering the marsh.

c. Vegetative plantings for visual screening.

To ensure that the wildlife and aesthetic resources provided by the marsh are accessible to the public, additional features for nature study are proposed. These include:

a. An access road and small parking lot.

b. Vegetative plantings adjacent to road and parking area.

6. Changes in Project Cost

The estimated cost of acquiring and preserving the marsh and fringe lands is $218,000. This cost will be shared between the Federal government and the local sponsor. All features of the plan except the access road and parking lot are considered to be mitigation features. Cost-sharing for mitigation features would be divided between the Federal government and the local sponsor in the same proportion as the annual costs for the flood protection portion of the Davenport project, 83.5 percent Federal and 16.5 percent local. The operation and maintenance of the marsh would be turned over to the local sponsor with an adjustment made to the local share. With this adjustment, the total local share for mitigation features would be $11,000.

Cost-sharing for the nature study features of the plan (access road and parking lot) would be divided 50/50 between the Federal government and the local sponsor with both shares being $3,000. The local sponsor would bear all costs for operation and maintenance of the nature study (recreation) features. The breakdown between Federal and local cost is provided below.

Estimated First Cost-Mitigation Features	$212,000
Federal First Cost (212,000 x 83.5%)	177,000
Davenport First Cost (212,000 x 16.5%)	35,000
Estimated Annual Operation, Maintenance and Replacement Cost Mitigation Features	1,800
Federal OM&R Cost (1,800 x 83.5%)	1,500
Davenport OM&R Cost (1,800 x 16.5%)	300
Present Worth 1,500 Year (100 year life, 6 3/8%)	24,000

The City of Davenport will be responsible for the annual operation and maintenance of the project. The present worth of the Federal operation, maintenance, and replacement cost of the mitigation features can be applied to other cost-sharing features or reimbursed to the city.

Estimated First Cost-Recreation Features	6,000
Federal First Cost (6,000 x 50%)	3,000
Davenport First Cost (6,000 x 50%)	3,000

Estimated Project Cost	Total	Federal	Non-Federal
First Cost Mitigation Features	$212,000	$177,000	$35,000
First Cost Recreation Features	6,000	3,000	3,000
Present Worth Annual Federal Operation, Maintenance, and Replacement Cost		24,000	(24,000)
Adjusted First Cost	$218,000	$204,000	$ 14,000

The City of Davenport will be required to provide all lands, easements, and rights-of-way for fish and wildlife mitigation as part of the local cooperation requirements. In accordance with 29 June 1976 letter from NCD, "Any excess in the cost of mitigation lands over and above the local share for mitigation, can be applied to other cost-sharing features or reimbursed to the local interest."

7. Change in Project Benefits

The preservation plan for Nahant Marsh would provide no benefits with a monetary value, but a variety of non-monetary benefits will result. Nahant Marsh is unique because of its location within a rapidly growing urban area. The marsh is used as an outdoor laboratory and nature observation area by local primary, secondary, and higher education institutions, bird clubs, scouting troops, conservation groups, and individuals. Such use can be expected to increase greatly if the proposed plan is carried out. Very few urban areas have an opportunity to preserve an area possessing such a high degree of existing and future value for nature study and research.

8. Coordination

The recommended plan to perpetuate the marsh was formulated in accordance with the National Environmental Policy Act of 1969 (Public Law 91-190), the Fish and Wildlife Coordination Act 1958 (Public Law 85-624), and the Army Corps of Engineers ER 1105-2-129. The preservation plan has been indorsed by the US Fish and Wildlife Service and the City of Davenport. Their indorsement letters are in Appendix 3.

9. Conclusions and Recommendations

The proposed Nahant Marsh plan would effectively mitigate adverse effects to the marsh resulting from the construction of flood control structures. The plan would, in addition, mitigate wildlife habitat losses occurring in other portions of the project area. Preservation of Nahant Marsh would be an important contribution

to environmental quality consistent with the growing national concern for protecting valuable wetlands. Therefore it is recommended that the Davenport Local Protection Project be modified to include preservation of Nahant Marsh.

Before construction starts, the City of Davenport will be required to enter into a local cooperation agreement, in accordance with Section 221 of the Flood Control Act of 1970, that is satisfactory to the Secretary of the Army. The cooperation agreement will provide that the city will:

a. Bear 16.5 percent of the Nahant Marsh preservation cost attributable to mitigation features.

b. Bear 50 percent of the Nahant Marsh preservation cost attributable to nature study features.

c. Acquire all lands, easements, and rights-of-way necessary for the Nahant preservation plan with the city receiving a credit for land acquisition costs exceeding the city's share. This credit will be applied to other cost-sharing features of the project.

d. Maintain and manage Nahant Marsh for wildlife and nature study after the project is completed.

DANIEL L. LYCAN
Colonel, Corps of Engineers
District Engineer

APPENDICES

DAVENPORT, IOWA
LOCAL FLOOD PROTECTION
MISSISSIPPI RIVER

SPECIAL REPORT

FOR

FISH AND WILDLIFE MITIGATION AND ENHANCEMENT

APPENDIX 1

NAHANT MARSH

RECOMMENDED MITIGATION AND ENHANCEMENT PLAN

U. S. Army Engineer District, Rock Island
Corps of Engineers
Clock Tower Building
Rock Island, Illinois

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NAHANT MARSH
RECOMMENDED MITIGATION AND ENHANCEMENT PLAN

1. Perpetuation of this unique ecological community is recommended as an important contribution to Environmental Quality. In accordance with the National Environmental Policy Act of 1969 (Public Law 91-190), the Fish and Wildlife Coordination Act of 1958 (Public Law 85-624) and the Army Corps of Engineers, ER 1105-2-129, a general plan has been formulated to perpetuate the Nahant Marsh area. It has been determined that the proposed Davenport flood control project would adversely affect the marsh by altering the hydrologic processes to which the marsh owes its existence. To enhance the marsh and offset adverse project impacts, acquisition and preservation of the marsh have been included in the flood control project.

2. Pertinent social, economical, and environmental data is provided in order to evaluate the existing and future conditions of the marsh area. Detailed design of this recommended plan will be accomplished through continued coordination among the Corps of Engineers, US Fish and Wildlife Service, Iowa Conservation Commission, Scott County Conservation Board, City of Davenport, and

other responsible groups who wish to be involved with perpetuation of Nahant Marsh during Phase 2 design studies.

3. Comments and recommendations by other agencies concerning Nahant Marsh can be found in Section IX of the Final EIS for the Davenport Local Protection Project. This appendix is a response to these concerns expressed over the preservation and protection of wetlands known as Nahant Marsh. The letter from the United States Department of the Interior, Fish and Wildlife Service, is in Appendix 3, Pertinent Correspondence, of this report.

4. In summary, this plan intends to:

a. Show the environmental status and biotic components of the existing marsh-meadow.

b. Provide a plan to preserve and enhance this area as a future natural resource study area available to nearby communities.

c. Document the unique quality of marsh-meadows surrounding the marsh and their value for educational purposes.

d. Incorporate this plan as part of the local flood protection project in accordance with existing public laws.

HISTORY

5. The earliest record of the existence of Nahant Marsh is a topographic map dated 1892. The area designated as marsh in 1892 was larger than the present area of Nahant Marsh. The 1892 topographic map was part of the Survey of the Mississippi River conducted under the direction of the Mississippi River Commission. The first record of disturbance by man was the construction of a roadbed for the main lines of the Chicago, Rock Island, and Pacific Railroad. This roadbed is on the south side of Nahant Marsh. The construction was completed in 1881. The roadbed was designed to accommodate two tracks. The construction practice of the Rock Island Railroad during this period of time was to buy the right-of-way, with adjacent land remaining in Government ownership. The borrow material was taken from this land. The borrow was the nearest available material which could be either clay or sand. The borrow sites were never recorded. In 1901, The Chicago, Milwaukee, St. Paul, and Pacific Railroad constructed a rail yard south of the main lines of the Rock Island Railroad. The roadbed disrupted the flow of the current through the marsh. The marsh is probably an old oxbow of the Mississippi River. At the time of construction, the oxbow probably was a relatively dry silted-in oxbow during low river flow. Although the current was disrupted, flooding of Nahant Marsh still occurred, but the sedimentation was not deposited evenly over the entire flood plain. The silt was deposited on the riverward side of the main line. This differential desposition pattern resulted in a slight elevation difference between riverward and bluffward lands adjacent to the main line.

In addition to the disruption of the normal flooding condition, the interior drainage was prevented from normal flow to the river.

6. In 1892, as indicated by the topographic map, the entire lands surrounding Nahant Marsh were in private ownership. In 1892, approximately one-half the flood plain surrounding Nahant Marsh was in agricultural production.

7. As agricultural activities increased, drainage easements through Nahant Marsh were aquired. The present flow of interior drainage is from the northern bluffs to the south until the flow reaches Nahant Marsh. The drainage has been directed westward by a drainage ditch to Wapello Avenue. The drainage was improved in 1974 by blasting a channel through the center portion of Nahant Marsh. In recent years, the adjacent lands that are at higher elevations than Nahant Marsh have been developed for industry. The projected use for Nahant Marsh is to be filled and developed for industry.

8. On 17 November 1968, the southern portion of Nahant Marsh was sold to the Scott County Sportsman's Association. During 1969, a trap and skeet range was constructed under the guidance of Winchester-Western Division of Olin. In 1970, registered trap and skeet shooting were conducted under Davenport's City Code 23-10 which provides the Scott County Sportsman's Association an exception to city ordinance that prohibits discharging firearms within the city limits of Davenport. The skeet shooting is the only registered facility in the Quad-Cities area. The nearest registered skeet shoots are located in Des Moines, Iowa, and Peoria, Illinois. In 1973, approximately 2,503 rounds of skeet and 1,060 rounds of trap

were conducted. At 25 shells per round, approximately 62,580 shot shells were fired from the trap complex. A total of 89,080 shot shells were fired. At 1-1/8 ounce of lead shot per shot shell, approximately 6,300 pounds of lead were deposited in the surrounding environs of Nahant Marsh during 1973. No record of fired pistol cartridges were available for the target range.

PHYSICAL DESCRIPTION

9. Nahant Marsh and adjacent environs are located in the north half of section eight, township 77 north, range three east. The marsh is located in the flood plain of the Mississippi River. Nahant is surrounded by structural features of an urban environment. The south border of the marsh is a shooting complex and railroad facility. The west border is the road embankment of Wapello Avenue and the approach to the Mississippi bridge crossing of the Interstate 280. The north border consists of scattered trees and agricultural fields with residential dwellings in the background. The east border is agricultural fields with developed industrial complex in the background. Immediately adjacent to the east border is a drainage ditch.

10. The average elevation of the marsh and sedge-meadow ecotype is 552.5 feet. The elevation of the roadbed of the main line is 567.0 feet. The elevation of the rail yard is 563.0 feet, which is a difference of 4.0 feet. The average elevations of the

embankments of Wapello Avenue and Interstate 280 are 562 feet and 585 feet respectively. The average elevation of the adjacent agricultural land is 555 feet. The average elevation of the industrial development is 565 feet which reflects the fill needed prior to development of industry. The elevation of the bluff is 760 feet.

11. The surface area (plate I) that drains into the marsh, including the marsh, is approximately 700 acres. This acreage is broken down in table I. Two hundred fifty acres of this watershed is located in Davenport's west industrial area. This industrial area is above the 100-year flood plain. All the 250 acres are expected to be intensively developed in the next 10 to 20 years. The acerage that is presently developed for industry has not been determined. Nahant Marsh (elevation 560 or below) contains 140 acres of the 250 acres of industrial-zoned area in the 100-year flood plain.

TABLE I

SURFACE DRAINAGE AREA THAT FEEDS THE NAHANT MARSH

Hill area northwest of Highway 22	200 acres
Industrial zoned area above 100-year frequency flood	250 acres
Industrial zoned area in 100-year flood plain including marsh area	250 acres
Total drainage area including marsh	700 acres

NATURAL FEATURES

FLORA CHARACTERISTICS

12. The approximate 100 acres known as Nahant Marsh are composed of species found in seasonal freshwater marshes and sedge meadows. (Wetland types I, II, III, and IV; US Fish and Wildlife Service.) In addition, small clumps of bottom land tree species including cottonwood, soft maple, green ash, and American elm are scattered throughout the sedge meadow and flooded flats. In addition, two mature pure stands of catalpa exist adjacent to Wapello Avenue. However, the greater expanse of this area is an open area of various wetland types. Bordering the east and north of the marsh are areas which, during some drier seasons, are cultivated. Here marsh-meadow species, along with weedy species, grow during wet years. Predominant species presently within the marsh and meadow are grass species, sedges, cattails and smartweed as reflected in table II.

13. In many cases, marshlands are scarcely distinguishable from the sedge meadow. When the latter develops pools of water, they become marshes and the offspring of sedge meadow species are adaptable to an aquatic environment. The plant species listed in table III are often found growing in standing water of ponds, marshes and sloughs. Some of them are found in the Nahant area.

14. The botanical listing included here is not exhaustive. Other species have been observed in the area, but not included in this report. Guldner is the best single source.*

*Vascular Plants of Scott & Muscatine Counties, Ludwig F. Guldner, Putnam Museum, Botanical Publication #1, 1960.

TABLE II

LIST OF VEGETATIVE SPECIES OF NAHANT RECORDED BY GULDNER

Sedges:

- Carex Haydenii
- Carex stricta
- Carex Emoryi
- Carex lanuginosa
- Carex trichocarpa
- Carex vulpinoidea
- Carex scoparia
- Carex tribuloides
- Carea gravida

Grasses:

- Spartina pectinacea, cord grass
- Phalaris arundinacea, reed canary grass
- Calamagrostis canadensis, blue-joint grass
- Agrostis alba, redtop
- Leersia oryzoides, cut grass
- Panicum virgatum, switchgrass
- *Typha sp., cattails

Flowering Plants:

- Helianthus grosseserratus, sunflower
- Vernonia fasciculata, ironweed
- Eupatorium serotinum, late boneset
- Apocynum sibiricum, dogbane
- Asclepias incarnata, swamp milkweed
- Solidago gilvocanescens, tall goldenrod
- Erigeron annuus, fleabane whitetop
- Aster simplex, aster
- Galium obtusum, bedstraw
- *Amorpha fruticosa, indigobush
- *Species of lemnaceae (duckweed family)
- *Iris shreve, blue iris
- *Sagittaria sp., arrowhead
- Lobelia syphilitica, blue cardinal flower
- Polygonum hydropiperoides, water poppy
- Lythrum alatum, loose strife
- Lysimachia terrestris, swamp candle
- Lysimachia ciliata, loose strife
- Cicuta maculata, water hemlock
- Erechtites hieracifolia, fireweed
- Epilobium coloratum, willowherb
- Oxypolis rigidior, cowbane
- *Helenium autumnale, sneezeweed

Vascular Plants of Scott and Muscatine Counties, Ludwig F. Guldner, Davenport Public Museum, Botanical Public. #1, 1960.

*Additional species observed in the area by other sources.

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TABLE III

PLANT SPECIES COMMON TO MARSHES *

Typha latifolia	-	cattail
Sparganium eurycarpum	-	burreed
Scirpus fluviatilis	-	Bulrush sp.
Scirpus validus	-	Bulrush sp.
Scirpus americanus	-	Bulrush sp.
Equisetum fluviatile	-horsetail	
Dulichium arundinacea	-	Sedge sp.
Eleocharis macrostachya	-	spike rush
Phragmites communis	-	reed
Glyceria septentrionalis	-	manna septentrionalis
Rumex verticillata	-	swamp dock
Polygonum Hartwrightii	-	smartweed
Pontederia cordata	-	pickerelweed
Acorus calamus	-	sweet flag
Polygonum hydropiperoides	-	smartweed
Hibiscus militaris	-	rose mallow
Ranunculus fiabellaris	-	buttercup
Caltha palustris	-	marsh marigold
Bacopa rotundifolia	-	water hyssop
Sagittaria graminea		

* Vascular Plants of Scott and Muscatine Counties, Ludwig F. Guldner, Davenport Public Museum, Botanical Public. #1, 1960.

WETLAND TYPES

15. The present exposure to flooding caused by the Mississippi River is indicated in table IV. The two-year frequency flooding coincides with the Type III - Inland Shallow Fresh Marsh. 1/ The three-year frequency flooding coincides with Type II - Inland Fresh Meadow. 1/ The five-year frequency flooding coincides with Type I - Seasonally Flooded Basins or Flats. 1/ Of the 163 acres outlined as Nahant Marsh in plate 1, approximately 100 acres are of marsh and meadow. Of these 100 acres, about 60 acres are Type II; 30 to 35 acres are Type III; the remaining small acreage is composed of Type IV - Inland Deep Fresh Marsh. In addition to the 100 acres of marsh-meadows is a periphery of Type I. This area, 10 to 15 acres, provides a wetland habitat during flooding. The remainder of the 163 acres consists of small groves of trees and croplands. These areas are utilized as wetland habitat except during extremely high flood conditions.

TABLE IV

MISSISSIPPI RIVER STAGES AT MILE 478

1-year frequency flow elevation	=	547.0
2-year frequency flow elevation	=	553.5
3-year frequency flow elevation	=	554.5
5-year frequency flow elevation	=	556.7
10-year frequency flow elevation	=	558.6
1965 high water elevation	=	563.2
100-year frequency flow elevation	=	565.7

Low area in Nahant Marsh is at elevation 553

1/ Shaw, Samuel P. and C. Gordan Fredine, 1971, Wetlands of the United States, US Dept of Interior, Fish and Wildlife Service Circular 39, US Government Printing Office.

16. In summary, Nahant vegetation consists predominantly of vegetation associated with wet meadow condition, e.g. sedges, wetland grasses; and aquatic community species found in marshes, e.g. cattails, arrowhead, some rushes and duckweed.

FAUNAL CHARACTERISTICS

17. No known comprehensive inventory of zoological species found in the Nahant Marsh has been compiled. Some species have been observed in the area and others may be presumed to be found here as components of a marsh-meadow type of habitat. See tables V and VI.

18. Species diversity and population abundance within the area vary according to weather conditions, local agricultural practices, and seasonal migration.

19. In wetter years, waterfowl habitat increases and fringe areas used by rabbits, mice and shrews decline. However, during the wetter years, farm practices decline, too. In this case, terrestrial species displaced from the marsh move into the reverted croplands. During dry years, species populations associated with the marsh-meadow decline. Food and habitat sources for mink, muskrat, and waterfowl decline. In general, fluctuation of species population is normal, especially in a marsh-meadow community such as Nahant. The dry and wet cycle is a natural population control in many ecosystems. Species found in this situation are adapted to this fluctuation.

TABLE V

BIRD SPECIES OBSERVED IN THE MARSH AREA
DURING SEASONAL COUNTS (1950-1971)

Species	Date	Number Observed
Sora	1950**	2
Sora	1955**	3
Sora	1955**	2
Virginia Rail	1950**	1
Long-billed Marsh Wren	1954**	1
Long-billed Marsh Wren	1955**	4
Blue-winged Teal	1971**	(many)
American Wigeon	1971**	2
Blue-Winged Teal	1971**	25
Lesser Scaup	1971**	1
Coot	1971**	6
Semipal. Plover	1971**	1
Killdeer	1971**	(not recorded)
Lesser Yellowlegs	1971**	30
Pectoral Sandpiper	1971**	50
Long-billed Dowitcher	1971**	1
Swamp Sparrow	1955***	5
Savannah Sparrow	1955***	1
Swamp Sparrow	1956***	1
Meadowlark	1956***	1
Marsh Hawk	1956***	2
Rough-legged Hawk	1956***	1
Golden-crowned Kinglet	1956***	4
Swamp Sparrow	1958***	1
Savannah Sparrow	1958***	1
Red-winged Blackbird	1958***	162
Common Grackle	1958***	103
Brown-headed Cowbird	1958***	3
Rusty Blackbird	1958***	3
Red-winged Blackbird	1963***	8,000
Red-winged Blackbird	1964***	7,000
Common Grackle	1964***	200
Red-winged Blackbird	1970***	600
Red-winged Blackbird	1973***	3,150
Common Grackle	1973***	173

*The above listings do not provide a complete review of species in the area. Additional information on other bird species probably found near Nahant Marsh is found in Appendix B, Exhibit #2 of the FEIS. The lists do provide a quantitative listing of specific species observed in the marsh area at certain times. Of particular note was the presence of Marsh Hawk during the 1956 count. This species is on the blue list of endangered species.

**Summer
***Winter

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TABLE VI

MAMMALS OF NAHANT MARSH

Mammals observed in the area:

- muskrat
- mink
- cottontail rabbit
- mice species

Mammals probably found in the area:*

- opossum
- short-tailed shrew
- feast shrew
- raccoon
- long-tailed weasel
- Franklin's ground squirrel
- meadow mole

Mammals migrating through the area:

- deer
- bat species
- striped skunk
- spotted skunk

*refer to: Appendix B, FEIS

WILDLIFE RESOURCES

20. Generally, wildlife is limited to species found in a marsh-meadow community. However, three factors contribute to temporary fluctuations in species population and diversity:

(a) vegetative character of the marsh

(b) migrating species; those found sporadically during the year

(c) seasonal weather changes

21. The marsh-meadow holds various animal species of an aquatic and semi-aquatic type environment. Muskrat and mink are the predominant mammal species. Vegetation such as sedge, reeds, grasses, and cattails provide food and cover for muskrats.

22. Other species of the meadow-marsh, such as amphibians and reptiles, are dependent upon the aquatic environment which provided the food source (benthic organisms, insects, small fish); and the sedges and cattails for protection.

23. Bordering the marsh-meadow and in slightly drier habitat of grasses, weeds and croplands are rabbits, mice, weasels, raccoons, and skunk. Shore birds observed in the area include killdeer, numerous sandpipers, sora, yellowlegs and plovers (see table V). Cord grass and bluepoint grass of the meadow provides food for many shore birds and ducks.

24. The type of waterfowl that utilizes Nahant Marsh is dependent upon season and fluctuation of water level in Nahant. During the summer months, the water level is low. During this time the area

is utilized to rear ducklings. The area provides habitat for teal (both blue-winged and green-winged). In addition, the area provides the habitat for mallards to rear their young. This area is a secondary preference source of a mallard compound to the preferred open water of sloughs and ponds of the Mississippi River flood plain. Surrounding vegetation allows predation on ducklings. During the fall, water level is still at a low elevation. The marsh provides a temporary resting area for migrating waterfowl. Since the marsh is frequented by humans, the waterfowl utilize the area during late evening through early morning. The reluctance of waterfowl to use the area during the day is caused by the hunting pressure on the waterfowl in the surrounding area. The species that utilize the marsh during the season are mallard, pintail, gadwall, green-winged teal, and shoveler. During the winter, the waterfowl have migrated out of the area. In spring, the ponding of interior drainage and flooding produces sufficient depth of water to attract the diving ducks and geese. The puddle ducks utilize the flooded fringes of the marsh. In spring, the ducks have no reluctance to utilize the area because of three factors. One, hunting pressure does not exist. Two, this time of year is the breeding season for many ducks relaxing the wariness of waterfowl. Three, more surface area is exposed providing a buffer zone from predators. The geese utilize the area only as a temporary nesting area on the migration to the breeding ground. The only species of geese to use the marsh is the canada goose. The whitefront, blue, and snow geese pass through this area in the fall but utilize a different returning path to the breeding ground which excludes them from the area. The puddle ducks which utilize the flooded fringe area of the marsh are mallard, gadwall, pintail, green-winged teal, blue-winged teal and shoveler. Few wood ducks

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frequent the marsh because the habitat is not suited to their requirements. The diving ducks that utilize the area are predominantly greater and lesser scaup. Redhead and canvasbacks will frequent the area, but in smaller numbers. The flooded center portions of the marsh are just as attractive to these species, but the global population has been rather small for several years. Since the diving ducks utilize this area, the widgeon which is classified a puddle duck, because of its feeding habits, will associate with them. Coots will be in Nahant during both fall and spring.

25. Mobile animal species utilize the marsh as a stopover point for cover and rest. Examples are various waterfowl species as indicated in paragraph 24. Species such as deer and bats utilize the area mainly for movement from home to the feeding area or the bluff area to the river. In that mobile animals use the area relatively little, their effects and use of the area are small.

26. Another factor determining the character of the marsh is the changes that control the marsh environment. A marsh such as Nahant is a middle ground between true aquatic and terrestrial environments. This situation leads to a great potential change of vegetation and wildlife characteristics. During wet years, species composition favors cattails, arrowhead, certain sedge species, duckweed and rushes providing good habitat and food for various ducks, shore birds, raccoons, and muskrats. During drier seasons and in fringe areas around the marsh, grasses, sedges, flowering plants, small trees and bushes provided adequate cover for rabbits, mice and moles. During both wet and dry periods, species population and habitat cover are such that predator species that exist in the

area (mink, hawks, and an occasional fox) are provided with an adequate food supply. In summary, these factors contribute a great deal in maintaining a balance found in this type of marsh-meadow ecosystem, both as a wildlife resource and a vegetative community.

SEDIMENTATION AND DRAINAGE

27. If 100 percent entrapment of silt from the interior drainage (the average unit weight of sediment yield, 75 pounds per cubic foot) occurred, the sediment deposited in Nahant Marsh would be 1.33 acre-feet per year. This sedimentation would raise the bottom elevation of Nahant Marsh by the average depth of 0.15 inches per year. Some sedimentation would occur during high water periods on the Mississippi River. The source of the sediment would be backwater during periods of flooding from the Mississippi River. The particle size of the suspended load would be in the very fine silt range.

28. One entrance point for silt from the river is at the south end of the marsh at Wapello Avenue. Before the flood water enters through the culvert in Wapello Avenue, the flood water passes through the culverts of I-280 and the railroad embankments. The second entrance point is the culvert through the railroad embankment east of Nahant Marsh. The flood water enters through two culverts.

29. Therefore, the flow is restricted at the entrance points to Nahant Marsh. The restricted flow coupled with the relatively few times that the river floods in a 100-year period, indicates the sediment source from the river is insignificant when compared to the amount of sediment that the interior drainage would contribute. The industrial areas would contribute much less than agricultural areas and future industrialization of agricultural lands would tend to reduce the sediment loads. To this extent, the estimate of the sediment yield as described above may be high. As the industrial complex develops, the sedimentation from the agricultural lands will decrease. However, the actual volume of flow will increase with increased industrialization.

CULTURAL AND SOCIAL

30. The required lands for management of Nahant Marsh and a buffer zone would necessitate buying three parcels of land. This land is owned by the Prignitz Estate, 52 acres; H. Dick Nobis, Summitt Hill, Inc., 36 acres; and the Scott County Sportsman's Association, 75 acres. The above acreages contain 27, 17, and 54 acres of marsh-meadow, respectively.

DEVELOPMENT

31. Since the industrial development adjacent to Nahant Marsh will; (1) affect the sediment yield; and (2) the pollution level of the runoff, an estimated rate of industrialization is needed to evaluate the required protection and to determine the longevity of Nahant Marsh. The zoned west industrial area consists of 1,000 acres. All the industrial development of the 1,000 acres has been since 1953. By 1970, approximately 80 acres of area was developed for industry. From 1970 to October 1974, an additional 95 acres has been developed. The trend for industrial development in Davenport's west industrial area indicated that a large percent of the remaining area will be developed in the next 10 to 20 years. As stated previously, the watershed for Nahant Marsh, including the marsh itself, is 700 acres. Two hundred fifty acres of this watershed is projected to become developed into an industrial complex in the next 10 to 20 years. Sedimentation after development is completed will originate from the 200 acres of bluff area northwest of Highway 22 (plate I). The drainage pattern through the industrial complex will facilitate rapid movement of the suspended sediment through the industrial complex. In addition, an increased amount of runoff from the industrial complex will add to the flushing action of the drainage pattern. One hundred percent of the sediment yield from the bluff is expected to be passed through the industrial complex to Nahant Marsh, but an additional temporary sediment yield will be contributed during construction of the industrial complex.

32. Nahant Marsh has been regarded as a potential site for industrial and commercial development. The availability of this land has, however, been limited by a recent court decision in which the Corps of Engineers was directed to extend its responsibility to regulate the discharge of dredged or fill material to a broader classification of waters. The basis for this responsibility is Section 404 of the Federal Water Pollution Control Act Amendments of 1972. Under the expanded permit program, regulation has been extended into primary tributaries of navigable waters of the United States, lakes, and contiguous or adjacent wetlands. Nahant Marsh falls within the category of contiguous or adjacent wetlands. The permit program provides for the consideration of all concerns of the public - environmental, social, and economic - in the Corps' decision-making process to either issue or deny a permit.

33. Because development of the marsh would necessitate filling, a Section 404 permit would be required. The character of the marsh and the public interest focused on the marsh would indicate that approval of such a permit would be strongly opposed. For this reason the likelihood of commercial or industrial development of the marsh is greatly reduced.

ECONOMIC EVALUATION

COST

34. The estimated cost of acquiring and preserving the marsh is $218,000. A detailed breakdown of the costs is presented in Table VII, Economic Data. It has been determined that the total cost should be divided between mitigation features and enhancement of nature study (recreation) features. All features of the plan except the access road and parking lot are considered mitigation features, with an estimated first cost of $212,000. The estimated first cost of the access road and parking lot (recreation features) is $6,000. It is estimated that the total annual operation, maintenance, and replacement cost for the mitigation features is $1,800 per year and $200 per year for the recreation features.

35. The project cost will be shared between the Federal government and the local sponsor. Cost of the mitigation features of the plan will be prorated in the same proportions as the annual cost for the flood protection portion of the Davenport flood control project. Therefore, the Federal part of the first cost and annual operation, maintenance, and replacement cost attributable to the mitigation features will be 83.5 percent and the local sponsor's part will be 16.5 percent. The first cost of the recreation features will be cost shared 50/50 with the local sponsor responsible for the annual operation, maintenance, and replacement cost. This formula results in a breakdown of Federal first cost of $177,000 and an annual operation, maintenance, and replacement cost of $1,500 for the mitigation features. The

Federal first cost is $3,000 for the recreation features. The local sponsor has a first cost of $35,000 for the mitigation features and $3,000 for the recreation features. The local annual operation, maintenance, and replacement cost is $300 for mitigation features and $200 for recreation features. Since the city is required to maintain and operate the project, it will receive a credit for the annual Federal operation, maintenance, and replacement cost of the mitigation features, which has a present worth of $24,000. Including this present worth factor, the adjusted project first cost is $204,000 Federal and $14,000 non-Federal.

However, the City of Davenport is required under the local cooperation agreement to acquire all lands and rights-of-way and operate and maintain the project after completion. The estimated land cost is $190,000. Since the cost of lands and rights-of-way exceeds the local share, the City of Davenport will be given a credit that can be applied to other cost-sharing features or reimbursed to the city.

BENEFITS

36. Provided that a general plan such as the one proposed here is implemented to perpetuate the Nahant Marsh, a variety of benefits can be achieved. Scientific research can be established through local colleges. Successional and taxonomic studies are examples of possible research projects. Several ecology and botany laboratories are presently being held by local primary education, Youth Conservation Corps, and college institutions. This trend can be expected to increase. The Nahant Marsh meadow is unique to the immediate Quad-Cities area because of its juxtaposition to urban area. It is easily accessible especially for high school and college laboratory classes. This area also

provides a place for general nature observation i.e., local bird clubs, scouting troops, conservation groups, and "just plain folks." Additional benefits could be achieved through establishing a native lowland prairie along the periphery of the marsh-meadow. Development of a prairie in conjunction with perpetuation of the marsh-meadow would provide an important and accessible outdoor laboratory for the Quad-Cities. Current use and potential use of this area indicates many benefits for research and nature study. Additional intangible benefits include continued provision of habitat for the wildlife of the area and the valuable benefit of retaining a nearly natural community as an asset of the total environment.

NATURAL VALUES IN RELATION TO CULTURAL AND SOCIAL ASPECTS

37. The value of Nahant Marsh is enhanced by the fact that it is located in an urban area. The value is lessened by the fact that it will be surrounded by an industrial complex. At present, the marsh is predominantly a sedge meadow type of wetland with some marsh. If the proposed protection is developed, the flooding of the marsh can be controlled to produce a greater percentage of marsh as compared to meadow. If a maximum ponding is utilized as a management tool, the meadow will be reduced to a narrow fringe around the marsh. The flooded flats which are another type of wetland will be eliminated. This area could be established as a bottom land prairie. This area will be between 554 which is maximum ponding and 560 feet which is the original extent of the flooded flat. On the upper elevation of the original flooded flats, the natural successional stages will be advanced by screening plants to provide an aesthetically appealing surrounding for nature viewing.

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TABLE VII
ECONOMIC DATA

ESTIMATED COST MITIGATION FEATURES

Description	Quantity	Unit	Unit Price	Amount
LANDS AND DAMAGES				190,000
OUTLET STRUCTURE				
Reinforced Concrete	19	cy	100.00	1,900
Removable panels 18' x 1'	4	ea	50.00	200
Panel guides, seals & acc.	1	job	100.00	100
INLET STRUCTURE				
Reinforced concrete	10	cy	100.00	1,000
Removable panels 18' x 1'	2	ea	50.00	100
Panel guides, seals & acc.	1	job	100.00	100
DRAINAGE DITCH				
Ditch excavation	2,000	cy	1.00	2,000
DIVERSION LEVEE				
Fill	3,000	cy	2.00	6,000
BEAUTIFICATION				5,000
SUBTOTAL				206,400
Contingencies (15% construction cost)				2,400
TOTAL LANDS AND DAMAGES, CONSTRUCTION COST				208,800
GOVERNMENT COST				
Engineering and Design				1,900
Supervision and Administration				1,300
TOTAL FIRST COST				$212,000

ESTIMATED COST RECREATION FEATURES

PARKING LOT & ACCESS DRIVE				
Fill	100	cy	2.00	200
6" crush stone surface	670	sy	5.00	3,350
BEAUTIFICATION				1,000
SUBTOTAL				4,550
Contingencies				650
TOTAL CONSTRUCTION COST				5,200

TABLE VII
ECONOMIC DATA (Cont'd)

GOVERNMENT COST	
Engineering and Design	500
Supervision and Administration	300
TOTAL FIRST COST	$6,000

ESTIMATED COST FLOOD CONTROL PORTION OF DAVENPORT FLOOD CONTROL PROJECT (From page E-46, App. 1, Davenport, Iowa, Phase I General Design Memorandum, Plan Formulation for Flood Control, dated August 1976.)

	Federal	Non-Federal	Total
First Cost	17,548,000	2,281,000	19,829,000
Annual Cost	1,264,200	249,800	1,514,000
% of Annual Cost	83.5%	16.5%	

The mitigation cost will be prorated between Federal and non-Federal on the same percentages as the annual cost of the flood control portion of the Davenport project.

ESTIMATED ANNUAL OPERATION MAINTENANCE AND REPLACEMENT COST

	TOTAL	FEDERAL	NON-FEDERAL
Mitigation features	1,800	1,500	300
Recreation features	200	0	200
Total Annual Cost	2,000	1,500	500

The City of Davenport will be responsible for the annual operation and maintenance of the project after constructed. The present worth of the Federal operation, maintenance, and replacement cost of the mitigation features can be applied to other cost-sharing features or reimbursed to the City. Present worth 1,500/year (100 year life, 6-3/8%) = $24,000.

ESTIMATED PROJECT COST	TOTAL	FEDERAL	NON-FEDERAL
First cost mitigation features	212,000	177,000	35,000
First cost recreation features	6,000	3,000	3,000
Present worth annual Federal Operation, maintenance & replacement cost		24,000	(24,000)
Adjust first cost	218,000	204,000	14,000

The City of Davenport will be required to provide all lands, easements, and rights-of-way for fish and wildlife mitigation as part of the local cooperation requirements. In accordance with 29 June 1976 letter from NCD, "Any excess in the cost of mitigation lands over and above the local share for mitigation, can be applied to other cost-sharing features or reimbursed to the local interest."

38. Because it is a natural area near an urban community, the potential for the use of the Nahant Marsh for nature observation by various individuals and groups is quite high. In order to understand the present and future use patterns of the Nahant Marsh, 13 representatives of schools and organizations were contacted. There are three general categories for the marsh area: (1) casual observation, (2) scientific research, (3) background area for the Scott County Sportsman's Association.

39. A preliminary use survey (table VIII) was made to determine the education institution's knowledge of Nahant Marsh. Their responses fall into three categories. One, the institution is currently using the area for laboratory classes. Two, the institution has no knowledge of Nahant Marsh. Three, the institution has knowledge of Nahant and plans to use this area in the future. This survey is not conclusive, nor is the list of groups complete; however, a general concern over perpetuation of the marsh and the acknowledged use of the area has been indicated.

PROBLEMS

40. A source of opposition to perpetuating the marsh has been the reduction of available area for industrial development. The perpetuation of the marsh would remove approximately 163 acres from the 1,000 acres of Davenport's west industrial-zoned area.

TABLE VIII

ORGANIZATIONS CONTACTED ABOUT MARSH USE

Organization	Comment
Chuck Weste Fairmont School Davenport	has used the area in the past year for nature study and will continue to use it.
Assistant Director of Outdoor Education in Bettendorf	fourth and fifth grades utilize the area for general ecology.
Rock Island High School	does not use this area; uses Sunset Marsh instead.
Augustana College Rock Island	two papers were done about the marsh through the Quad-Cities Graduate Center in 1973; ecological research planned for 1975.
Marycrest College Davenport	used every other year as ecology laboratory and will continue future use.
Scott County Sportsman's Association	uses the area as a backdrop for trap and skeet range; no anticipated change in use pattern.
Joe Moore Muscatine & Scott County School System	showed an interest in the area; for specific information, referred to local schools.
West High School Davenport	has used the area for nature observation.
Youth Conservation Corps	1974 was the first year in the area; however, Nahant Marsh is an area for future research.
Central High School Davenport	No use.
Boy Scouts of America	was not acquainted with the area, but showed interest in future use.
Tri-City Bird Club	sporadic individual trips to the marsh.

This source of opposition has been lessened, however, by recognition of the difficulty of obtaining a Section 404 permit for necessary filling prior to development. The perpetuation of the marsh will not affect the industrial development of the remaining higher elevation agricultural lands.

41. The main requirement for perpetuation of the marsh lies in ownership of the entire marsh and meadow area with a buffer zone. The proposed plan may include acquiring a flooding easement area with the Scott County Sportsman's Association to elevation 554. The Scott County Sportsman's Association does not object to perpetuation and development of marsh habitat if they can still operate the shooting facility. If public ownership of the 163 acres and the easement are not obtained, the marsh will be eventually destroyed by natural and man-induced causes.

CONFLICT OF INTEREST

42. The proposal of joint usage of Nahant Marsh was made to preserve both a unique nature viewing area and the unique recreational opportunity provided by registered skeet shooting. These two types of activities result in conflicts but they are conflicts that can be resolved with proper management. A means to resolve the conflicts would be scheduling of use for the shooter and the nature viewer. A schedule that appears to be workable would be nature viewing from dawn to mid-afternoon Monday through Friday and dawn to noon on weekends. Shooting activities would not be permitted during these hours. Such a schedule would provide ample opportunity for nature viewers and would permit shooting during those hours that

receive the majority of use at present. An additional improvement in safety conditions in the vicinity would result from increasing the height of the pistol range embankment. It is anticipated that the Davenport Park Board will be the managing agency for Nahant Marsh with assistance from local academic institutions and conservation organizations. Resolution of conflicts of use would be the responsibility of the Park Board. It is anticipated that resolution of use conflicts will not present a major problem.

POLLUTION

43. The anticipated source of pollution is the surface runoff from the industrial complex. Although the normal sewage waste will go to the treatment plant; the storm sewer runoff will not. The surface runoff from parking lots will contain salt and industrial pollutants. Lead from exhausts of vehicles will be another source of pollution from the parking areas. Herbicide and pesticide pollution may result from agricultural activities from the adjacent lands. As land use activities change from agricultural to industrial, the herbicide and pesticide pollutants will decrease, and the salt, lead and industrial pollutants will probably increase.

SILTATION

44. As stated previously, siltation will result from agricultural production on the adjacent lands. As construction of the industrial complex increases, temporary runoff from these sites will contain heavy sedimentation. After construction, the industrial complex will have extremely low siltation yields compared to the present agricultural lands.

VEGETATION AND WATER CONTROL

45. Vegetation control is dependent on the water level. Therefore, the water control is needed to control the type of wetland habitat. At present, the water level from ponding of interior drainage is reduced because of the improved drainage ditches. If the continued low water level persists, the remaining marsh will evolve to meadow type of wetland.

AESTHETICS

46. The main aesthetic shortcoming of the marsh is the surrounding industry and transportation structures. A secondary problem is the litter of past and present activities of man.

The bluff area to the north is developed residential. The area to the east is the industrial complex. The buildings are predominantly warehouses and distributing facilities. The agricultural land to the north and immediately adjacent to the east will probably be developed into similar distribution facilities.

47. The area to the south is the railroad main line of the Rock Island Lines and the rail yard for the Milwaukee Road. Main line roadbed is 15 feet higher than the marsh. The rolling stock will be another 15 feet above the roadbed. The rail yard contains water and petroleum towers that are at least 30 yards above the marsh. These towers are approximately 300 yards from the south side of the marsh. The area to the west of the marsh is paralleled by Wapello Avenue and Interstate 280. Interstate 280 is a high embankment which is the approach to the Mississippi River bridge crossing.

48. A drainage ditch has been repeatedly blasted out. The most recent was in 1974. The straight ditch lies in an east-west direction for the full length of the marsh. The ditch has been blocked through the middle of the marsh. The surrounding agricultural lands are to the edge of the marsh.

PROPOSED FEATURES OF PERPETUATION

49. The construction features of the proposed plan of protection are as follows: a low levee, two closure structures, a diversion ditch, and a possible pumping facility. The low levee will cross the east side of the marsh. The levee will tie in to elevation 556 and will have a top elevation of 556. The north one-half of this levee will require a very small amount of fill. The soil removed from the original excavation of the ditch should provide an adequate levee. The required improvements will be clearing of brush and shaping. The south one-half of the levee will require filling the ditch and construction of the entire levee. The closure structure will be at the present east end of the ditch that passed through the marsh. A new ditch must be excavated to the east side of the levee. Improvements of an existing ditch and excavation of the remaining ditch to the railroad embankments will be required to divert the interior drainage into Credit Island Slough rather than through the marsh. Culverts exist through the railroad embankment. The east and west closure structures are similar in construction (plate 2). The west closure structure will be on the east side of the twin culverts through Wapello Avenue. The gated closure structures are capable of controlling the ponding of interior drainage to 6-inch increments. The closure structures have removable 6-inch panels.

PROPOSED ACTION

50. When ownership or control through easements is obtained, the anticipated problems that must be corrected are pollution, siltation, vegetation control, water level control, and aesthetics. The proposal is to operate the gated structures to permit periodic ponding of the entire marsh to 554 feet which will create about 100 acres of marsh. The entire 100 acres of marsh are assumed to be the original extent of the area before the drainage ditches and siltation created the sedge meadow. The ponding at 554 feet will create a vegetative species succession which will evolve into a greater number of aquatic species such as reeds, cattails, and arrowhead. Numerous sedge species adapted to meadow environs will be displaced. Only along the periphery of the proposed marsh area will the sedge-meadow retain its present character. Also affected will be the flowering species found throughout the marsh-meadow. Surrounding buffer areas that are wooded will remain wooded. Croplands bordering the marsh could evolve into weedy prairie or, if managed, could be landscaped into a more natural lowland prairie. Altering the management techniques and ponding elevation would proportionally change the identity and diversity of vegetative species. The control of these marsh types may be influenced by the relative frequency flooding from the Mississippi River. The control is also dependent on the subsurface soil structure. If the subsurface is clay on top of shale layer and a clay fill railroad embankment, the possibility exists for control of vegetation by ponding of the interior drainage. Therefore, vegetation could be controlled during periods of low pool on the Mississippi

or when the protection project prevents flooding from the Mississippi River. No boring records are available that are representative of Nahant Marsh.

51. Implementing continuous ponding at 554 feet would also alter the wildlife composition in the area. Improved habitat for waterfowl and fish would occur. Muskrat habitat and populations would eventually be stabilized. Some individuals may be lost during initial ponding of the area. Other species adapted to a drier environment (rabbits, etc.) will have to adapt to adjacent habitat. For the most part, animals migrating through the area will not be affected.

52. Water level control if maintained at elevation 554 feet for a sufficient length of time would cause the destruction of a large portion of meadow vegetation. The operation and maintenance of the marsh should be conducted under close supervision of a qualified management agency. If water level were maintained at 554 feet, an extensive area of deep inland marsh with a border of shallow inland marsh would develop. To accomplish an extended ponding at 554 feet, a pumping facility would have to be developed for use during periods of low rainfall. If the water level were maintained at its present level, about 552.5, the extensive sedge meadow surrounding a marsh would be perpetuated. The reduced rainfall and the corresponding low water level during late summer and early fall is required for the meadow vegetation species.

53. The Scott County Sportsman's Association's shooting facility creates an aesthetic problem. Although the buildings and trap house are well-kept, the remains of the trap, skeet and pistol

shooting create some litter problem. The clay birds used in both trap and skeet are broken up to sixty yards in from the shooting facility. Cartons used to ship the clay birds are scattered around the shooting complex. The pistol shoot area refuse consists of expended cartridges and shot up paper targets.

MANAGEMENT TECHNIQUES

POLLUTION

54. The problems of pollution can be alleviated by a control structure, a low levee and a diversion ditch. The levee will be aligned along the east edge of the marsh. Where the present ditch enters the marsh, a control structure will be installed. A diversion ditch will be developed to carry the water southward through the railroad embankment and into Credit Island Slough. During late summer, early fall, and the early winter, the closure structure will be closed to prevent the runoff from the industrial complex from entering the marsh. During periods of high rainfall, the structure will be open to allow the marsh to be flooded to a higher elevation. During this period, the increased volume of water will dilute the industrial pollutants.

SILTATION

55. Siltation presents a difficult problem. The closure will be open which will allow overflow water from the agricultural land to enter the marsh. The main flow from the agricultural land will be diverted into Credit Island Slough. The flood of the Mississippi River will be prevented by the protection project. The adjacent land will be allowed to revert to a lowland prairie which will eliminate some siltation.

VEGETATION AND WATER CONTROL

56. Water control can be accomplished by a second closure structure. The second closure structure will be located in Wapello Avenue. During periods of high rainfall, this structure will be closed to pond the interior drainage to flood the marsh to a comparable elevation of the original flooding of the Mississippi River during periods of high flow. This interior drainage can be ponded to a higher elevation to create a change in percentage of sedge meadow to marsh. The marsh could be drained to an extremely low elevation by a temporary pumping plant during late summer to compact the silt by drying. When re-flooded, the silt will notexpand to its original size. Because of this fact, the depth of the marsh will increase. During periods of low rainfall, a permanent pump facility can be used to pump water into the marsh to pond a higher elevation to create a change in percentage of marsh to sedge meadow.

AESTHETICS

57. The problem of aesthetics in relation to the proposed recreation use will require removal of litter from the center portion of the marsh and the area adjacent to Wapello Avenue. The low industrial complex can be screened by tree plantings. The refuse from the shooting facility will be resolved by restriction of nature viewer from that area and vegetative screening. The straight line effect of the drainage ditch can be eliminated by blasting to develop pot holes. The blasting may open some springs that were silted in. The opening of the springs could increase the supply of water to the marsh without pollution during periods of low rainfall. If blasting were deemed infeasible, a drag line could accomplish the same result. The drag line would be more damaging. The resulting damage would be from the placement of pads for support in the marsh situation.

MANAGEMENT AGENCY

58. The City of Davenport is recommended to operate the closure structures. Directives will be designed to achieve the research, and ecological educational goals.

SUMMARY

59. The perpetuation and enhancement of Nahant Marsh must be evaluated with respect to all aspects. The marsh is unique because of the urban setting. All natural areas in urban environment provide aesthetical enjoyment to individuals without extensive travel. If this marsh were not in the urban environments, this unique quality would not exist. The development of a marsh ecotype can occur in a relatively short time period. One to two years after ponding, a marsh wetland can be established. A sedge meadow ecotype is not as easily established. Decades are required to produce the sedge meadow vegetation. The ease of access for day use visitation by students is also unique. This is a prime example of marsh-sedge meadow in Scott County. The day use visitation by educational institutions for nature viewing and a possible source of research would be lost if the marsh is not acquired and managed. If this marsh is subjected to any disruption of natural hydrologic processes, a sedge meadow that was developed through many decades of flooding and drought will be lost as a source of unique educational experience for the urban student and naturalist.

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Mississippi River Commission was created by an act of Congress on June 28, 1879. The Commission consists of three officers of the Corps of Engineers, one of whom is president, one from the Coast and Geodetic Survey (National Oceanic and Atmospheric Administration) and three civilians, two of whom must be civil engineers. All members are appointed by the President with the advice and consent of the Senate. The first Congressional authorization granted to the Commission was on May 15, 1928. It authorized flood protection in the alluvial valley of the Mississippi River.

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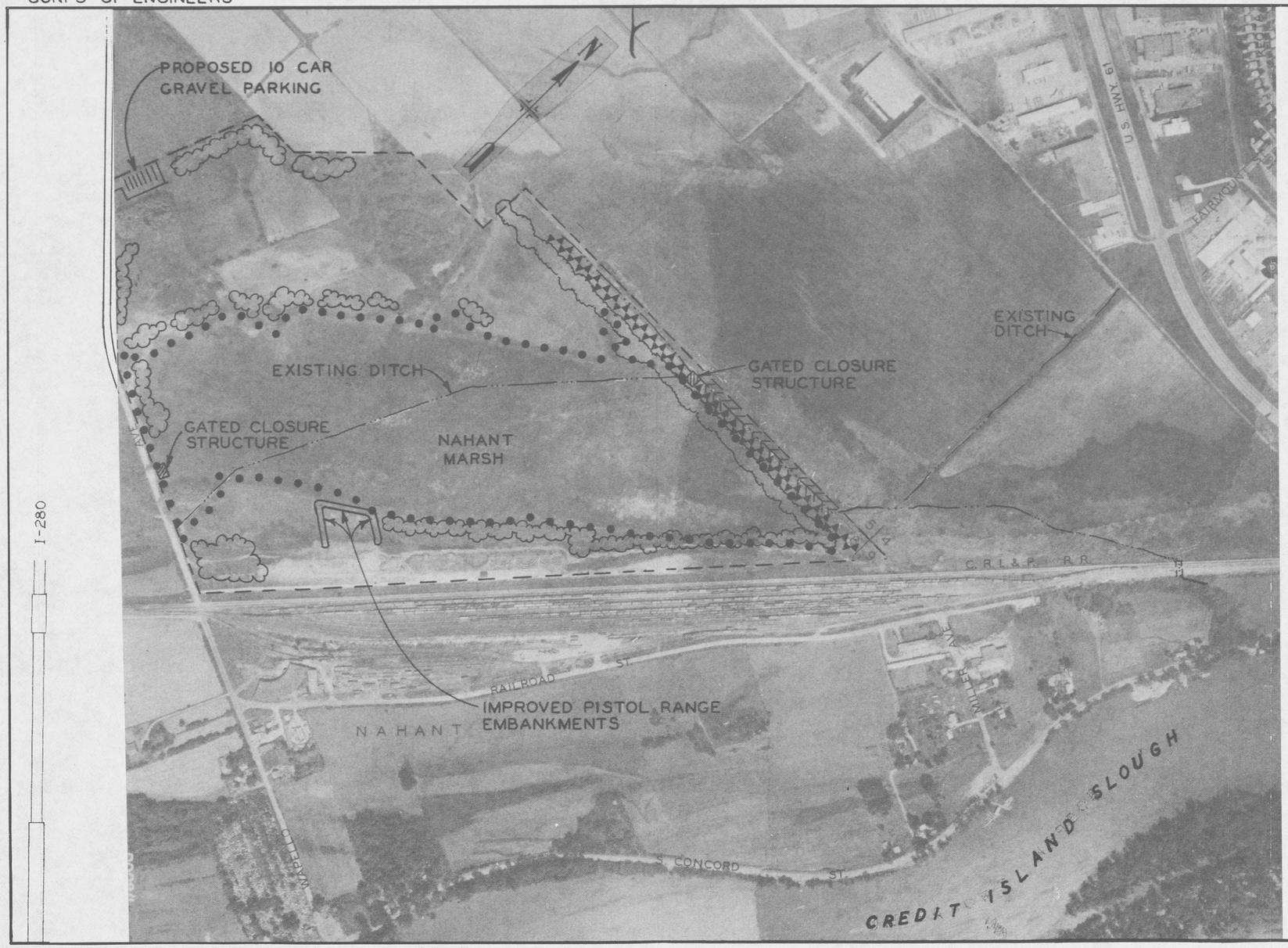
CORPS OF ENGINEERS

U.S. ARMY



LEGEND:

- PROPOSED NEW DITCH
- EXISTING DITCH
- LANDSCAPE SCREENING
- PROPOSED PROPERTY TAKE LINE
- MAXIMUM PONDING LEVEL APPROX. 554'
- PROPOSED LEVEE

DAVENPORT, IOWA
NAHANT MARSH PLAN

500 0 500 1000 1500
APPROX SCALE

CHANGE 2 – 21 MAY 79

PLATE 1-1

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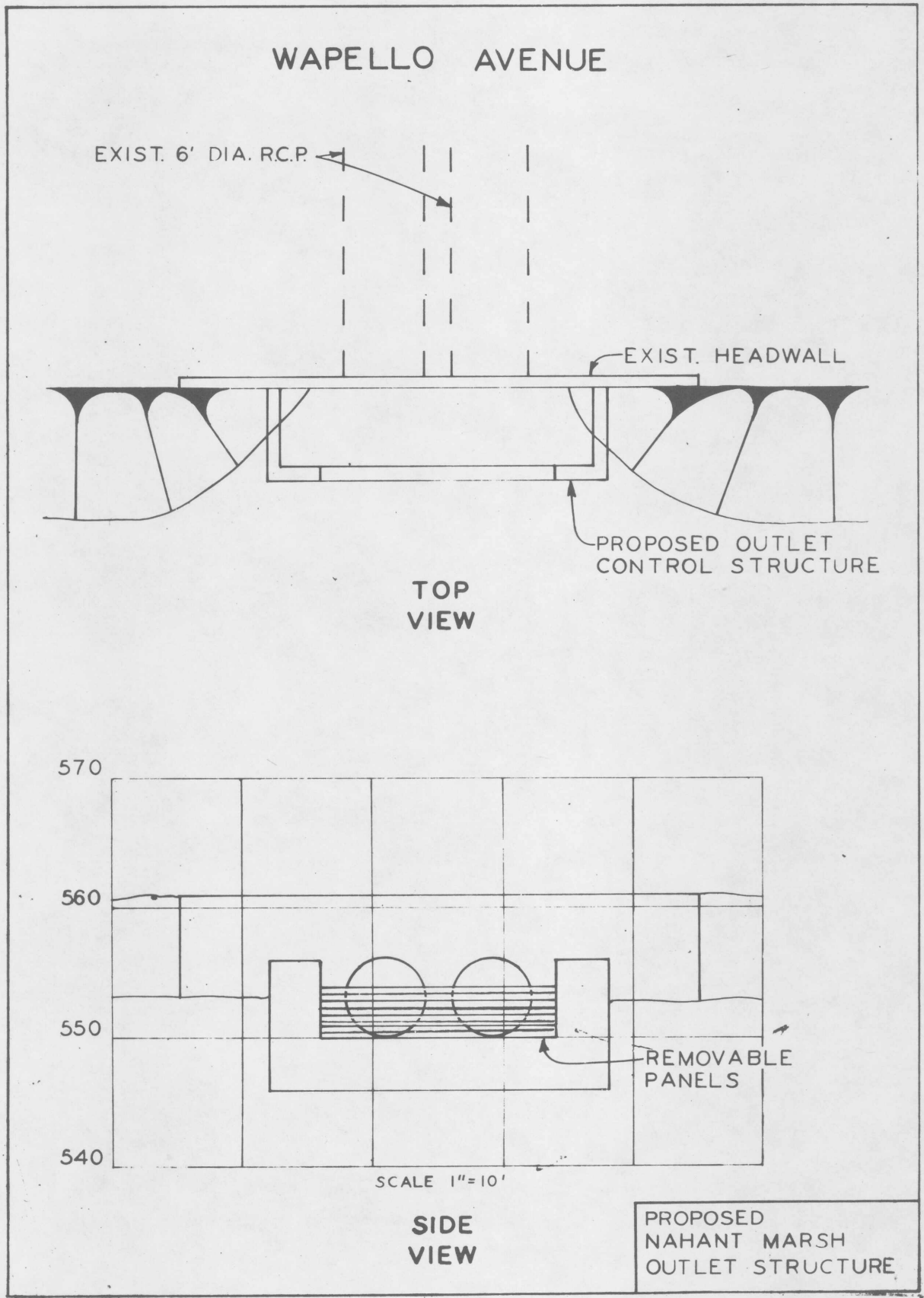
WAPELLO AVENUE
EXIST. 6' DIA. R.C.P.
EXIST. HEADWALL
PROPOSED OUTLET
CONTROL STRUCTURE
TOP
VIEW
570
560
550
540
REMOVABLE
PANELS
SCALE 1"=10'
SIDE
VIEW
PROPOSED
NAHANT MARSH
OUTLET STRUCTURE
PLATE 1-2

DAVENPORT, IOWA

LOCAL FLOOD PROTECTION
MISSISSIPPI RIVER

SPECIAL REPORT

FOR

FISH AND WILDLIFE MITIGATION AND ENHANCEMENT

Appendix 2
Statement of Findings

U. S. ARMY ENGINEER DISTRICT, ROCK ISLAND
CORPS OF ENGINEERS
CLOCK TOWER BUILDING
ROCK ISLAND, ILLINOIS

APPENDIX 2

STATEMENT OF FINDINGS

DAVENPORT, IOWA
MISSISSIPPI RIVER
LOCAL FLOOD PROTECTION PROJECT

INTRODUCTION

I have reviewed and evaluated, in light of the overall public interest, the documents concerning the proposed local flood protection project and the various alternatives studied for the Davenport, Iowa, area. I have also evaluated the views of interested agencies and the concerned public in selecting the recommended plan of protection. The proposed project is currently in the advanced engineering and design stage.

BACKGROUND

The Davenport Local Flood Protection Project was authorized by the Flood Control Act of 1970 in accordance with the provisions of House Document No. 92-161. The purpose of the project is to establish the flood protection for residential, commercial, and industrial areas within the flood plain at Davenport, Iowa.

Following a review of the authorized project, which included extensive coordination with the community of Davenport, several features of the authorized project were modified to reflect current problems, needs, and community preferences. From February 1972 to September 1973, seven workshop meetings were held. Five of these were held with various city officials to discuss project alternatives and their economic, social, and environmental effects. From November 1972 to February 1973, six neighborhood planning sessions were also held in each neighborhood within the six reaches of the project. The public review of the proposed project plan culminated in the "Preformulation Public Meeting" held in July 1973. At this time all the information and preferences discussed in the neighborhood meetings and workshops were presented to the people of Davenport. Additional review has been accomplished with the public release of the Draft Phase 1 General Design Memorandum and the Draft Environmental Impact Statement. As a result of this coordination, major changes reflecting agency and public views were made to the project as authorized; including channel improvement on Blackhawk Creek in lieu of the multiple-purpose reservoir, extension of the Mississippi River levee downstream to Interstate Highway 280, an upstream tie-off of structural protection at the Government Bridge, and a non-structural flood plain management program from the Government Bridge to McClellan Boulevard.

SELECTED PLAN

The proposed project now consists of channel improvement on Blackhawk Creek in lieu of the multi-purpose reservoir, 21,100 feet of sand levee, and 5,760 feet of floodwall extending from I-280 to the Government Bridge, and nonstructural flood plain management from the Government Bridge upstream to McClellan Boulevard. The six reaches of the proposed project are described below:

Reach 1. This is a 5,790-foot channel improvement of Blackhawk Creek extending from Telegraph Road to Credit Island Slough. Construction would consist of enlarging the existing channel and modification of six bridges.

Reach 2. This reach extends from the I-280 embankment upstream to Schmidt Road. A sand levee extends along the length of this reach from the I-280 tie-off, along the landside of Credit Island and across the causeway. Borrow material would be taken from the Mississippi River and Credit Island Slough. Gated closure structures would be installed at the I-280 railroad crossing and at both ends of the Credit Island Slough. A major pumping station is proposed at the downstream closure of Credit Island Slough.

Reach 3. This reach extends from Schmidt Road upstream to Ripley Street. A sand levee adjacent to the river would extend from Schmidt Road to the Centennial Bridge. A floodwall would extend upstream to Ripley Street. Borrow material would be taken from the Mississippi River and Credit Island Slough.

Reach 4. Reach 4 extends from Ripley Street upstream to the tie-off at the Government Bridge. A concrete floodwall would be constructed along the river. The wall would be constructed to be compatible with the downtown redevelopment plan the city of Davenport has adopted. Areas riverward of the wall would be landscaped and the area landward would be directly tied into a downtown building complex.

Reaches 5 and 6. Reach 5 extends from the Government Bridge upstream to Bridge Avenue. Reach 6 is located from Bridge Avenue along the river to McClellan Boulevard. These two reaches would have no structural flood control program except for the Davenport Water Company treatment plant within Reach 6 would be protected.

Recreation facilities to be constructed under a cost-sharing agreement between the Federal Government and the city of Davenport include bike trails, a boat launching ramp, softball fields, a soccer field, and picnicking and camping facilities.

The project should improve fishing and small-boat activities within Credit Island Slough. Improved flow through the slough should enhance water quality and improve fish habitat. Landscaping and beautification will be accomplished along the entire area.

Plans include preserving the 100-acre Nahant Marsh.

Final design and construction of the proposed project are expected to take about five years. It is anticipated that the project would be completed by 1982.

ALTERNATIVES

Non-Structural

No Program for Flood Damage Reduction. This alternative would leave the Davenport flood plain vulnerable to the conditions as they are today. Community stability during flood times would be disrupted and damage to property, deterioration of buildings, disruption of employment, and health hazards would continue. In addition, large sums of money would be needed for reconstruction of damaged property. These continued high costs and community disruption inhibit growth and stability within the Davenport community.

Floodproofing the entire flood plain including old structures is not economically justifiable. In addition, this alternative, by itself, is not locally acceptable.

Flood Plain Evacuation. Although an evacuation program would definitely preserve natural resources of the area, lack of local support and the high cost required for acquisition and evacuation of the flood plain make this alternative unacceptable.

Flood Plain Regulation. This alternative would control future use and development of the flood plain by zoning, subdivision regulation, building codes, and other locally implemented programs to insure that future development would not be vulnerable to flooding. However, the present flood hazard and damages would not be reduced. Implementation of this type of alternative would be the responsibility of State and local governments both in planning and enforcing such a policy. This alternative, in itself, does not solve the present flood problem at Davenport. It is anticipated that regulatory controls compatible with the requirements of the Flood Disaster Relief Act of 1973 will be adopted for any areas which would not be protected by structural programs.

Structural

The following discussion of alternatives consider various structures studied for each reach of the project.

Reach 1. A multiple-purpose reservoir to provide protection from a 100-year flow on Blackhawk Creek was part of the authorized project. The flood control pool capacity of this reservoir would be 5,550 acre-feet with a surface acreage of 275 acres. The reservoir site is 3.5 miles upstream of the mouth of Blackhawk Creek. This alternative included recreational development. However, the high economic cost and the change in land-use patterns were unacceptable to the local sponsor. In addition, the impacts on the natural environment in the reservoir would be greater than the impacts of the alternative channel improvement of the selected plan.

A single-purpose reservoir would provide the same flood protection as the multi-purpose reservoir. However, the flood pool would be 110 acres smaller, and recreation development would not be a part of the project. This plan was also unacceptable to local interests.

Reach 2. This reach extends along the flood plain from I-280 upstream to Schmidt Road. The only other feasible structural alternative studied for this reach is the authorized project consisting of levees and floodwall and a tie-back levee along lower Blackhawk Creek. This alternative would protect the lower reaches of Blackhawk Creek from a 200-year flood on the Mississippi River. Local interests desired protection for the planned industrial area east of I-280. This alternative alone cannot provide that protection.

Two plans for protection of Credit Island from flooding were rejected during the formulation of the Phase 1 study due to their high cost and the increased river stages which would encroach on the floodway. In addition, this protection would be incompatible with the requirement to use the Credit Island Slough as a ponding area.

Reach 3. No structural alternatives were found to be more economical or practical than the authorized plan for this reach. This reach of levees could be constructed independently of other upstream reaches.

Reach 4. Various alternative measures considered use of earth levees and removable and permanent floodwalls. All would protect the flood plain from a 200-year flood. The recommended plan was chosen because it would involve the least space, could be incorporated into the Davenport downtown redevelopment program, and would provide the flood protection preferred by the community.

Reach 5. The structural alternative would consist of a floodwall extending along the entire reach. A levee was rejected because of space limitation along the flood plain. Protection would be provided for industrial and commercial establishments in the area. A structural flood control program for this reach was not recommended owing to lack of local support, a low damage potential, and the lack of incremental justification. Elimination of protection in the reach does not adversely affect the integrity of the selected program.

Reach 6. The authorized project called for a levee system to protect the 60 acres within the 200-year flood plain of Reach 6. The space needed for levee construction and public disapproval of the aesthetic effects of this alternative precluded its use as the recommended plan. Another alternative following the same alignment involved construction of a floodwall. However, because of local disapproval, this alternative was not recommended.

EVALUATION

Environmental

The natural environment within the proposed project area is limited to the downstream reaches along Credit Island. The upstream reaches along the river have been extensively developed. In the project reach along Credit Island, a loss of lowland woods (about 44 acres) along the periphery of the island will occur. This area provides habitat for various avian species along the river. In addition, the aesthetics of the Credit Island area would be slightly degraded due to the contrasting lines of the levee. To offset some of the loss of vegetation and aesthetic quality, landscaping and beautification of the project area would be done. As part of the project, a bicycle trail and walking trail will traverse the Credit Island area and extend upstream to Perry Street. In conjunction with the proposed project, and as a part of Davenport's Riverfront Redevelopment Plan, the downstream one-third of Credit Island would be reserved as a natural area. During dredging operations, there would be a temporary adverse impact upon benthos and fisheries. An analysis of pollutants present in sediment would be accomplished before dredging would occur. However, under long-term conditions, the depth and the quality of Credit Island Slough should be improved. Construction will remove accumulated silt and operation will provide a flow through the slough to prevent stagnation.

A plan to preserve about 100 acres, known as Nahant Marsh, from secondary effects of the flood protection project is included as a mitigation and enhancement part of the flood protection project.

This marsh-meadow is located near the downstream tie-off near I-280 and the railroad yards. Without the recommended measures flood control would have altered the hydrologic processes to which the marsh owes its existence.

Two potential sites for nomination to the National Register for Historic Places will be affected by construction. Coordination with the Iowa State Historic Preservation Officer (SHPO) has indicated no major objection to date. Further coordination with the SHPO in accordance with various Federal laws will be made to insure proper recognition and conservation of these sites. Additional investigation of undisturbed areas for cultural resources along the project right-of-way has been made since release of the Draft Environmental Impact Statement.

Social Well-Being

The proposed project would primarily reduce flood damage to residential areas along Blackhawk Creek and industrial and commercial development along the riverfront upstream to the Government Bridge.

The effects of increased flood heights caused by the project on the nearby communities and flood protection projects would be minimal. The 200-year water surface profile would be raised approximately 0.15-foot through the project area. This would not have a significant effect upon the existing 200-year flood protection at Rock Island, Illinois. One to two miles upstream the river would have its natural flow characteristics. The project would not cause any rise in floodwaters downstream of the project area.

The project would insure a continuous safe source of water by protecting the city water plant. Traffic flow and access to various city components would not be interrupted and risk to human welfare would be greatly reduced. In addition, beautification and access to riverfront areas would be provided and major new recreational facilities would be developed.

Engineering

The recommended alignment provides flood protection the local sponsor (city of Davenport) deems acceptable. Acceptance of the plan was based on land use plans, future development opportunities, adequate flood protection, interior drainage facilities, and overall community stability created by the recommended alignment. The city of Davenport has endorsed the selected plan, which includes recommendations that the city regulate development in unprotected flood plain areas.

Economics

The recommended plan provides the greatest economic return for the alternatives studied and supported by the local interests. The annual benefits are $2,210,900. The annual Federal cost is $1,441,400, and the annual non-Federal cost is $497,000 calculated at a 6-3/8 percent interest rate. The resulting project benefit to cost ratio is 1.14 to 1.

Others

There are three major subjects of public concern associated with the proposed project, they are: project effects upon water quality; the future of Nahant Marsh and the Davenport riverfront; and, effects on the archaeological-historical resources of the area.

Comments on water quality were received from the Environmental Protection Agency (EPA), Department of the Interior, and the Iowa Conservation Commission. Anticipated effects of dredging upon the water quality of Credit Island Slough and the Mississippi River have been evaluated in the EIS and General Design Memorandum. The long-term effect should be beneficial in that the slough presently is nearly silted in and would be deepened and opened to water flow. Concern has also been expressed about the release of toxic material from bottom sediments during dredging. Bottom sediments have been collected and analyzed by the EPA. Appropriate action for disposal or confinement of contaminated materials will be taken.

The second subject of concern is the future of the natural resources of the Davenport riverfront and Nahant Marsh. The aesthetic, natural, and recreational value of the riverfront is recognized by the city. The city has expressed the need of preserving the riverfront's natural features, and enhancing the recreational opportunities along the riverfront at Davenport. Recreation facilities and landscaping are included as part of the project. These plans are also a part of the Riverfront Plan endorsed by the city of Davenport. This plan, developed by a private firm, proposes the riverfront and Credit Island to be retained as a recreational and natural area for the city of Davenport. The design of the levee and the recreation and landscaping features proposed by the Corps were developed to be a part of the Riverfront Plan for Davenport. EPA, Department of the Interior, and Iowa Conservation Commission have also expressed their concern over the future of a 100-acre area known as Nahant Marsh.

As a result of the increased flood protection offered by the proposed project, the natural processes that sustain the Nahant Marsh would be disrupted. The proposal by the Corps of Engineers

and supported by the city of Davenport to preserve this area for future nature study has been reviewed by the Fish and Wildlife Service and is part of the recommended plan.

Final development of this plan will be coordinated with the U.S. Fish and Wildlife Service, Iowa Conservation Commission, and the city of Davenport.

Officials also expressed concern over the possible effects of the proposed project upon cultural resources. Identification, evaluation and conservation of these resources will continue to be coordinated with the State Historic Preservation Officer.

CONCLUSIONS

I find the proposed action to be based on a thorough analysis and evaluation of alternative proposals for providing flood protection for the city of Davenport. The recommended plan takes into account preservation and enhancement of natural and cultural elements of the community. Adverse effects will be offset or reduced by design of the proposed project and by landscaping and beautification of the project area. Therefore, I recommend that the selected plan be implemented.

31 Aug 76
(date)

DANIEL L. LYCAN
Colonel, Corps of Engineers
District Engineer

STATEMENT OF FINDINGS

DAVENPORT, IOWA
MISSISSIPPI RIVER
LOCAL FLOOD PROTECTION PROJECT

I concur with the preceding Statement of Findings.

13 Dec 76
Date

ROBERT L. MOORE
Brigadier General, USA
Division Engineer

I concur with the preceding Statement of Findings.

31 Nov 76
Date

DRAKE WILSON
Brigadier General, USA
Deputy Director of Civil Works

DAVENPORT, IOWA
LOCAL FLOOD PROTECTION
MISSISSIPPI RIVER

SPECIAL REPORT

FOR

FISH AND WILDLIFE MITIGATION AND ENHANCEMENT

APPENDIX 3

PERTINENT CORRESPONDENCE

U. S. Army Engineer District, Rock Island
Corps of Engineers
Clock Tower Building
Rock Island, Illinois

96-988 O - 82 - 7

APPENDIX 3

PERTINENT CORRESPONDENCE

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Letter from William Martin, Assistant Regional Director, US Department of the Interior, F&WS, dated 10 May 1976	1-1a
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Letter from the Honorable Charles J. Wright, Mayor of the City of Davenport, dated 2 June 1978	3-3a

United States Department of the Interior

FISH AND WILDLIFE SERVICE
Federal Building, Fort Snelling
Twin Cities, Minnesota 55111

IN REPLY REFER TO:
LWR

MAY 10 1976

Colonel Daniel L. Lycan
District Engineer
U.S. Army Engineer District
Rock Island
Clock Tower Building
Rock Island, Illinois 61201

Dear Colonel Lycan:

On April 8, 1976, we met with your staff to discuss our recommendations to protect Nahant Marsh as a measure to minimize wildlife resources losses in respect to Davenport Flood Control project. Although we had not yet received a written response to our recommendations for the protection of Nahant Marsh, on May 3, 1976 we conducted a field investigation of the marsh with members of your staff. At that time, we discussed a management plan for the marsh and measures needed for its protection.

Nahant Marsh is the last remaining wetland area in Davenport that is readily accessible to sportsmen, bird watchers, nature study groups and other interested Quad-City residents. The two hundred-year flood protection provided by the project would encourage flood plain development and fill activities in and around the marsh. Eventually, urban expansion would destroy Nahant Marsh.

We support your plan to protect and improve the marsh. The gated structure in the culvert under Wapello Avenue is of particular interest to us. During high flows on the Mississsippi River, the gates will be open to allow free interchange of water and aquatic organisms between the marsh and river. As flood waters recede, the gated structure could be closed to hold water in the marsh. Retaining a substantial amount of water in the marsh over one or two growing seasons would break up homogeneous stands of vegetation that now characterize the marsh. With increased water levels, new vegetation would appear, which would increase diversity and provide new habitat for different kinds of organisms. Higher water levels also would enhance recreational opportunities for Davenport residents interested in fishing, bird watching, nature study, and bow fishing.

To preserve Nahant Marsh, we recommend the following features be incorporated as part of the flood control project:

1. A gatewell be installed in the culvert under Wapello Avenue.

2. A 10-car parking lot be constructed near the gated closure structure.

3. The marsh be flooded to an elevation that would be inundated by a 5-year frequency flood.

4. Pumping be used to augment low water levels in the marsh for at least two growing seasons.

5. A levee be constructed along the marsh's northeast border. This would prevent encroachment into the marsh and allow farming during high water levels.

We welcome the opportunity to participate with the Corps of Engineers and the City of Davenport to protect and preserve Nahant Marsh as a part of the Davenport Flood Control Project.

Sincerely yours,

Assistant Regional Director
Environment

cc: Iowa Conservation Commission

CITY OF DAVENPORT

DAVENPORT, IOWA

August 18, 1976

Colonel Daniel L. Lycan
District Engineer
US Army Engineer District, Rock Island
Clock Tower Building
Rock Island, Illinois 61201

Dear Colonel Lycan:

This is in reply to your letter of August 10, 1976 in which you requested that the City provide its views on increasing the level of protection above the 200-year design recommended in the Draft Phase I General Design Memorandum of February 1976.

We have reviewed the information in your letter concerning Standard Project Flood Protection, and members of my staff have communicated further on details with your planning and design elements.

The City prefers the 200-year level of protection. During the formulation of the recommended project, the professional staff of the City and citizen advisory groups worked closely with the Corps on the development of design features, project alignments, and levels of protection. Our professional staff favored a level of protection in the 100- to 200-year frequency range. During the numerous public meetings jointly sponsored by the City and the Corps, strong opposition to high levees was expressed by a significant portion of the people because of the interference with river vistas and river access. Most people favored a levee no higher than the record flood of 1965. A strong, organized opposition is expected if a level of protection higher than the 200-year level be proposed, and the City would probably deem the project to be unacceptable.

We understand that great floods, such as the Standard Project Flood, could exceed the design limit of the 200-year levees, with the possibility of overtopping and failure. However, considering present-day techniques of river stage forecasting and the slow-rising nature of the Mississippi, we believe temporary evacuation and raising the levee would be possible in the remote event that a 200-year flood should be predicted to be surpassed.

We are also aware that the level of protection which would provide the highest economic return on investment, using current Federal interest rates and economic procedures, would require a levee about one foot higher than the 200-year design. However, we do not believe the moderate increase in economic benefits should influence us, considering the objections which may be raised by Rock Island (with a 200-year project), the delays in

project construction which would be induced by redesign and recoordination, and the increase in project costs associated with delays. The project does not enjoy a high benefit-to-cost ratio at the present time, and it is feared that increasing costs and interest rates, or changing criteria, might result in an unjustified project if it is not constructed very soon.

All things considered, including the residual hazard with the construction of a 200-year project, I believe the interest of the citizens of Davenport can best be served by constructing the 200-year project as soon as possible. I do not believe further consideration of a higher degree of protection is warranted, in view of both the real need to get a project completed promptly and the increase in project costs and interest costs associated with redesign and recoordination delays.

The City wholeheartedly supports the proposal for more recreational development and will accept the inclusion of the Nahant Marsh preservation plan.

If there is anything else the City can do stimulate completion of the project, we will be happy to cooperate.

Best wishes and kindest personal regards.

Sincerely,

Robert J. Duax
Mayor

RJD/jl

CITY OF DAVENPORT
OFFICE OF THE MAYOR
DAVENPORT, IOWA 52801

CHARLES J. WRIGHT
MAYOR

June 2, 1978

Colonel Daniel L. Lycan
District Engineer
U.S. Army Engineer District, Rock Island
Clock Tower Building
Rock Island, Illinois 61201

Dear Colonel Lycan:

Pursuent to a joint staff meeting of 5/25/78, this is to advise you that the City of Davenport concurs that the preservation of Nahant Marsh should be incorporated as part of the flood control project for Davenport. If it is included as part of the flood control project, the City will provide the required local cooperation agreements which are:

a. To bear 16.5 percent of the Nahant Marsh preservation cost attributable to mitigation of fish and wildlife features,

b. To bear 50 percent of the preservation cost attributable to recreation features,

c. To aquire all land, easements, and rights-of-way necessary for the Nahant Marsh preservation plan, with the City receiving a credit for the land acquisition cost that exceeds the City's share. This credit will be applied to other cost-sharing features or reimbursed to the City.

d. To maintain and manage Nahant Marsh for fish and wildlife purposes after the project is completed, with the city receiving a lump sum payment to provide for the estimated annual cost of maintenance of fish and wildlife features.

It is my understanding that the city's costs are presently estimated to be $35,000 for mitigation of fish and wildlife features and $3,000 for recreation features.

I also understand that the lump sum payment to the city for future operation and maintenance of fish and wildlife features is presently estimated at $24,000.

Sincerely yours,

Charles J. Wright
Mayor of Davenport

CC: Del Borgsdorf
Charles Heston

DAVENPORT, IOWA
LOCAL FLOOD PROTECTION
MISSISSIPPI RIVER

SPECIAL REPORT

FOR

FISH AND WILDLIFE MITIGATION AND ENHANCEMENT

DISTRIBUTION LIST

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CORPS OF ENGINEERS
CLOCK TOWER BUILDING
ROCK ISLAND, ILLINOIS

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Rock Island, Illinois 61201

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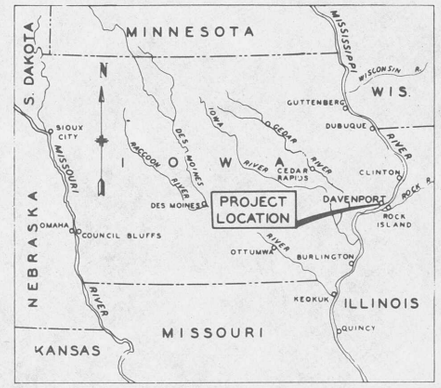
○

CORPS OF ENGINEERS

U. S. ARMY

DAVENPORT
IOWA



VICINITY MAP

SCALE IN MILES

PLAN

LEGEND:

- EXISTING LEVEE
- NEW LEVEE WITH ROAD (PROPOSED)
- NEW LEVEE (PROPOSED)
- PROPOSED FLOODWALLS
- CITY DUMP & PROPOSED FUTURE PARK
- PROPOSED BLACK HAWK CREEK CHANNEL IMPROVEMENT
- (C) PROPOSED CLOSURE STRUCTURE
- (R) PROPOSED RAMP
- (B) NEW BRIDGE OVER BLACKHAWK CREEK
- LIMITS OF FLOODING - MISSISSIPPI RIVER (200 YEAR FREQUENCY)
- LIMITS OF FLOODING - BLACK HAWK CREEK INDEPENDENT FLOWS (100 YEAR FREQUENCY)

REVISION	DATE	DESCRIPTION	BY

CORPS OF ENGINEERS, U. S. ARMY
OFFICE OF THE DISTRICT ENGINEER
ROCK ISLAND ILLINOIS

DRAWN BY
TRACED BY
CHECKED BY
SUBMITTED
CHIEF, DESIGN BRANCH
RECOMMENDED
CHIEF, ENGINEERING DIVISION
APPROVED
COL. CORPS OF ENGINEERS DISTRICT ENGINEER ROCK ISLAND DISTRICT
DATE

MISSISSIPPI RIVER
DAVENPORT, IOWA
LOCAL FLOOD PROTECTION
PLAN OF IMPROVEMENT

1000 0 1000 2000
SCALE IN FEET

SHEET DRAWING NO
INVITATION NO. DACW25 B

PLATE 1

96-988 O - 82 (Face blank p. 94)

97th Congress, 2d Session - - - - - - House Document No. 97-219

SUPPLEMENTAL APPROPRIATIONS

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

PROPOSED SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 1982 AND AMENDMENTS TO THE REQUEST FOR APPROPRIATIONS FOR FISCAL YEAR 1983



AUGUST 2, 1982.—Referred to the Committee on Appropriations and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1982

32-016 O—83——1 (Pt. 1) BLR

THE WHITE HOUSE,
Washington, July 30, 1982.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I ask the Congress to consider requests for supplemental appropriations for fiscal year 1982 totaling $11,755,000 and amendments to the request for appropriations for the fiscal year 1983 totaling $352,996,000.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

RONALD REAGAN.

Enclosures.

Estimate No. 14
97th Congress, 2nd Session

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 30, 1982

The President

The White House

Sir:

I have the honor to submit for your consideration requests for supplemental appropriations for fiscal year 1982 totaling $11,755,000 and amendments to the request for appropriations for the fiscal year 1983 totaling $352,996,000.

I have carefully reviewed the proposals contained in this document and am satisfied that these requests are necessary at this time. I recommend, therefore, that these proposals be transmitted to the Congress.

Respectfully,

David A. Stockman

David A. Stockman
Director

Enclosures

(1)

Legislative Branch

Senate

Offices of Majority and Minority Leaders

For an additional amount for "Offices of Majority and Minority Leaders", $120,000.

Offices of the Secretaries for the Majority and Minority

For an additional amount of the "Offices of the Secretary for the Majority and the Secretary for the Minority", $100,000.

1983 Appendix Page	Heading	1982 Supplemental Request Pending	1982 Proposed Amendment	1982 Revised Request
III-4	Miscellaneous items	$653,000	$285,000	$938,000

These proposals would increase 1982 outlays by $505 thousand.

Legislative Branch

Senate

1983 Budget Appendix Page	Heading	1983 Request Pending	1983 Proposed Amendment	1983 Revised Request
I-A1	Offices of the Majority and Minority Leaders	$660,000	$120,000	$780,000
	Office of the Sergeant-at-arms and Doorkeeper	28,163,000	307,000	28,470,000
	Offices of the Secretaries for the Majority and Minority	617,000	100,000	717,000
	Agency contributions and longevity and merit compensation	16,971,000	53,000	17,024,000
	Automobiles and maintenance	96,000	15,000	111,000
	Miscellaneous items	39,543,000	-477,000	39,066,000
	Stationary (revolving fund)	51,000	-20,000	31,000

These proposals would increase 1983 outlays by $98 thousand.

DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION

Participation in U.S. Expositions

For necessary expenses for designing, fabricating, installing and dismantling exhibits, and operating a Federal Pavilion in the Louisiana World Exposition, $10,000,000, to remain available through September 30, 1985, including not to exceed $65,000 for official entertainment of officials of other countries when specifically authorized by the Commissioner General. These funds shall be available only upon enactment into law of authorizing legislation.

This supplemental would support Federal participation in the 1984 Louisiana World Exposition. This proposal would increase outlays by $1 million in 1982, $5.7 million in 1983, $2.8 million in 1984, and $500 thousand in 1985.

DEPARTMENT OF EDUCATION
SPECIAL INSTITUTIONS

Howard University

Budget Request Pending	Heading	1982 Supplemental Request Pending	Amendment	1982 Revised Request
III-22	Howard University	$5,808,000	language	$5,808,000

(In the appropriation language under the above heading insert and the appropriation of funds for the university for construction shall not preclude it from being eligible for other Federal programs providing assistance in financing similar construction immediately after "expended".)

This proposed language change would allow Howard University to apply for construction assistance under other Federal programs for which it would be eligible if it did not receive funds appropriated directly for construction. This proposal would not affect outlays.

DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

School Assistance in Federally Affected Areas

Funds appropriated in Public Law 94-303 for fiscal year 1976 payments under subparagraphs (A), (B), (C), and (D) of Section 305 of the Education Amendments of 1974 remaining available after all claims have been paid shall be available, without fiscal year limitation, for fiscal year 1982 payments under section 3 of the Act of September 30, 1950, as amended (20 U.S.C. ch. 13), in accordance with Public Law 97-92, as amended, and funds made available in fiscal year 1982 for section 7 of the Act of September 30, 1950, as amended (20 U.S.C. ch. 13), shall remain available until September 30, 1983.

DEPARTMENT OF THE TREASURY
OFFICE OF THE SECRETARY

Budget Appendix Page	Heading	1983 Budget Request	1983 Proposed Amendment	1983 Revised Request
I-R2	Impact Aid	$287,760,000	Appropriation language	$287,760,000
	(In the appropriation language under the above heading delete the phrase beginning with "Provided further, That funds appropriated under Public Law 94-303" and ending with "Section 7 of the Act:".)			

This proposed appropriation language would permit the unused funds appropriated in 1976 to be used for payments to school districts eligible under Section 3(d)(2)(B) of the Act of September 30, 1950. The 1983 budget proposed that these funds be used for disaster assistance payments to school districts. This proposal is being withdrawn. Appropriation language is also being proposed to extend the availability of disaster assistance funds appropriated in 1982 to September 30, 1983. This proposal would increase 1982 outlays by $7 million.

DEPARTMENT OF THE INTERIOR

FISH AND WILDLIFE SERVICE

Budget Appendix Page	Heading	1983 Request Pending	1983 Proposed Amendment	1983 Revised Request
I-M25	Resource management	$218,922,000	$2,954,000	$221,876,000
	In the appropriation language under the above heading, insert the following immediately after "protection of the species.":)			
	That notwithstanding any other provisions of law, the Secretary is authorized to enter into contracts with state and local governmental entities, including local fire districts, for procurement of services in the pre-suppression, detection and suppression of fires on conservation system units.			
I-M27	Construction	12,705,000	-2,954,000	9,751,000

The proposed budget amendment would provide funds for additional reliable and adequate firefighting equipment, ongoing fire operations training and assure availability of knowledgeable personnel. These additional appropriations would be offset by a reduction in the request for appropriations for construction. This proposal would increase 1983 outlays by $1.6 million.

DEPARTMENT OF JUSTICE

Federal Prison System
Buildings and Facilities

Heading	1982 Supplemental Request Pending (H.Doc. 97-185)	1982 Proposed Amendment	1982 Revised Request
Buildings and facilities	$36,500,000	$1,250,000	$37,750,000
(In the appropriation language under the above heading delete $36,500,000 and insert in lieu thereof $37,750,000.)			

This proposed suppplemental provides funds to acquire and renovate a deactivated Air Force facility in Mt. Laguna, California for use as a Federal prison camp. This proposal would increase 1982 outlays by $157 thousand.

DEPARTMENT OF TRANSPORTATION
U. S. Coast Guard

1983 Budget Appendix Page	Heading	1983 Budget Request Pending	1983 Proposed Amendment	1983 Revised Request
I-Q40	Operating expenses	$1,510,608,000	$67,350,000	$1,577,958,000
	This amendment would provide for full year operation of facilities and for increased operations associated with drug interdiction operations off the shores of the southeastern U.S. This proposal would increase 1983 outlays by $61.0 million.			
I-Q42	Acquisition, construction and improvements	19,200,000	265,620,000	284,820,000
	This amendment would provide the ships and aircraft equipment and facilities for increased operations off the coast of the southeastern U.S. This proposal would increase 1983 outlays by $14.9 million.			
I-Q43	Alteration of bridges	--	10,200,000	10,200,000
	This amendment would provide funds to start reconstruction of a bridge at Peoria, Illinois, which has been determined to be an obstruction to navigation. This would increase outlays by $3.6 million in 1983.			

DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION

REDEEMABLE PREFERENCE SHARES

For an additional amount for "Redeemable Preference Shares," $5,000,000, to be derived from "Railroad Research and Development," to remain available until expended.

This supplemental appropriation would allow the Federal Railroad Administration to transfer $5 million now in "Railroad Research and Development" and earmarked for the East St. Louis railroad restructuring project, to the "Redeemable Preference Shares" appropriation where other funds have been committed to the project. This proposal would not increase 1982 outlays.

General Services Administration

1983 Budget Appendix Page	Heading	1983 Request Pending	1983 Proposed Amendment	1983 Revised Request
I-V73	Federal Property Resources Service	$46,966,000	$5,728,000	$52,694,000
	(In the appropriation language under the above heading delete $6,676,000 and insert lieu thereof: $12,404,000...)			

This proposed amendment would provide for the resources to implement Presidential initiatives to improve asset management in the Federal Government through the accelerated sale of real property. This proposal would increase 1983 outlays by $5.7 million.

NATIONAL FOUNDATION FOR THE ARTS AND HUMANITIES
NATIONAL ENDOWMENT FOR THE ARTS

Salaries and Expenses

Of the sums provided for the support of projects and productions in the arts pursuant to section 5(c) of the National Foundation on the Arts and Humanities Act of 1965, not to exceed $246,000 may be made available for administering the functions of the Act and such funds shall remain available until September 30, 1983.

This proposal would transfer funds from grants to arts projects to administrative purposes to support activities necessary prior to the agency's move to the Old Post Office Building in Washington, D. C. This proposal would not measurably affect outlays.

○

97th Congress, 2d Session - - - - - - House Document No. 97-220

SUPPLEMENTAL SUMMARY FISCAL YEAR 1983 BUDGET

COMMUNICATION

FROM

THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, EXECUTIVE OFFICE OF THE PRESIDENT

TRANSMITTING

THE SUPPLEMENTAL SUMMARY OF THE BUDGET FOR FISCAL YEAR 1983, PURSUANT TO SECTION 201 OF THE BUDGET AND ACCOUNTING ACT OF 1921, AS AMENDED



AUGUST 2, 1982.—Referred to the Committee on Appropriations and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON: 1982

32-016 O—83——1 (Pt. 2) BLR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 30 1982

04487

The Speaker

of the House of Representatives

Sir:

Section 201 of the Budget and Accounting Act of 1921, as amended, requires that the President transmit to the Congress, in July of each year, a supplemental summary of the budget for the ensuing fiscal year transmitted to the Congress by the President in February of that year. The supplemental summary of the 1983 budget contains:

-- revised budget summaries and projections for fiscal years 1981-1987;

-- economic assumptions underlying the budget data;

-- a summary of estimated outlays in each of the first four years after fiscal year 1983 that will be required under continuing programs that have a legal commitment for future years or are considered mandatory under existing law; and

-- a summary of estimated outlays in future years from balances carried over from fiscal year 1983.

At the President's direction, I have the honor to transmit herewith the required supplemental summary of the fiscal year 1983 budget.

Respectfully,

David A. Stockman

David A. Stockman
Director

Enclosure

IDENTICAL LETTER TO THE
PRESIDENT OF THE SENATE

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

EMBARGOED FOR RELEASE
UNTIL 3:30 P.M. EDT
Friday, July 30, 1982

July 30, 1982

FACT SHEET

Mid-Session Review

SUMMARY: The Administration today published its Mid-Session Review, a brief update of budget and economic policy and the second of two updates of the 1983 Budget required by law. The Administration considers its most immediate fiscal priority the successful implementation of the tax measures and the entitlement and other spending reductions provided in the First Budget Resolution passed by Congress. With its heavy emphasis on the policies and underlying economic assumptions of the First Budget Resolution, this review departs somewhat from its traditional form.

I. BACKGROUND:

- o In the budget message published last February the President reaffirmed his commitment to the four-part economic recovery program that was first announced in February 1981.
  - -- Steadily reduce the rate of growth of Federal spending.
  - -- Reorder the tax code to generate new incentives for work effort, saving and investment.
  - -- Simplify and reduce Federal regulations.
  - -- In cooperation with the Federal Reserve Board, promote a steady and non-inflationary monetary policy.
- o On June 23, 1982, the Congress adopted a First Budget Resolution for FY 1983 consistent with the President's fiscal goals. The targets in that Resolution would reduce the 1983 deficit by $77 billion, and the 1983-85 deficits by $378 billion.

II. ECONOMIC UPDATE:

- o After only 18 months in office, the Administration has achieved considerable progress on the economic front.
  - -- In little more than a year the rate of inflation has been reduced by half, from 12 1/2% in the winter of 1980-81 to about 6 1/2% in the early summer of 1982.
  - -- The growth rate of Federal spending, which soared to 17.4% in 1980, has declined substantially; to 14% in 1981 and 11% in 1982.
  - -- The Economic Recovery Tax Act of 1981 reduced personal income tax rates by 5% last October and by 10% this month, with a further 10% reduction to take place July 1, 1983.

- o The recession has bottomed out and the economy is displaying the early signs of improvement that are characteristic of the turning zone of recovery. The combination of lower inflation and reduced tax rates has improved purchasing power and is helping to generate a consumer-led recovery.

  - -- Real disposable income increased at an annual rate of 3.1% during the second quarter, and real personal consumption expenditures rose by 3.0% in the second quarter, following a 2.5% rise in the first quarter.

  - -- Real hourly earnings have increased steadily since December, the first such rise in real wages in 3 years.

  - -- Reflecting the gradual improvement in housing activity, real residential construction investment grew by an annualized 3.1% in the second quarter.

  - -- Since the bottom in March, the index of leading indicators has increased by 2.2%.

  - -- Financial market conditions are gradually unwinding. The 3-month Treasury bill rate has been averaging below 11% in recent weeks, compared to a 17% peak in June of last year. The prime rate has dropped to 15 1/2% from a peak of 21 1/2% in December 1980.

  - -- During the second half of 1982 the economy is expected to grow at about a 4% inflation-adjusted annual rate, with somewhat stronger growth expected next year.

III. BUDGET PRIORITIES:

- o The Administration now considers its most immediate fiscal priority the successful legislative implementation of the tax measures and entitlement and other spending reductions provided in the First Budget Resolution passed by Congress. Fiscal restraint and reduced economic intervention by the Federal Government requires a steady follow-through during the years ahead.

- o Although different in many respects from the Administration's budget presented last February, the First Budget Resolution is consistent with the general thrust of Administration economic policy, particularly the commitment to sustained deficit reduction during the 1983-85 period as a means of strengthening prospects for steady interest rate reduction and sustained economic growth.

- o While accepting the $8.6 billion in FY 1983 defense function outlay reductions provided in the First Budget Resolution, the President reserves the right to propose alternative ways of reaching the assumed deficit levels for FY 1984 and beyond. The specific ways to achieve these reduced deficit levels will be determined in the normal budget cycle process.

IV. BUDGET HIGHLIGHTS:

The table below presents the long-range budget outlook. These totals are based on economic assumptions that generally conform to the estimates in the First Budget Resolution. This does not constitute Administration endorsement of these estimates as forecasts or as economic policy objectives. They are used instead to facilitate enactment of the vital deficit reduction measures now before the Congress.

The Budget Outlook, 1981-1987
(in billions of dollars)

	Actual	Estimate					
	1981	1982	1983	1984	1985	1986	1987
Receipts	599.3	622.1	646.5	719.9	801.1	867.1	937.5
Outlays	657.2	731.0	761.5	812.5	874.7	932.7	996.0
Surplus or deficit (-)..	-57.9	-108.9	-115.0	-92.6	-73.6	-65.6	-58.5
Addendum: Percent of GNP							
Receipts ...	21.0	20.5	19.3	19.4	19.6	19.3	19.2
Outlays ...	23.0	24.1	22.8	21.9	21.4	20.8	20.4

- The Budget Resolution conference report adopted deficit reductions of $77 billion in 1983, $131 billion in 1984 and $171 billion in 1985, for a total of $378 billion in deficit reduction measures over the 3-year period.

- Three-fourths of the deficit reduction package, or $280 billion, will be achieved by spending reductions and debt service savings. About $66 billion of the total savings will occur in entitlements and discretionary programs, and another $26 billion will come from reduced costs for Federal pay.

- When these spending cuts are implemented, the outlay share of GNP is projected to decline from 24.1% in 1982 to 21.4% by 1985.

- Implementation of the Resolution would lower the rate of growth of Federal spending from 11.2% in 1982 to 7.6% by 1985, consistent with Administration objectives as first published in February 1981.

- The tax portion of the First Budget Resolution, as reflected in the Senate Finance Committee bill, will strengthen receipts by $22 billion in 1983, $35 billion in 1984 and $43 billion by 1985, for a total of $100 billion over the 3-year period. The tax provisions focus on improvement in taxpayer compliance, the removal of obsolete incentives, and the elimination of unintended loopholes. More than three-fourths of the increased receipts will come from increased compliance and from measures that broaden the tax base. The tax bill preserves the individual rate reduction and the indexation provision enacted last year. In addition, the tax bill preserves a large part of the Administration's original business depreciation proposal.

- With passage of all the elements of the 1983 budget package, the projected deficit as a proportion of GNP will decline from 3.6% in 1982 to 1.8% by 1985.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Embargo

For release at the conclusion
of the press briefing,
approximately 3:30 P.M. (E.D.T.),
Friday, July 30, 1982

MID-SESSION REVIEW OF THE 1983 BUDGET

(IX)

32-016 O—83——2 (Pt. 2) BLR

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INTRODUCTION

For the past 18 months this Administration has steadfastly adhered to its commitment to redirect Government economic policies away from the discredited and inflationary past of excess spending, taxing, fine-tuning, and intervention. In February 1981 the President announced a four-part economic recovery program designed to: (1) reduce the rate of growth of Federal spending; (2) reorder the tax code to generate new incentives for expanded saving and productive investment; (3) simplify and reduce Federal regulations; and (4) in cooperation with the Federal Reserve Board, promote a steady and non-inflationary monetary policy.

This reformulation of economic policy is expressly designed to bolster the market-oriented private sector as the key instrument of noninflationary economic growth. The Administration recognizes that valuable resources are better left in private hands, where capital is more productively employed and prospects for improved living standards are enhanced. The old style of heavy-handed Government management and controls, spend and spend, tax and tax, has been expressly rejected.

Already there are numerous signs of progress. In little more than a year the rate of inflation has been reduced by half, from 12-1/2% in the winter of 1980-81 to about 6-1/2% in the early summer of 1982. The growth rate of Federal spending, which soared to 17.4% in 1980, has declined substantially in fiscal years 1981 and 1982. The Economic Recovery Tax Act of 1981 reduced personal income tax rates by 5% last October and by 10% this month with a further 10% reduction scheduled to take place July 1, 1983. The recession appears to have bottomed out, and the economy is beginning to display the early signs of improvement that are characteristic of the turning zone of recovery.

Last year's congressional budget resolution and the Omnibus Budget Reconciliation Act of 1981 made a significant start on curbing the unsustainable rate of growth of Federal spending commitments in the non-defense areas of the budget. The growth of entitlements will be reduced by $41 billion during the next 3 years. Overall, non-defense spending will be reduced by almost $270 billion during the 1982-87 period from the current services baseline inherited by the Administration.

Dozens of ineffective or counterproductive programs have been eliminated or reduced, inappropriate Federal subsidies have been withdrawn, and significant progress has been made in curbing fraud, waste, and abuse. At the same time the Administration has worked with the Congress to remedy the slippage in national security and military strength that had accumulated over the

years. Major efforts have been initiated to overcome pervasive deficiences in readiness, inadequate pay and benefits, and a serious underinvestment in conventional and strategic force modernization.

Notwithstanding the advances of the past year, the effort toward fiscal restraint requires a strong and steady follow-through during the years ahead. The inherited fiscal and monetary excesses of the past decade cannot possibly be solved in a year's effort. Business and financial psychology remains uncertain and hesitant in the face of widely held estimates of sizable Federal deficits and borrowing requirements. The free-spending, easy money and excess credit trends of recent years have left a legacy of recession in the economy and skepticism in the financial markets. The more rapid than anticipated unwinding of inflation was a welcome development. However, it did not occur soon enough to avoid a post-inflation economic adjustment.

These economic factors have significantly worsened the fiscal outlook for the 1982-85 period, despite the budget restraint measures that were enacted last year. In response to the higher expected deficits, financial market participants and people throughout the economy remain concerned and apprehensive over the future behavior of interest rates. If left unresolved, this anxiety is likely to diminish the vitality so necessary for lasting economic recovery. As a result of these widespread concerns, the Administration now considers its most immediate fiscal priority the successful legislative implementation of the tax, entitlement, and other spending reduction measures embodied in the First Budget Resolution passed by the Congress.

Although different in many respects from the Administration's budget presented last February, the First Budget Resolution is consistent with the general thrust of Administration economic policy, particularly the commitment to sustained deficit reduction during the 1983-85 period, as a means of strengthening prospects for steady interest rate reduction and sustained economic recovery. The Budget Resolution conference report adopted deficit reductions of $77 billion in 1983, $131 billion in 1984 and $171 billion in 1985, for a total of $378 billion in deficit reduction measures over the 3-year period. Three-fourths of this package, or $280 billion, will be achieved by spending reductions and debt service savings. About $66 billion of the total savings will occur in entitlements and discretionary programs, and another $26 billion will come from reduced costs for Federal pay.

When these spending cuts are implemented, the outlay share of GNP is projected to decline from 24.1% in 1982 to 21.2% by 1985, consistent with the Administration's commitment to shrink the size of Government and release resources for more productive private sector use. In addition, implementation of the Resolution would lower the rate of growth of Federal spending from 11.2% in 1982 to 7.6% by 1985, also consistent with Administration objectives as first published in February 1981.

The tax portion of the First Budget Resolution, as reflected in the Senate Finance Committee bill, will strengthen receipts by $22 billion in 1983, $35 billion in 1984 and $43 billion by 1985, for a total of $100 billion over the 3-year period. These tax provisions preserve the positive incentives in the Economic Recovery Tax Act and are consistent with the commitment to deficit reduction, greater fairness in the tax system, and the integrity of the economic recovery program. The tax provisions focus on improvement in taxpayer compliance, the removal of obsolete incentives, and the elimination of unintended loopholes. More than three-fourths of the increased receipts will come from increased compliance and from measures that broaden the tax base.

Of particular importance is the fact that the tax bill preserves the individual rate reduction and the indexation provision enacted last year. In addition this tax bill preserves a large part of the Administration's original business depreciation proposal. The Administration remains firmly committed to a tax policy that increases rewards for work effort, saving, and investment. The tax portion of the Budget Resolution will not lessen the incentive-strengthening rate reduction for all working Americans.

The successful enactment of the overall fiscal package now pending in Congress will mark a signifiant second step on the road to a balanced budget, following the successful effort initiated a year ago. With passage of all of the elements of the 1983 budget package, the projected deficit as a proportion of GNP will decline from 3.6% in 1982 to 1.8% by 1985. This progress toward sustained fiscal discipline can be expected to generate financial and economic improvements. It will demonstrate to all Americans that the size and scope of Government is slowly but surely being brought under control.

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PART 1

THE CURRENT BUDGET OUTLOOK, 1982-1983

This Mid-Session Review is the second of two updates of the 1983 Budget provided by the Administration. With its heavy emphasis on the policies and underlying economic assumptions of the First Budget Resolution, this review departs somewhat from its traditional form. It reflects: (a) a set of economic assumptions that generally conform to the assumptions in the First Budget Resolution, as discussed later in the review; (b) programmatic developments and recent actual spending and receipt data that alter previous estimates; (c) completed congressional action; and (d) the effects, in the aggregate, of the recently passed First Budget Resolution.

Budget Totals

Table 1 compares the current estimates with the Administration's April estimates. The current estimates incorporate adjustments that reflect the implications of the First Budget Resolution recently enacted by the Congress.

Table 1.--BUDGET TOTALS
(in billions of dollars)

	1981	1982 Estimate		1983 Estimate	
	Actual	April	Current	April	Current
Receipts.....	599.3	628.4	622.1	665.1	646.5
Outlays.....	657.2	728.9	731.0	767.0	761.5
Deficit (-).	-57.9	-100.5	-108.9	-101.9	-115.0
Budget authority....	718.4	764.9	776.1	807.6	819.2

The 1982 deficit is now estimated to be $109 billion, $8 billion higher than estimated in April. For 1983, the projected deficit is $115 billion rather than the $102 billion estimated in April. These differences are due primarily to changes in economic assumptions from those assumed in April.

Economic Assumptions

The economic assumptions used in preparing this Review are essentially those used by the Congress in the preparation of the First Budget Resolution on the 1983 Budget, modified to reflect recent actual data for the first half of 1982, plus Administration estimates of their near-term effects on the second half of the year. From the beginning of 1983 onward, the rates of change of prices and output, and unemployment and interest rates are those assumed in the Resolution. Use of the Resolution assumptions here does not constitute Administration endorsement of these assumptions as forecasts or as economic policy objectives. They are used instead to conform as much as possible with estimates in the Resolution and to facilitate enactment of the critical deficit reduction measures that it embodies.

These assumptions assume a significant economic recovery in the second half of calendar 1982, with real growth averaging about 4-1/2% at an annual rate over the next 18 months. Unemployment is expected to decline from its current rate of about 9-1/2% to 8% by the end of calendar year 1983, and interest rates are expected to continue their decline from the unusually high levels of the past 18 months.

Compared to the assumptions used in the 1983 Budget, these assumptions show somewhat lower economic growth for 1982, somewhat higher unemployment rates, and slightly lower inflation for 1982. Interest rates are assumed to be only slightly higher in this Review than in the assumptions used for the revisions published in April. For 1983 and beyond, inflation rates are higher than those used in the 1983 Budget, although still very low compared to several years ago; real economic growth is lower and unemployment rates are higher.

TABLE 2.--ECONOMIC ASSUMPTIONS
(calendar years; dollar amounts in billions)

	Actual 1981	Estimate 1982	1983	1984	1985	1986	1987
Major economic indicators:							
Gross national product (percent change, fourth quarter over fourth quarter):							
Current dollars	9.8	6.9	11.7	10.6	9.6	9.3	9.0
Constant (1972) dollars	0.9	1.7	4.4	4.0	3.5	3.5	3.5
GNP deflator (percent change, fourth quarter over fourth quarter)	8.9	5.1	7.0	6.3	5.9	5.6	5.3
Consumer Price Index (percent change, fourth quarter over fourth quarter) 1/	9.4	4.8	7.2	6.7	6.2	5.9	5.6
Unemployment rate (percent, fourth quarter)	8.4	9.1	8.0	7.4	7.2	6.9	6.6
Annual economic assumptions:							
Gross national product:							
Current dollars:							
Amount	2,926	3,090	3,436	3,812	4,190	4,583	5,000
Percent change, year over year	11.4	5.6	11.2	10.9	9.9	9.4	9.1
Constant (1972) dollars:							
Amount	1,510	1,500	1,567	1,631	1,691	1,750	1,811
Percent change, year over year	2.0	-0.7	4.4	4.1	3.7	3.5	3.5
Taxable income:							
Wages and salaries	1,483	1,566	1,702	1,874	2,048	2,231	2,432
Nonwage personal income	538	584	654	725	774	828	888
Corporate profits 2/	233	212	283	354	396	441	490
Price level:							
GNP deflator:							
Level (1972 = 100), annual average	193.7	206.0	219.4	233.7	247.8	261.9	276.0
Percent change, year over year	9.2	6.4	6.5	6.5	6.0	5.7	5.4
Consumer Price Index 1/:							
Level (1967 = 100), annual average	272.3	288.4	307.8	329.0	349.9	370.9	392.2
Percent change, year over year	10.3	5.9	6.7	6.9	6.4	6.0	5.7
Unemployment rate:							
Total, annual average	7.6	9.2	8.4	7.6	7.2	7.0	6.7
Insured, annual average 3/	3.5	4.5	3.9	3.5	3.4	3.3	3.2
Interest rate, 91-day Treasury bills (percent) 4/	14.1	12.0	10.7	8.8	6.9	6.2	5.6

1/ CPI for urban wage earners and clerical workers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs.
2/ Estimates exclude the direct accounting effect of the Accelerated Cost Recovery System.
3/ This indicator measures unemployment under State regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.
4/ Average rate on new issues within period. The projections assume that interest rates decline with the rate of inflation and inflationary expectations. The projections do not represent a forecast of interest rates.

Budget Receipts

The current estimate of 1982 receipts is $622.1 billion, which is $6.3 billion below the April estimate. Receipts in 1983 are now estimated at $646.5 billion, $18.6 billion below the April estimate of $665.1 billion. Receipts are $2.1 billion below the April estimate for 1984 and $4.3 billion above the April estimate for 1985. These revisions are the net effect of policy changes, including the revenue increases provided in the Senate Finance Committee bill; the revised economic assumptions; and technical reestimates.

Policy changes reduce estimated receipts by $0.6 billion in 1982 and increase receipts by $7.9 billion in 1983, $13.0 billion in 1984 and $20.3 billion in 1985. These changes include an adjustment for the revenue increases provided in the Senate Finance Committee bill and a proposal to provide tax relief to parents of non-public school students.

The revised economic assumptions, primarily lower nominal incomes, reduce estimated receipts by $11.0 billion in 1982, $27.6 billion in 1983, $16.8 billion in 1984 and $18.3 billion in 1985.

Technical reestimates, based on collection experience to date, partially offset these reductions in each year.

Table 3.--CHANGE IN BUDGET RECEIPTS, 1982-1985
(in billions of dollars)

	1982	1983	1984	1985
February estimate	626.8	666.1	723.0	796.6
Changes	1.6	-1.0	-1.0	0.2
April estimate	628.4	665.1	722.0	796.8
Policy changes:				
Adjustment for revenue increases provided in the Senate Finance Committee bill	-*	8.1	13.7	21.4
Tuition tax credit	---	-*	-0.4	-0.9
Other	-0.6	-0.1	-0.3	-0.2
Subtotal, policy changes	-0.6	7.9	13.0	20.3
Revised economic assumptions	-11.0	-27.6	-16.8	-18.3
Technical reestimates	5.3	1.1	1.6	2.2
Current estimate	622.1	646.5	719.9	801.1

* $50 million or less.

Budget Outlays

The current outlay estimate for 1982 is $731.0 billion, $2.1 billion above the April estimate. Outlays for 1983 are now estimated at $761.5 billion, $5.5 billion below the April estimate of $767.0 billion.

The changes in estimated outlays since April are attributable to five separate factors, as indicated in the table below: (1) revised economic assumptions; (2) revised Administration proposals; (3) technical reestimates; (4) congressional action (or inaction) that differs from Administration proposals; and (5) an adjustment for First Budget Resolution policies. Table 4 is structured to highlight each major cause of change. As a result, the same program may appear in more than one place and the program might be increased by one factor and decreased by another.

Table 4.--CHANGE IN BUDGET OUTLAYS, 1982-1985
(estimates; in billions of dollars)

	1982	1983	1984	1985
February estimate	725.3	757.6	805.9	868.5
Changes:				
Farm price supports (CCC) 1/	4.1	4.9	4.1	3.3
Unemployment compensation	-1.6	-0.6	0.1	0.1
Net interest	0.1	1.1	2.8	4.1
Outer Continential Shelf (receipts)	-0.3	2.3	1.2	0.8
All other (net)	1.2	1.7	1.6	1.7
Subtotal	3.5	9.4	9.9	10.1
April estimate	728.9	767.0	815.8	878.6
Changes:				
Revised economic assumptions:				
Unemployment compensation	0.7	1.7	1.2	2.0
Net interest:				
Interest on higher debt	0.1	2.8	5.3	7.3
Interest rate changes	0.1	-5.3	-5.7	-15.9
Social security	-0.4	-1.0	-1.2	2.8
Medicare	*	0.1	0.6	1.1
All other	0.4	-0.8	-0.5	-0.4
Subtotal	0.9	-2.5	-0.4	-3.0

Table 4.--CHANGE IN BUDGET OUTLAYS, 1982-1985 (continued)

	1982	1983	1984	1985
Revised Administration proposals:				
Coast Guard user fees	---	---	0.4	0.4
Other	0.1	-*	-0.1	-0.1
Subtotal	0.1	-*	0.3	0.2
Technical reestimates:				
Foreign military sales (trust fund)	0.5	-0.1	-*	0.1
Timber sales receipts	0.4	0.8	0.9	0.7
Farm price supports (CCC) 1/	1.2	1.0	0.3	1.3
Medicaid	-0.5	-0.1	-0.2	-0.1
FSLIC	-0.6	-0.8	-0.2	*
Unemployment compensation	-1.0	-2.1	-1.9	-0.6
Supplemental security income	-*	-0.3	-0.4	-0.5
Food stamps	-*	-0.6	-0.7	-1.0
OCS offsetting receipts	1.0	0.4	0.4	0.4
Other	-0.7	1.9	0.4	0.7
Subtotal	0.1	*	-1.3	1.0
Congressional action or inaction:				
Elementary and secondary education	0.1	0.6	0.1	*
Guaranteed student loans	0.2	0.4	0.4	0.6
Medicare and medicaid	0.6	0.1	*	*
Other	0.1	0.1	-0.1	0.2
Subtotal, congressional	1.0	1.1	0.5	0.9
Adjustment for First Budget Resolution	---	-4.1	-2.4	-3.0
Subtotal, all changes since April	2.1	-5.5	-3.3	-3.9
Current estimate	731.0	761.5	812.5	874.7

* $50 million or less.
1/ Commodity Credit Corporation.

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Revised economic assumptions.--The revised economic assumptions result in a net increase in outlay estimates of $0.9 billion for 1982 and a net reduction of $2.5 billion for 1983. The primary increase for 1982 is the result of higher than projected unemployment rates. For 1983, the impact of higher unemployment and higher borrowing requirements is more than offset by the effect of anticipated lower interest rates and lower cost-of-living adjustments for social security.

Revised Administration proposals.--The only major revision to Administration proposals since April is for a reduction in proposed Coast Guard user fees. Offsetting receipts from this source are now expected to be $0.4 billion lower in both 1984 and 1985, thereby increasing outlays by these amounts.

Technical reestimates.--The net effect of technical reestimates increased outlay estimates by $0.1 billion for 1982 and by even less for 1983. As the table shows, these changes are due to a number of increases and decreases that are largely offsetting.

The major changes are:

-- Foreign military sales trust fund. The increase of $0.5 billion in 1982 is due to higher than expected outlays of foreign governments' money held by the U.S. Government to reimburse manufacturers producing military equipment for these foreign nations.

-- Timber sales receipts. Based on experience to date, it is expected that offsetting receipts derived from the sale of timber will be $0.4 billion lower in 1982 and $0.8 billion lower in 1983. These declines in offsetting receipts raise net outlays by equal amounts.

-- Farm price supports. Low prices for agricultural commodities as a result of plentiful crops result in higher Federal costs for price stabilization. This increases estimated outlays by $1.2 billion in 1982 and $1.0 billion in 1983.

-- Medicaid. The revised medicaid estimates are the result of lower estimates submitted by States for the costs of their individual programs.

-- Federal Savings and Loan Insurance Corporation (FSLIC). Estimated outlays for the FSLIC are $0.6 billion lower in 1982 and $0.8 billion lower in 1983 as a result of plans to stretch out aid to the troubled savings and loan industry.

-- Unemployment compensation. While the revised economic assumptions discussed above increased estimated unemployment compensation costs, recent experience indicates that the budget had overestimated the insured

unemployment rate associated with a given total unemployment rate. Estimated outlays for unemployment benefits have been decreased $1.0 billion in 1982 and $2.1 billion in 1983 as a result of this technical reestimate. For the years 1982 through 1984 the net effect of the revised economic assumptions and technical reestimates decreased estimated unemployment compensation payments relative to the April estimates.

-- Supplemental security income (SSI). The reduction of estimated SSI benefits by $0.3 billion in 1983 and larger amounts in subsequent years is the result of fewer applicants than had been previously estimated, resulting in lower caseloads.

-- Food stamps. The downward technical revision of estimated food stamp outlays is also the result of fewer than previously expected new applicants for benefits.

-- Outer Continental Shelf (OCS) receipts. A decrease of $1.0 billion for 1982 in OCS offsetting receipts, which results in an increase in total outlays, is due largely to new geological information applicable to one particular sale this year.

Congressional action or inaction.--Congressional action (or inaction) that differs from specific Administration proposals increased estimated outlays by $1.0 billion in 1982 and by $1.1 billion in 1983.

-- Elementary and secondary education. The increase in estimated outlays of $0.1 billion in 1982 and $0.6 billion in 1983 for elementary and secondary education is the result of congressional inaction on proposed rescissions.

-- Guaranteed student loans. Estimated outlays for these loans also increased because of congressional inaction on legislation proposed by the Administration to reduce the cost of the program.

-- Medicare and medicaid. Outlays for these programs are estimated to be $0.6 billion higher in 1982 and $0.1 billion higher in 1983 due to a delay in congressional enactment of a series of proposed savings.

Adjustment for First Budget Resolution.--The Administration endorses the budget totals implied in the First Budget Resolution, although specific assumptions differ from those recommended by the Administration. For this reason these estimates include aggregate budget outlay adjustments for the Resolution totaling a reduction of $4.1 billion in 1983, $2.4 billion in 1984, and $3.0 billion in 1985.

Budget Authority

Budget authority in 1982 is now estimated to be $776.1 billion, $11.2 billion above the April estimate. The current estimate for 1983 budget authority is $819.2 billion, $11.6 billion above the April estimate.

The major changes are shown in Table 5. In many cases the reasons for these changes are essentially the same as the reasons for the outlay changes described in the previous section. However, there are a number of programs for which the budget authority changes differ significantly from the outlay changes. The programs for which changes in budget authority and outlays differ significantly -- and the reasons for these differences -- are described below.

-- For social security, medicare, and some other trust funds all income to the funds is automatically appropriated and thereby constitutes budget authority. Hence, the budget authority for these funds has no close connection to the spending in any particular year. The changes in economic assumptions reduced estimated income (and, hence, budget authority) for both social security and medicare by large amounts and resulted in a smaller reduction in estimated unemployment compensation (trust fund) receipts for the years 1982 through 1984.

   The technical reestimates for social security and medicare include an offsetting adjustment in 1983 in budget authority for social security and medicare. This reflects a transfer of budget authority to social security from medicare to finance current law social security outlays. The technical changes in unemployment compensation budget authority arise largely from reestimates of advances from the general fund.

-- The large increase in estimated budget authority for subsidized housing (which is not accompanied by an increase in outlays in the 1982-85 period) stems from enactment by the Congress of a smaller rescission of budget authority than proposed by the President. The rescission of subsidized housing budget authority involved rescissions for new construction or substantial rehabilitation that expend slowly over a 20- to 30-year period. Changes in initial outlays do not occur for 2 to 4 years, depending on the time needed to process, approve, and construct these projects. Hence, there is a large difference between the budget authority and outlay change for this program.

-- The foreign military sales trust fund facilitates government-to-government sales of defense articles and related services. The fund is financed entirely by

payments from foreign governments; in many cases budget authority for this program precedes outlays by significant periods, so frequently there is a significant lag between changes in budget authority and the outlays that result from the use of that budget authority.

-- Technical corrections increase budget authority for the Commodity Credit Corporation (CCC) by $5.3 billion in 1982 and $3.4 in 1983. The 1982 change corrects an error in the April estimate. The 1983 change reflects an Administration request for additional permanent indefinite budget authority that was not included in either the February budget or the April estimates because the technical estimate was not available.

-- The budget authority adjustment for the First Budget Resolution is the amount necessary to be consistent with the policies reflected in the Resolution.

Table 5.--CHANGE IN BUDGET AUTHORITY, 1982-1985
(estimates; in billions of dollars)

	1982	1983	1984	1985
February estimate	765.5	801.9	858.0	943.5
Changes:				
Farm price supports (CCC)	---	2.2	1.2	3.2
Social security (OASDI)	-1.4	-0.3	-0.3	-0.3
Unemployment compensation	-0.3	-1.0	0.2	0.4
Net interest	0.1	1.1	2.8	4.1
Outer Continental Shelf (receipts)	-0.3	2.3	1.2	0.8
All other (net)	1.3	1.3	1.3	1.1
Subtotal	-0.6	5.7	6.4	9.4
April estimate	764.9	807.6	864.4	952.9
Changes:				
Revised economic assumptions:				
Social security	-1.3	-3.4	-1.2	-2.8
Medicare	-0.8	-1.9	-2.3	-3.3
Net interest:				
Interest on higher debt	0.1	2.8	5.3	7.3
Interest rate changes	0.1	-5.3	-5.7	-15.9
All other	-0.4	-0.4	-0.8	0.1
Subtotal	-2.3	-8.1	-4.7	-14.5
Revised Administration proposals:				
Coast Guard user fees	---	---	0.4	0.4
Other	0.1	---	---	---
Subtotal	0.1	---	0.4	0.4
Technical reestimates:				
Foreign military sales trust fund (net)	-1.2	-0.5	-0.1	0.2
Timber sales receipts	0.4	0.8	0.9	0.7
Farm price supports (CCC)	5.3	3.4	0.9	0.9
Social security (OASDI)	-0.4	4.8	-*	-0.1
Medicare	0.4	-6.4	-0.6	1.3
Unemployment compensation	0.8	-1.1	0.2	1.0
Supplemental security income	-*	-0.3	-0.4	-0.5
Food stamps	-0.3	-0.6	-0.6	-1.0
OCS offsetting receipts	1.0	0.4	0.4	0.4
Other	-*	-0.6	-0.4	-0.1
Subtotal	6.0	-0.2	0.3	2.9

Table 5.--CHANGE IN BUDGET AUTHORITY, 1982-1985 (continued)

	1982	1983	1984	1985
Congressional action or inaction:				
Housing subsidies	5.5	0.1	2.5	---
Elementary and secondary education	0.9	---	---	---
Guaranteed student loans	0.2	0.4	0.5	0.7
Other	0.9	---	---	---
Subtotal, congressional	7.5	0.5	2.9	0.7
Adjustment for First Budget Resolution	---	19.5	8.7	-8.9
Subtotal, all changes since April	11.2	11.6	7.6	-19.5
Current estimate	776.1	819.2	872.1	933.4

* $50 million or less.

The Credit Budget

In comparison to the April totals, the credit budget is expected to be lower by $5.2 billion in 1982 and $1.0 billion in 1983. Decreases are due largely to technical reestimates, offset in part by increases due to congressional action on appropriations. Technical reestimates reduce the credit budget totals by $8.1 billion in 1982 and $2.0 billion in 1983, primarily due to lower-than-anticipated demand for housing credit assistance. For 1982, these decreases are offset largely by congressional action, increasing Rural Electrification Administration (REA) programs and low rent public housing by a total of $1.6 billion.

Major changes are shown in the following table.

Table 6.--CHANGE IN THE CREDIT BUDGET TOTALS
(in billions of dollars)

	Estimates	
	1982	1983
February estimate	143.4	147.3
Changes	-6.2	0.4
April estimate	137.2	147.7
Deduction for FFB purchases of loan assets 1/.	-1.9	---
Revised April estimate	135.3	147.7
New direct loan obligations:		
Technical reestimates:		
Foreign military sales credit	-0.6	-0.2
Agricultural credit	-0.6	-0.4
Other	0.5	-0.1
Congressional action:		
Low rent public housing	---	-1.0
Less:		
FFB purchases of loan assets 2/	0.7	-0.4
Subtotal, direct loan changes	-1.5	-1.4
New guaranteed loan commitments:		
Technical reestimates:		
Mortgage-backed securities (GNMA)	-25.0	---
Mortgage credit (FHA)	-5.0	-*
Veterans mortgage assistance	-2.2	-0.8
Other	-0.2	-0.5
Congressional action:		
Low rent public housing	0.7	1.0
Rural electrification and telephone	0.9	---

Table 6.--CHANGE IN THE CREDIT BUDGET TOTALS (continued)
(in billions of dollars)

	Estimates	
	1982	1983
Policy:		
Price support and related programs.....	---	0.3
Less:		
Guaranteed loans held as direct loans 3/	-1.2	-0.4
Secondary guaranteed loans (largely GNMA).....	-25.9	---
Subtotal, guaranteed loan changes...	-3.7	0.4
Current estimate.....	130.1	146.7

* $50 million or less.

1/ A deduction for FFB purchases of loan assets in the Farmers Home Administration was not made in the April update.

2/ To avoid double counting, changes in new loan assets purchased from agencies by the FFB are deducted. The amount of the loan assets is already recorded as direct loans by the originating agency.

3/ To avoid double counting, commitments are deducted for guarantees by one Government account of direct loans made by another Government account.

Major decreases in direct loan obligations are:

-- $0.6 billion in 1982 and $0.2 billion in 1983 for foreign military sales credit. This decrease is a technical reestimate arising from a lag in orders for military equipment combined with a lower-than-anticipated disbursement rate for Federal Financing Branch (FFB) financed loans.

-- $0.6 billion in 1982 and $0.4 billion in 1983 for agricultural credit. This decrease is primarily due to an overestimate in April of 1982 disaster lending through the Farmers Home Administration (FHA). A $2.2 billion disaster loan program is currently forecast, versus $2.8 billion in April.

-- $1.0 billion in 1983 for low rent public housing, reflecting congressional denial of resources to finance the sale of low rent public housing debt to the FFB.

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Major changes in guaranteed loan commitments are:

-- a $5.0 billion decrease in 1982 for FHA mortgage credit assistance and decreases of $2.2 billion in 1982 and $0.8 billion in 1983 for veterans mortgage assistance. These decreases are due to recent high interest rates, which have substantially lowered demand for mortgage credit.

-- a $0.7 billion increase in 1982 guaranteed loan commitments for low rent public housing, reflecting recent congressional action to increase the public housing program level. The $1.0 billion increase in 1983 guaranteed loans over the April estimate arises from congressional action. The change will preclude sales of public housing debt to the FFB as a means of providing permanent long term financing for public housing units that have already been constructed. The action does not affect program level.

-- a $0.9 billion increase in 1982 for REA electric and telephone guaranteed loan commitments is due to congressional rejection of the proposed 1982 supplemental to reduce the guaranteed loan level.

-- a $0.3 billion increase in the 1983 Commodity Credit Corporation (CCC) export credit guarantee program from the previous budget level of $2.5 billion to $2.8 billion. This action is part of a Federal effort to expand U.S. exports of farm products, especially wheat.

Fiscal year 1982 commitments for GNMA mortgage backed securities, which are secondary guarantees and do not affect the credit budget totals, have decreased by $25.9 billion, from $48.0 billion to $22.1 billion, primarily due to a lack of demand for the securities. This stems generally from a slow-down in housing market activities.

Off-Budget Federal Entities

Since April, estimated outlays of the FFB have decreased by $1.2 billion in 1982 and by $0.6 billion in 1983. The changes in 1982 result primarily from lower-than-anticipated disaster lending through the FHA, and from a decrease in the disbursement rate by the FFB to fund the Foreign Military Sales Credit program. In 1983 the largest reductions occur in low rent public housing, which is assumed to be financed outside the FFB, and in the REA.

Strategic Petroleum Reserve outlays decrease due to various technical and economic reestimates, including some 1983 oil purchases shifted forward into 1982. Postal Service outlays are

estimated to decline by $0.6 billion in 1982 due to increased revenue from higher postal volume, lower employee costs and slower disbursement of capital investment funds.

Table 7.--CHANGE IN OUTLAYS OF OFF-BUDGET FEDERAL ENTITIES, 1982 AND 1983
(in billions of dollars)

	1982	1983
February estimate	19.7	15.7
Changes: Federal Financing Bank	1.2	0.1
April estimate	20.9	15.8
Changes:		
Federal Financing Bank	-1.2	-0.6
Strategic Petroleum Reserve	0.2	-0.3
Postal Service	-0.6	---
Other	---	---
Current estimate	19.3	14.9

Part 2

CHANGES IN BUDGET AUTHORITY AND OUTLAYS BY FUNCTION, 1981-1985

INTRODUCTION

The tables in this section describe changes from the April estimates by function. Those estimates showed the 1982 nondefense pay increases in the allowances category. In these estimates the increases are distributed by function, which results in many small increases since April in the 1982 figures by function and an offsetting reduction in allowances. These changes are not routinely mentioned by function. In addition, the adjustment for the First Budget Resolution discussed in Part 1 is shown in the allowances section. Effects it might have on individual functions, therefore, are not included in the discussion of those functions.

050: NATIONAL DEFENSE

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate.....	182.4	218.9	263.0	291.0	338.0
Changes:					
Atomic energy defense activities.....	---	0.1	0.3	0.3	0.2
April estimate.....	182.4	219.0	263.3	291.3	338.3
Changes:					
Defense-related activities.....	---	0.1	0.1	0.2	0.2
Current estimate.....	182.4	219.0	263.5	291.6	338.5
Outlays					
February estimate.....	159.8	187.5	221.1	253.0	292.1
Changes:					
Atomic energy defense activities.....	---	0.1	0.3	0.3	0.3
April estimate.....	159.8	187.6	221.4	253.2	292.4
Changes:					
Defense-related activities.....	---	0.1	0.1	0.2	0.2
Current estimate.....	159.8	187.7	221.5	253.4	292.5

* $50 million or less.

Estimated budget authority for the national defense function has increased since April by $0.1 billion for 1982 and for 1983. Estimated outlays for 1982 and 1983 have increased by like amounts.

Budget authority and outlay estimates for defense-related activities are higher by $0.1 billion in 1982 and 1983 as a result of reestimates and congressional action on sales of excess materials from the strategic stockpiles. This decreases offsetting receipts, and thereby increases outlays and budget authority.

Outlays for atomic energy defense activities for 1982 are now estimated to be $22 million higher than the April estimate. Outlays for the Defense Department are estimated to be $22 million higher in 1983, with offsetting reductions in 1984 and 1985.

150: INTERNATIONAL AFFAIRS

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate	24.8	18.5	18.1	17.4	16.4
Changes:					
Economic support fund	---	0.4	---	---	---
Other	---	0.1	*	0.1	*
April estimate	24.8	19.0	18.1	17.5	16.4
Changes:					
Foreign military sales trust fund (net)	---	-1.2	-0.5	-0.1	0.2
Agency for International Development	---	0.1	---	---	---
Export-Import Bank	---	*	-*	-*	-0.2
Other	---	0.1	*	*	*
Subtotal, changes	---	-1.1	-0.5	-0.1	0.1
Current estimate	24.8	17.8	17.6	17.4	16.5
Outlays					
February estimate	11.1	11.1	12.0	12.3	13.0
Changes:					
Economic support fund	---	0.3	0.1	*	---
Other	---	*	0.1	*	*
April estimate	11.1	11.4	12.1	12.4	13.0
Changes:					
Export-Import Bank	---	-0.4	*	0.3	-0.1
Foreign military sales credit	---	-0.2	-0.1	-0.1	*
Military assistance	---	-0.1	0.1	---	---
P.L. 480 (food aid)	---	-0.1	---	---	---

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Foreign military sales trust fund (net)	---	0.5	-0.1	-*	0.1
Special defense acquisition fund	---	0.1	-*	-*	-0.2
Other	---	*	*	*	*
Subtotal, changes	---	-0.2	-*	0.2	-0.1
Current estimate	11.1	11.2	12.1	12.6	12.9

* $50 million or less.

The estimates of budget authority for international affairs have decreased since April by $1.1 billion for 1982 and by $0.5 billion for 1983. Estimated outlays have decreased by $0.2 billion for 1982 and by less than $50 million for 1983.

Almost all of the decreases in 1982 and 1983 budget authority occur in the foreign military sales trust fund, through which foreign governments purchase military equipment from U.S. manufacturers. That fund fluctuates with changes in orders by the U.S. Government from U.S. producers on behalf of foreign governments. New orders have not been occurring at the previously anticipated pace. A $0.1 billion increase in 1982 budget authority for the Agency for International Development is primarily for relief assistance for war victims in Lebanon.

Most of the changes in 1982 outlays are due to technical reestimates incorporating the actual experience of the fiscal year to date. Outlays of the Export-Import Bank for 1982 are estimated to be lower by $0.4 billion, due to slower deliveries of goods under prior year loans and the bunching of new 1982 loan obligations late in the year. Actual lending to date for the foreign military sales credit program indicates that 1982 outlays will be $0.2 billion less than estimated in April, and $0.1 billion of outlays for military assistance grants will shift from 1982 to 1983. P.L. 480 food aid outlays are reduced by $0.1 billion due to a one-time change in accounting procedures. These 1982 outlay decreases are partially offset by an increase of $0.5 billion for the foreign military sales trust fund, due to an increase in the rate at which producers of military equipment are filling orders from previous obligations, and by a $0.1 billion increase for the special defense acquisition fund. Overall 1982 outlays are estimated to be $0.2 billion less than the April estimate.

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Estimated outlays of $12.1 billion for 1983 are virtually the same as in the April update. The $0.1 billion increase for the military assistance program is offset by decreases of $0.1 billion for the foreign military sales credit program and $0.1 billion for the foreign military sales trust fund. These together with other smaller changes result in a net decrease of less than $50 million.

250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February and April estimates	6.5	7.0	7.8	7.7	7.3
Changes:					
Space	---	*	*	*	*
Science	---	*	---	---	---
Current estimate	6.5	7.0	7.8	7.7	7.3
Outlays					
February and April estimates	6.4	6.9	7.6	7.8	7.4
Changes:					
Space	---	*	-*	-*	*
Science	---	*	*	*	---
Current estimate	6.4	7.0	7.6	7.8	7.4

* $50 million or less.

Budget authority and outlays for general science, space, and technology programs are virtually unchanged since February.

270: ENERGY

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate	6.8	4.8	4.3	4.5	4.1
Changes:					
Tennessee Valley Authority (TVA)	---	-0.1	-0.1	-0.3	-0.3
Other	---	---	-*	-*	-*
April estimate	6.8	4.8	4.2	4.2	3.8
Changes:					
TVA and other power marketing	---	-0.4	-0.1	-0.1	-0.1
Petroleum reserve receipts	---	-*	-0.2	-0.2	-0.2
Other	---	---	-*	*	0.1
Subtotal, changes	---	-0.3	-0.2	-0.3	-0.2
Current estimate	6.8	4.4	4.0	3.9	3.6
Outlays					
February estimate	10.3	6.4	4.2	3.8	3.8
Changes:					
Tennessee Valley Authority (TVA)	---	-0.2	-0.1	-0.3	-0.3
Other	---	---	-*	-*	-*
April estimate	10.3	6.2	4.2	3.5	3.5
Changes:					
Energy supply research and development	---	---	0.2	0.2	0.1
TVA and other power marketing	---	-0.2	-0.1	-0.1	-0.2

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Petroleum reserve receipts	---	-0.1	-0.2	-0.2	-0.1
Other	---	---	*	*	0.1
Subtotal, changes	---	-0.2	-*	-0.1	-0.1
Current estimate	10.3	6.0	4.2	3.4	3.4

* $50 million or less.

Budget authority for the energy function is below the April estimate by $0.3 billion in 1982, due mainly to reductions in TVA construction, and by $0.2 billion in 1983, attributable primarily to reestimates of petroleum reserve and power marketing receipts.

Estimated outlays for energy are $0.3 billion lower than the April estimate for 1982. This is primarily the effect of reduced TVA construction and improved production efficiency at the petroleum reserves. For 1983, outlay decreases from higher petroleum reserve and power marketing receipts are partially offset by an increase for energy research and development. The increase is due to rejection of a deferral proposed by the Administration last year and to technical reestimates.

300: NATURAL RESOURCES AND ENVIRONMENT

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate.....	11.1	10.0	8.4	7.7	7.3
Changes:					
Offsetting receipts..	---	0.1	---	---	---
April estimate.....	11.1	10.1	8.4	7.7	7.3
Changes:					
Timber receipts.....	---	0.4	0.8	0.9	0.7
Other receipts.....	---	0.2	-0.1	-0.1	-0.2
Other.....	---	0.1	-*	-0.1	-0.1
Subtotal, changes.	---	0.7	0.7	0.7	0.5
Current estimate.....	11.1	10.8	9.1	8.4	7.8
Outlays					
February estimate.....	13.5	12.6	9.9	8.4	7.7
Changes:					
Offsetting receipts..	---	0.1	---	---	---
April estimate.....	13.5	12.7	9.9	8.4	7.7
Changes:					
Timber receipts.....	---	0.4	0.8	0.9	0.7
Other receipts.....	---	0.2	-0.1	-0.1	-0.2
Waste treatment grants.....	---	-0.1	-0.2	-0.1	0.2
Other.....	---	*	-*	-*	-*
Subtotal, changes.	---	0.5	0.5	0.7	0.7
Current estimate.....	13.5	13.2	10.4	9.0	8.4

* $50 million or less.

Budget authority for the natural resources and environment function is $0.7 billion higher in 1982 and 1983 than the April update. Outlays are $0.5 billion higher for 1982 and 1983.

The increases are due mainly to decreases in estimated receipts from sales of timber and other Government-owned resources. Lower receipts, which reflect weak demand for timber and lumber,

increase net budget authority and outlays. The increases in outlays are partially offset by decreases in 1982 due to slower than anticipated construction of municipal waste treatment plants. Delayed congressional action on supplemental funding for the waste treatment grants program is expected to result in reduced outlays in 1983 and 1984, but increased outlays beginning in 1985.

350: AGRICULTURE

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate	6.6	9.6	6.9	7.3	4.5
Changes:					
Price support and related programs	---	---	2.2	1.2	3.2
Crop insurance	---	---	---	*	---
April estimate	6.6	9.6	9.1	8.5	7.7
Changes:					
Price support and related programs	---	5.4	3.4	0.9	0.9
Current estimate	6.6	15.0	12.5	9.4	8.7
Outlays					
February estimate	5.6	8.6	4.5	5.1	4.6
Changes:					
Price support and related programs	---	4.1	4.9	4.1	3.3
Crop insurance	---	0.1	---	---	---
April estimate	5.6	12.8	9.4	9.2	7.9
Changes:					
Price support and related programs	---	1.2	1.0	0.3	1.3
Other	---	*	0.1	0.1	0.1
Subtotal, changes	---	1.2	1.0	0.3	1.3
Current estimate	5.6	14.1	10.4	9.5	9.2

* $50 million or less.

Budget authority for the agriculture function is $5.4 billion higher in 1982 and $3.4 billion higher in 1983 than the April request. Estimated outlays are $1.2 billion higher in 1982 and $1.0 billion higher in 1983.

These changes reflect increased production and lower than previously expected prices for agricultural commodities. Costs for Federal farm price support and related programs, which are designed to protect agricultural producers from rapid changes in prices, are, therefore, estimated to increase.

370: COMMERCE AND HOUSING CREDIT

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate	6.5	6.3	3.4	4.2	4.6
Changes:					
Other advancement of commerce	---	*	---	---	---
April estimate	6.5	6.3	3.4	4.2	4.6
Changes	---	0.1	-*	0.1	*
Current estimate	6.5	6.4	3.4	4.3	4.6
Outlays					
February estimate	3.9	3.3	1.6	1.3	-0.5
Changes:					
Small business assistance	---	0.1	---	---	---
Other	---	*	---	---	---
April estimate	3.9	3.4	1.6	1.3	-0.5
Changes:					
Mortgage purchase activities (GNMA)	---	0.4	-0.4	-0.1	-0.2
Housing for the elderly or handicapped	---	*	-0.2	-0.1	-0.1
Federal Deposit Insurance Corporation	---	0.3	---	---	---
Federal Savings and Loan Insurance Corporation	---	-0.6	-0.8	-0.2	*
Small business assistance	---	0.3	---	---	---
Other	---	-0.2	0.2	0.1	0.1
Subtotal, changes	---	0.2	-1.2	-0.3	-0.2
Current estimate	3.9	3.6	0.4	1.0	-0.8

* $50 million or less.

The budget authority estimate for the commerce and housing credit function increased since April by $0.1 billion in 1982. Estimated outlays increased by $0.2 billion in 1982 and decreased by $1.2 billion in 1983.

The programs in this function are very sensitive to changes in economic conditions, especially interest rates. Estimated outlays for GNMA mortgage purchase activity increased since April by $0.4 billion in 1982 and decreased by the same amount in 1983. Higher-than-anticipated interest rates in 1982 have reduced receipts on planned mortgage sales and induced developers to complete projects and submit mortgages for purchase by GNMA faster than initially projected.

Lower projected interest rates in 1983 will raise the effective yield on mortgage loan assets sold by the Department of Housing and Urban Development. Increased receipts from the sale of these assets lead to a $0.2 billion decrease in estimated outlays for housing for the elderly or handicapped in 1983.

An increase in bank merger and liquidation costs has led to a $0.3 billion increase in estimated outlays for the Federal Deposit Insurance Corporation in 1982. Estimated outlays for the Federal Savings and Loan Insurance Corporation (FSLIC) reflect substantial savings to the deposit insurance fund from 1982 to 1985. Outlays are estimated to be below the April estimate by $0.6 billion in 1982 and $0.8 billion in 1983. These savings result from efforts to minimize initial year outlays and to spread financial assistance to troubled savings and loan institutions over a longer time period (up to 10 years). At the same time, the FSLIC has made greater-than-anticipated use of non-cash instruments and assistance agreements to resolve problem cases.

Defaults on Federally guaranteed small business loans are occurring at a higher rate than assumed in April, leading to a $0.3 billion increase in estimated outlays for small business assistance in 1982.

400: TRANSPORTATION

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February and April estimates	24.9	21.0	19.1	19.2	19.5
Changes:					
Coast Guard user fees.	---	---	---	0.4	0.4
Other.....	---	0.1	-*	-*	-*
Subtotal, changes..	---	0.1	-*	0.3	0.3
Current estimate.....	24.9	21.1	19.1	19.5	19.8
Outlays					
February and April estimates	23.4	21.2	19.6	18.8	19.4
Changes:					
Coast Guard user fees.	---	---	---	0.4	0.4
Urban mass transit....	---	---	---	0.2	0.3
Other.....	---	-*	0.3	*	-*
Subtotal, changes..	---	-*	0.3	0.6	0.6
Current estimate.....	23.4	21.2	19.9	19.4	20.0

* $50 million or less.

Budget authority for this function is above the April request by $0.1 billion for 1982 and about the same for 1983. Estimated outlays in 1982 are about the same as the April estimate and above it by $0.3 billion in 1983.

The major changes from the April estimates occur in 1984 and 1985 with annual increases in budget authority of $0.3 billion and increases in outlays of an estimated $0.6 billion. Revision of the Administration's proposed Coast Guard user fee schedule accounts for most of the increase in budget authority and outlays. Instead of collecting $0.8 billion annually in user fees for certain Coast Guard services as proposed in April, annual collections of $0.4 billion are now projected, representing a reduction of offsetting receipts of $0.4 billion per year and, therefore, an increase in outlays. The remaining increase in estimated outlays for 1984 and 1985 reflects higher outlay estimates for urban mass transportation programs than projected in April.

450: COMMUNITY AND REGIONAL DEVELOPMENT

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February and April estimates	8.1	6.6	6.7	6.9	7.0
Changes	---	0.1	*	*	*
Current estimate	8.1	6.7	6.7	6.9	7.0
Outlays					
February estimate	9.4	8.4	7.3	6.7	6.9
Changes:					
SBA disaster loans	---	-0.1	---	---	---
Disaster relief	---	-0.1	---	---	---
April estimate	9.4	8.2	7.3	6.7	6.9
Changes:					
Urban development action grants	---	-0.1	---	---	---
SBA disaster loans	---	-0.1	---	---	---
Disaster relief	---	-0.1	---	---	---
Other	---	-0.1	0.1	*	*
Subtotal, changes	---	-0.4	0.1	*	*
Current estimate	9.4	7.8	7.3	6.7	6.9

* $50 million or less.

Budget authority for community and regional development programs is virtually unchanged from the April request. Estimated outlays are below the April estimate by $0.4 billion in 1982 but are $0.1 billion above the April estimate for 1983.

The decrease in 1982 is a result of revised outlay estimates for the urban development action grant program -- which depend on decisions by localities and private developers -- and due to lower-than-anticipated demand for disaster assistance because there have been fewer disasters than projected. The increase in estimated outlays for 1983 is due to technical reestimates of several small programs.

500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate	30.6	23.5	18.8	17.7	17.8
Changes	---	0.3	0.4	0.1	*
April estimate	30.6	23.8	19.2	17.8	17.8
Changes:					
Higher education assistance	---	0.3	0.4	0.1	-0.4
Elementary, secondary, & vocational education	---	0.8	---	---	---
Social services	---	0.2	---	---	---
Other	---	0.1	-*	*	-*
Subtotal, changes	---	1.4	0.4	0.1	-0.4
Current estimate	30.6	25.2	19.6	17.9	17.4
Outlays					
February estimate	31.4	27.8	21.6	19.3	17.8
Changes	---	0.1	0.4	0.1	*
April estimate	31.4	27.9	21.9	19.3	17.8
Changes:					
Higher education assistance	---	-*	0.6	0.2	-0.3
Elementary, secondary, & vocational education	---	-0.1	0.7	0.2	*
Training and employment	---	0.1	0.5	-0.4	---
Social services	---	0.1	*	*	-*
Subtotal, changes	---	0.1	1.8	-*	-0.3
Current estimate	31.4	28.1	23.8	19.3	17.6

* $50 million or less.

Budget authority and outlays for education, training, employment, and social services have increased since April for both 1982 and 1983. Estimates of budget authority for this function have increased by $1.4 billion in 1982; outlay estimates have remained almost the same in 1982 and increased by $1.8 billion in 1983.

Estimated outlays for higher education are $0.6 billion higher in 1983. The rescission assumed in April was not enacted for student financial assistance. In addition, the assumed effective date of proposed cost saving legislation for guaranteed student loans has been delayed from July to October 1982.

Most of the change in estimated outlays for elementary, secondary, and vocational education is because of rescissions that were assumed in April but have not been enacted. The resulting increase in outlays is offset in 1982 by a slower spendout of funds for vocational and adult education than had been assumed in April.

Estimated outlays for training and employment have increased by $0.5 billion in 1983 and decreased by almost the same amount in 1984 because the April estimate assumed that the new programs under proposed legislation would be just starting up in 1983. It is now assumed that 1983 will be a transition year with old programs continuing as the new programs start up. Since the $0.5 billion is expected to be spent in 1983, it will not be available to spend in 1984. The $0.1 billion increase in social services outlays for 1982 is primarily because a proposed rescission was not enacted.

550: HEALTH

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate.....	68.9	79.2	77.8	81.4	93.6
Changes:					
Medicare.....	---	-0.2	---	---	---
Other.....	---	*	---	---	---
April estimate.....	68.9	79.1	77.8	81.4	93.6
Changes:					
Medicare.....	---	-0.4	-8.2	-2.9	-1.9
Medicaid.....	---	*	-0.1	-0.2	-0.1
Other.....	---	0.1	*	*	*
Subtotal, changes.	---	-0.4	-8.3	-3.1	-2.1
Current estimate.....	68.9	78.7	69.5	78.3	91.5
Outlays					
February estimate.....	66.0	73.4	78.1	84.9	93.5
Changes.....	---	*	---	---	---
April estimate.....	66.0	73.5	78.1	84.9	93.5
Changes:					
Medicare.....	---	0.4	0.4	0.7	1.2
Medicaid.....	---	-0.2	-0.1	-0.2	-0.1
Other.....	---	0.1	0.1	*	0.1
Subtotal, changes.	---	0.3	0.4	0.6	1.1
Current estimate.....	66.0	73.8	78.5	85.5	94.7

* $50 million or less.

Budget authority for this function in 1982 has decreased by $0.4 billion since April and in 1983 by $8.3 billion. Estimated outlays in 1982 and 1983 are higher than estimated in April by $0.3 billion and $0.4 billion, respectively.

The estimated decrease in medicare budget authority of $8.3 billion in 1983 is due in part to a $1.9 billion reduction in estimated receipts as a result of revised economic assumptions. The remaining reduction is largely because of a transfer of funds to other social security benefit programs.

Estimated increases in medicare outlays of $0.4 billion in 1982 are largely the result of the shift of the effective date of proposed savings from July to October 1982. This also affects 1983, as do a number of technical reestimates. In addition the estimated increases in medicare outlays in 1984 and 1985 are because of higher health sector costs since April.

In 1982 estimated medicaid outlays decrease $0.2 billion. This is the net result of a $0.3 billion increase due to a slip in effective dates of proposed changes and decreases based on States' estimates of their program levels. Estimated outlay decreases in 1983 through 1985 are also largely based on State expectations of lower program activity.

600: INCOME SECURITY

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate	249.9	252.3	257.6	281.9	310.2
Changes:					
Social security (OADSI)	---	-1.4	-0.3	-0.3	-0.3
Unemployment compensation	---	-0.3	-1.0	0.2	0.4
Low income energy assistance	---	0.1	---	---	---
April estimate	249.9	250.7	256.3	281.8	310.2
Changes:					
Social security	---	-1.7	1.4	-1.2	-2.9
Federal employee retirement and disability	---	0.2	0.2	0.1	0.3
Unemployment compensation	---	0.5	-1.6	-0.1	1.0
Housing assistance	---	5.5	0.1	2.5	---
Food stamps	---	---	-0.4	-0.4	-0.1
AFDC and related	---	*	-0.1	-*	0.2
Supplemental security income	---	-*	-0.3	-0.4	-0.4
Railroad retirement	---	-0.3	---	---	---
Other	---	*	*	*	*
Subtotal, changes	---	4.2	-0.7	0.5	-1.9
Current estimate	249.9	254.9	255.6	282.2	308.4
Outlays					
February estimate	225.1	250.9	261.7	274.8	290.1
Changes:					
Social security	---	0.2	0.2	0.4	0.5
Unemployment compensation	---	-1.6	-0.6	0.1	0.1

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Low income energy assistance	---	0.1	---	---	---
April estimate	225.1	249.6	261.3	275.3	290.8
Changes:					
Social security	---	-0.3	-1.3	-1.4	2.6
Federal employee retirement and disability	---	*	0.1	0.3	0.5
Unemployment compensation	---	-0.3	-0.5	-0.7	1.5
Housing assistance	---	*	0.3	*	*
Food stamps	---	-*	-0.4	-0.4	-0.1
SSI	---	-*	-0.3	-0.4	-0.4
AFDC	---	*	-0.1	-*	0.2
Refugee assistance	---	0.2	-*	*	-*
Low income energy assistance	---	-0.3	0.2	---	---
Other	---	0.1	*	*	*
Subtotal, changes	---	-0.5	-2.0	-2.7	4.2
Current estimate	225.1	249.1	259.3	272.5	294.9

* $50 million or less.

Estimated budget authority for income security programs is $4.2 billion higher the April estimate for 1982 and $0.7 billion lower for 1983. Outlays have decreased $0.5 billion for 1982 and $2.0 billion for 1983.

Estimates for social security outlays are $0.3 billion lower for 1982 and $1.3 billion lower for 1983 than estimated in April. These decreases are the result of a lower than expected cost-of-living adjustment in July 1982 and an estimated lower adjustment in 1983. However in 1984 and 1985 the cost-of-living adjustments are higher than assumed in April and therefore estimated outlays increase $2.6 billion in 1985.

The estimated outlay increase of $0.1 billion in 1983 for Federal employee retirement and disability payments is primarily the result of an increase in refunds because of Federal employment reductions and an upward estimate of the effects of moving from a semi-annual to an annual cost-of-living adjustment.

Estimated outlays for unemployment compensation are lower than estimated in April by $0.3 billion for 1982 and $0.5 billion for 1983. This decrease results from a technical reestimate of the relation of the insured unemployment rate to the total unemployment rate, which more than offsets the effect of upward revisions to the projected unemployment rate. For 1983, higher unemployment rates increase estimated outlays by $1.7 billion and the technical reestimates decrease estimated outlays by $2.1 billion.

Estimated budget authority increases for housing assistance are the result of congressional action that provided a smaller rescission than the Administration had originally requested for subsidized housing and an unrequested supplemental of $198 million for public housing operating subsidies.

Estimated outlays for food stamps have decreased $0.4 billion in 1983 due primarily to lower than anticipated beneficiary levels. The estimated outlay decreases for the supplemental security income program (SSI) are also the result of fewer than expected applicants and lower-than-anticipated caseloads. The estimated decrease of $0.1 billion in outlays for aid to families with dependent children (AFDC) in 1983 is the result of changes in State estimates reflecting new economic assumptions and revised caseload estimates.

Estimated outlays increase for refugee assistance in 1982 because States have improved the processing of reimbursement claims. The 1982 decrease in estimated outlays for low income energy assistance is because the new block grant flexibility has allowed States to transfer funds that were not used in 1982 into the next fiscal year.

700: VETERANS BENEFITS AND SERVICES

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February and April estimates.	23.2	24.8	25.7	26.3	27.0
Changes:					
Service-connected compensation.....	---	-0.1	-0.2	-0.2	0.1
Non-service-connected pensions.....	---	---	-0.1	-*	*
National service life insurance trust fund..	---	-*	-0.1	-0.1	-*
Hospital and medical care for veterans.....	---	0.2	---	---	---
Other.....	---	0.1	*	*	*
Total, changes	---	0.1	-0.4	--0.3	0.1
Current estimate.....	23.2	24.9	25.2	26.0	27.2
Outlays					
February and April estimates.	23.0	24.2	24.4	25.6	26.9
Changes:					
Service-connected compensation.....	---	-0.2	-0.3	-0.2	*
National service life insurance.....	---	-0.1	-*	-0.1	-0.1
Veterans education, training, and rehabilitation.....	---	0.1	-*	-*	-*
Hospital and medical care for veterans.....	---	0.1	*	-*	-*
Veterans housing.....	---	0.1	0.2	---	---
Other.....	---	*	-*	-*	0.1
Total, changes	---	0.1	-0.2	-0.3	-*
Current estimate.....	23.0	24.2	24.2	25.3	26.9

* $50 million or less.

Budget authority for veterans' benefits and services increased by $0.1 billion in 1982, in large part due to higher than previously anticipated costs in the VA medical program. Budget authority for 1983 is $0.4 billion below the April request. Reductions in the compensation caseload and in the average cost per beneficiary account for $0.1 billion of the decline. Lower proposed cost-of-living adjustments for service-connected compensation, reflecting lower projected inflation, reduce 1983 budget authority for veterans compensation by an additional $0.1 billion. Budget authority for non-service connected pensions in 1983 has declined by $0.1 billion, in large part due to lower estimates of the number of pension beneficiaries.

Estimated outlays for this function have been increased by $0.1 billion for 1982 and have been reduced by $0.2 billion for 1983.

Lower estimates of the compensation caseload and the average-cost per beneficiary reduce outlays for service-connected compensation by $0.2 billion in both 1982 and 1983. Lower proposed cost-of-living adjustments reduce 1983 outlays for veterans compensation by an additional $0.1 billion. Higher than previously anticipated interest rates on both new loans and investments result in a net reduction in 1982 outlays for the national service life insurance trust fund of $0.1 billion.

A $0.1 billion increase in 1982 outlays for Veterans education and training reflects restoration of correspondence training to individuals who commenced training after September 30, 1981 and higher estimates of the average cost per enrollee.

An unanticipated rise in property acquisitions, due primarily to the increased foreclosure rate on VA held properties, increases outlays for VA housing programs in 1982 and 1983 by $0.1 billion and $0.2 billion, respectively.

750: ADMINISTRATION OF JUSTICE

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate	4.3	4.3	4.5	4.6	4.5
Changes:					
Payments to the Legal Services Corporation.	---	0.1	---	---	---
Other	---	*	*	---	---
April estimate	4.3	4.5	4.5	4.6	4.5
Changes	---	0.2	*	*	*
Current estimate	4.3	4.7	4.5	4.6	4.6
Outlays					
February estimate	4.7	4.5	4.6	4.6	4.5
Changes:					
Payments to the Legal Services Corporation.	---	0.1	*	---	---
Other	---	*	*	---	---
April estimate	4.7	4.6	4.6	4.6	4.5
Changes	---	0.1	*	*	*
Current estimate	4.7	4.7	4.6	4.6	4.5

* $50 million or less.

There have been no major changes in this function since April. The change for 1982 results from showing 1982 pay increases in each function, rather than in the allowances.

800: GENERAL GOVERNMENT

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate	5.1	5.2	5.3	5.4	5.2
Changes	---	*	*	---	*
April estimate	5.1	5.2	5.3	5.4	5.2
Changes	---	0.1	-*	*	-*
Current estimate	5.1	5.3	5.2	5.4	5.2
Outlays					
February estimate	4.6	5.1	5.0	5.2	4.9
Changes	---	*	*	---	*
April estimate	4.6	5.1	5.0	5.2	4.9
Changes	---	0.1	-*	*	-*
Current estimate	4.6	5.3	5.0	5.2	4.9

* $50 million or less.

Estimated budget authority and outlays for programs in the general government function are about the same as estimated in April. The change for 1982 results from showing 1982 pay increases in each function, rather than in allowances.

850: GENERAL PURPOSE FISCAL ASSISTANCE

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate	6.3	6.4	6.7	6.9	7.2
Changes	---	---	-*	---	---
April estimate	6.3	6.4	6.7	6.9	7.2
Changes	---	0.1	-0.1	-0.1	-0.2
Current estimate	6.3	6.5	6.5	6.8	7.1
Outlays					
February estimate	6.9	6.4	6.7	6.8	7.1
Changes	---	---	-*	---	---
April estimate	6.9	6.4	6.6	6.8	7.1
Changes	---	0.1	-0.1	-0.1	-0.2
Current estimate	6.9	6.5	6.5	6.6	6.9

* $50 million or less.

Budget authority and outlays for this function are $0.1 billion higher than the April estimates for 1982 and $0.1 billion lower than the estimate for 1983. The decrease in 1983 budget authority and estimated outlays is a result of lower payments to States from receipts for the sale of timber, which have declined because of reduced levels of housing construction.

900: INTEREST

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority and Outlays					
February estimate	82.5	99.1	112.5	116.2	119.7
Changes:					
Interest on the public debt	---	0.1	1.2	2.8	4.1
Interest on loans to the Federal Financing Bank	---	*	-0.2	-0.1	-0.1
Other	---	---	0.1	0.1	0.1
April estimate	82.5	99.2	113.6	119.0	123.9
Changes:					
Interest on the public debt	---	2.4	-0.9	-0.8	-10.5
Interest on refunds of tax collections	---	-0.4	-0.1	0.2	0.1
Interest on loans to the Federal Financing Bank	---	-0.2	0.4	0.9	1.4
Other	---	-1.1	-1.9	-1.7	-1.3
Subtotal, changes	---	0.7	-2.5	-1.4	-10.3
Current estimate	82.5	99.9	111.1	117.6	113.6

* $50 million or less.

Since April, estimates of budget authority and outlays for the interest function have increased by $0.7 billion in 1982 and decreased by $2.5 billion in 1983. The increase in 1982 is due primarily to higher-than-anticipated interest rates.

The current estimate of interest on the public debt for 1982 increased by $2.4 billion since April. This increase is largely offset by decreases in interest on refunds of tax collections, increases in interest received by the Treasury on loans made to the Federal Financing Bank, and increases in other miscellaneous interest receipts. For 1983, estimated interest on the public debt has decreased $0.9 billion since April, and the function total has decreased by $2.5 billion.

The reduction in interest costs associated with the spending reductions and receipts increases set by the First Budget Resolution is not included in this function; it is included in the adjustment shown in the "allowances" section.

A substantial portion of interest on the public debt is paid to Federal Government trust funds on securities held by these funds. Since this interest payment is not made to the public, but rather consists of offsetting transactions within the budget itself, it is deducted from both budget authority and outlays in the undistributed offsetting receipts function before arriving at the budget totals.

As the following table shows, net interest -- outlays for the interest function less the interest received by trust funds -- has increased since April by $0.2 billion for 1982 and decreased by $2.5 billion for 1983.

NET INTEREST OUTLAYS

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
February estimate.....	68.7	83.0	96.4	98.7	100.8
Changes:					
Outlays for the interest function...	---	0.1	1.1	2.8	4.1
April estimate.....	68.7	83.1	97.5	101.5	104.9
Changes:					
Outlays for the interest function...	---	0.7	-2.5	-1.4	-10.3
Interest received by trust funds.....	---	-0.5	*	1.0	1.7
Subtotal, changes.	---	0.2	-2.5	-0.4	-8.6
Current estimate.....	68.7	83.3	95.0	101.1	96.4

* $50 million or less.

920: ALLOWANCES

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority					
February estimate.....	---	-0.6	-1.2	-0.1	-0.3
Changes:					
Civilian agency pay raises.....	---	0.3	0.7	1.2	1.2
April estimate.....	---	-0.3	-0.5	1.0	0.8
Changes:					
Civilian agency pay raises.....	---	-0.7	-*	*	*
Adjustment for First Budget Resolution...	---	---	19.5	8.7	-8.9
Subtotal, changes.	---	-0.7	19.5	8.7	-8.9
Current estimate.....	---	-1.0	19.0	9.7	-8.1
Outlays					
February estimate.....	---	-0.6	-1.3	-0.2	-0.4
Changes:					
Civilian agency pay raises.....	---	0.3	0.7	1.1	1.2
April estimate.....	---	-0.4	-0.5	0.9	0.8
Changes:					
Civilian agency pay raises.....	---	-0.6	-*	*	*

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Adjustment for First Budget Resolution...	---	---	-4.1	-2.4	-3.0
Subtotal, changes.	---	-0.6	-4.1	-2.4	-3.0
Current estimate.....	---	-1.0	-4.7	-1.5	-2.2

* $50 million or less.

This function includes allowances for Federal civilian agency pay raises, contingencies and initiatives, and an adjustment for the policy assumptions in the First Budget Resolution.

The totals for this function in 1982 are below the April estimates by $0.7 billion in budget authority and by $0.6 billion in outlays. These decreases are due to the 1982 pay supplemental, which is now shown in the individual functions, and no longer appears as an allowance.

For 1983, budget authority is $19.5 billion above and outlays are $4.1 billion below the April estimates. These changes result from an adjustment for the policies assumed in the First Budget Resolution recently passed by the Congress.

950: UNDISTRIBUTED OFFSETTING RECEIPTS

	($ billions)				
	Actual	Estimate			
	1981	1982	1983	1984	1985
Budget Authority and Outlays					
February estimate	-30.3	-31.5	-43.5	-48.2	-50.0
Changes:					
Rents and royalties on the Outer Continental Shelf	---	-0.3	2.3	1.2	0.8
April estimate	-30.3	-31.8	-41.2	-47.0	-49.2
Changes:					
Interest received by trust funds	---	-0.5	*	1.0	1.7
Rents and royalties on the Outer Continental Shelf	---	1.0	0.4	0.4	0.4
Other	---	-*	-*	*	*
Subtotal, changes	---	0.4	0.4	1.4	2.1
Current estimate	-30.3	-31.3	-40.8	-45.6	-47.1

* $50 million or less

Estimates of undistributed offsetting receipts have decreased since April by $0.4 billion for 1982, thereby increasing both budget authority and outlays. A decrease of $1.0 billion in Outer Continental Shelf (OCS) receipts in 1982, due largely to new geological information concerning one particular sale, is partially offset by an increase of $0.5 billion in interest received by trust funds. This increase is the result of higher trust fund balances and interest rates than were assumed in April.

For 1983, undistributed offsetting receipts estimates are lower by $0.4 billion due to a reduction in OCS receipts. However, this will not affect total budget outlays because the decreases are interest payments from OCS escrow accounts which are now recorded in the interest function rather than in this function.

Part 3

LONG-RANGE BUDGET OUTLOOK

This section presents the long-range budget outlook. As required by law, it also contains projected outlays for open-ended programs and fixed costs, and spending from balances of budget authority for non-mandatory programs.

Budget totals.--Under the economic assumptions shown in Part 1, outlays are estimated to be $761.5 billion in 1983, $812.5 billion in 1984, and $996.0 billion by 1987. Budget receipts are estimated to be $646.5 billion in 1983, $719.9 billion in 1984 and $937.5 billion by 1987.

The outlay share of GNP is projected to fall from 23.0% in 1981 to 20.4% in 1987. The receipts share of GNP is projected to decline from 21.0% in 1981 to 19.2% in 1987.

Table 8.--THE BUDGET OUTLOOK, 1981-1987
(in billions of dollars)

	Actual	Estimate					
	1981	1982	1983	1984	1985	1986	1987
Receipts.....	599.3	622.1	646.5	719.9	801.1	867.1	937.5
Outlays.....	657.2	731.0	761.5	812.5	874.7	932.7	996.0
Surplus or deficit (-).....	-57.9	-108.9	-115.0	-92.6	-73.6	-65.6	-58.5
Addendum: Percent of GNP							
Receipts.....	21.0	20.5	19.3	19.4	19.6	19.3	19.2
Outlays.....	23.0	24.1	22.8	21.9	21.4	20.8	20.4

Projections of Outlays for Open-Ended Programs and Fixed Costs

Outlay projections for open-ended programs and fixed costs are shown in Table 9, as required by Section 221(b) of the Legislative Reorganization Act of 1970.

Table 9.--PROJECTIONS OF OUTLAYS FOR OPEN-ENDED PROGRAMS AND FIXED COSTS, 1983-1987*
(in millions of dollars)

Open-Ended Programs and Fixed Costs	Estimate				
	1983	1984	1985	1986	1987
Payments for individuals:					
Social security and railroad retirement	174,521	176,368	190,040	208,308	225,710
Federal employees retirement and insurance	48,532	52,346	56,209	60,078	64,049
Unemployment assistance	21,592	19,236	19,641	20,244	20,446
Medical care	75,931	86,353	99,695	113,266	128,811
Assistance to students	5,127	4,823	4,320	4,048	3,939
Food and nutrition assistance	3,000	3,232	3,490	3,778	4,059
Public assistance and related programs	20,597	19,602	20,905	21,687	22,482
All other uncontrollable payments for individuals	2,780	2,815	2,836	2,905	2,968
Subtotal, payments for individuals	352,082	364,774	397,135	434,315	472,464
Net interest	95,554	101,188	95,191	91,899	90,586
General revenue sharing	4,567	4,567	4,567	4,567	4,567
Other open-ended programs and fixed costs	5,222	4,343	3,106	-4,187	-4,692
Total, open-ended programs and fixed costs	457,425	474,872	499,999	526,594	562,925

* This table is supplied pursuant to the requirements of Section 221(b) of the Legislative Reorganization Act of 1970 (P.L. 91-510).

These projections indicate that, under existing legislation and the economic assumptions shown in Table 2, payments for individuals are estimated to grow by roughly 7.6% a year from 1983 to 1987. Total open-ended programs and fixed costs are projected to comprise 56.5% of total budget outlays in 1987, a decrease from the 1983 share of 60.1%.

Spending from Balances of Budget Authority Available at the End of Fiscal Year 1983: Non-Mandatory Programs

Section 221(b) of the Legislative Reorganization Act of 1970 amended the Budget and Accounting Act of 1921 to require that the President transmit to the Congress "summaries of estimated expenditures, in fiscal years following such ensuing fiscal year 1983, this year, of balances carried over from such ensuing fiscal year." Table 10 presents these estimates.

The current estimate of the balances at the end of fiscal year 1983 for programs that have controllable outlays is $583.2 billion. About $36.5 billion of this total is in guarantee and insurance program balances, very little of which is expected ever to be spent. The spending pattern from the balances in other programs, which amount to $546.7 billion, is fairly consistent among the programs. The bulk of the spending from balances takes place in 1984, and declines rapidly thereafter. About 28.7% is expected to be spent in 1984 and approximately 13.1% in 1985. About 47.9% ($279.2 billion) is expected to remain unexpended at the end of fiscal year 1987. An estimated $1.0 billion of the 1983 end-of-year balances is expected to expire (without being spent) during fiscal years 1984 through 1987.

Table 10.--ESTIMATED SPENDING FROM END OF FISCAL YEAR 1983 BALANCES OF BUDGET AUTHORITY: NON-MANDATORY PROGRAMS
(in billions of dollars)

	Federal Guarantee and Insurance Programs: Reserves for Losses, and Standby and Backup Authority	Other Unexpended Balances, September 30, 1983	Total
Total balances, end of 1983 (current estimate).....	36.5	546.7	583.2
Spending from balances in:			
1984.....	---	167.3	167.3
1985.....	---	76.3	76.3
1986.....	---	37.5	37.5
1987.....	---	21.9	21.9
Expiring balances, 1984 through 1987.....	---	1.0	1.0
Unexpended balances as of the end of 1987.....	36.5	242.7	279.2

PART 4

SUMMARY TABLES

Table 11.--BUDGET RECEIPTS BY MAJOR SOURCE, 1981-1983
(in billions of dollars)

	1981 Actual	1982 Estimate		1983 Estimate	
		April	Current	April	Current
Individual income taxes	285.9	298.9	298.5	304.5	293.8
Corporation income taxes	61.1	51.6	49.9	64.6	58.3
Social insurance taxes and contributions	182.7	204.9	202.6	222.2	215.7
Excise taxes	40.8	40.7	37.8	41.7	40.1
Estate and gift taxes	6.8	7.6	8.1	5.9	6.0
Customs duties	8.1	8.9	9.2	9.3	9.5
Miscellaneous receipts	13.8	15.9	16.1	16.8	15.0
Adjustment for Senate Finance Committee bill	---	---	-*	---	8.1
Total budget receipts	599.3	628.4	622.1	665.1	646.5

Table 12.--BUDGET RECEIPTS BY MAJOR SOURCE, 1981-1987
(in billions of dollars)

	Actual	Estimate					
	1981	1982	1983	1984	1985	1986	1987
Individual income taxes.....	285.9	298.5	293.8	315.0	351.4	374.0	403.7
Corporation income taxes.....	61.1	49.9	58.3	80.7	87.7	86.6	90.6
Social insurance taxes and contributions.....	182.7	202.6	215.7	239.3	270.6	301.3	327.3
Excise taxes.....	40.8	37.8	40.1	40.7	40.0	38.5	37.3
Estate and gift taxes.....	6.8	8.1	6.0	5.5	5.2	4.6	4.1
Custom duties.....	8.1	9.2	9.5	10.0	10.4	10.8	11.1
Miscellaneous receipts.....	13.8	16.1	15.0	15.0	14.3	14.0	14.4
Adjustment for Senate Finance Committee bill.....	---	-*	8.1	13.7	21.4	37.4	49.0
Total budget receipts.....	599.3	622.1	646.5	719.9	801.1	867.1	937.5

Table 13.--ESTIMATED EFFECT OF ADMINISTRATIVE ACTIONS AND PROPOSED LEGISLATION ON RECEIPTS, 1982-1987
(in billions of dollars)

	Estimate					
	1982	1983	1984	1985	1986	1987
Receipts under current law.....	621.2	626.4	687.8	757.4	809.0	867.1
Extension of highway trust fund taxes scheduled to expire September 30, 1984.....	---	---	---	4.0	4.3	4.4
Receipts on a current services basis....	621.2	626.4	687.8	761.4	813.3	871.6
Proposed legislation other than extensions:						
Revenue enhancement:						
Revenue enhancers in the April update.....	0.9	14.0	21.2	22.1	21.0	22.0
Additional revenue enhancement needed to obtain Senate Finance Committee totals.....	-*	8.1	13.7	21.4	37.4	49.0
Total, revenue enhancement.....	0.9	22.1	34.8	43.4	58.4	71.0
Other proposals:						
Tuition tax credit.....	---	-*	-0.4	-0.9	-1.3	-1.3
Enterprise zones.....	---	-0.1	-0.4	-0.8	-1.0	-1.3
Caribbean Basin program.....	---	-0.2	-0.2	-0.2	-0.3	-0.3
Change in railroad retirement system.....	---	-1.7	-1.8	-2.0	-2.0	-2.1
Total, other proposals...	---	-2.0	-2.8	-3.8	-4.6	-5.0
Total, proposed legislation other than extensions.....	0.9	20.1	32.1	39.6	53.8	66.0
Total budget receipts.....	622.1	646.5	719.9	801.1	867.1	937.5

Table 14.--BUDGET OUTLAYS BY FUNCTION, 1981-1983
(in billions of dollars)

	1981	1982 Estimate		1983 Estimate	
	Actual	April	Current	April	Current
National defense	159.8	187.6	187.7	221.4	221.5
International affairs	11.1	11.4	11.2	12.1	12.1
General science, space, and technology	6.4	6.9	7.0	7.6	7.6
Energy	10.3	6.2	6.0	4.2	4.2
Natural resources and environment	13.5	12.7	13.2	9.9	10.4
Agriculture	5.6	12.8	14.1	9.4	10.4
Commerce and housing credit	3.9	3.4	3.6	1.6	0.4
Transportation	23.4	21.2	21.2	19.6	19.9
Community and regional development	9.4	8.2	7.8	7.3	7.3
Education, training, employment, and social services	31.4	27.9	28.1	21.9	23.8
Health	66.0	73.5	73.8	78.1	78.5
Income security	225.1	249.6	249.1	261.3	259.3
(Social security)	(138.0)	(154.9)	(154.6)	(173.7)	(172.5)
(Other)	(87.1)	(94.7)	(94.5)	(87.6)	(86.8)
Veterans benefits and services	23.0	24.2	24.2	24.4	24.2
Administration of justice	4.7	4.6	4.7	4.6	4.6
General government	4.6	5.1	5.3	5.0	5.0
General purpose fiscal assistance	6.9	6.4	6.5	6.6	6.5
Interest	82.5	99.2	99.9	113.6	111.1
Allowances	---	-0.4	-1.0	-0.5	-4.7
Undistributed offsetting receipts	-30.3	-31.8	-31.3	-41.2	-40.8
Total budget outlays	657.2	728.9	731.0	767.0	761.5
Outlays of off-budget Federal entities	21.0	20.9	19.3	15.8	14.9

Table 15.--BUDGET OUTLAYS BY AGENCY, 1981-1983
(in billions of dollars)

	1981 Actual	1982 Estimate April	1982 Estimate Current	1983 Estimate April	1983 Estimate Current
Legislative branch	1.2	1.5	1.4	1.4	1.5
The Judiciary	0.6	0.7	0.7	0.8	0.8
Executive Office of the President	0.1	0.1	0.1	0.1	0.1
Funds appropriated to the President	7.0	6.6	6.8	7.1	7.0
Agriculture	26.0	33.6	35.2	28.4	29.6
Commerce	11.5	11.7	11.8	10.1	10.4
Defense--Military	156.1	182.8	182.8	215.9	215.9
Defense--Civil	3.1	3.0	3.0	2.3	2.3
Health and Human Services	228.1	253.3	253.4	274.3	272.9
Housing and Urban Development	14.0	14.6	15.0	13.1	13.0
Interior	6.7	3.2	3.2	3.2	2.7
Justice	2.8	2.7	2.7	2.7	2.7
Labor	30.1	30.6	30.3	26.3	26.2
State	1.9	2.2	2.2	2.5	2.5
Transportation	22.5	20.6	20.6	19.0	19.2
Treasury	93.4	110.1	111.2	125.5	123.8
Environmental Protection Agency	5.2	5.4	5.3	4.6	4.5
National Aeronautics and Space Administration	5.4	5.8	5.9	6.6	6.6
Veterans Administration	22.9	24.1	24.2	24.4	24.2
Foundation for Education Assistance	13.1	13.4	13.3	11.5	12.9
Office of Personnel Management	18.1	19.9	20.0	21.7	21.9
Other independent agencies	17.6	14.9	14.2	7.1	6.4
Allowances	---	-0.4	-1.0	-0.5	-4.7
Undistributed offsetting receipts	-30.3	-31.8	-31.3	-41.2	-40.8
Total budget outlays	657.2	728.9	731.0	767.0	761.5

Table 16.--BUDGET AUTHORITY BY FUNCTION, 1981-1983
(in billions of dollars)

	1981	1982 Estimate		1983 Estimate	
	Actual	April	Current	April	Current
National defense	182.4	219.0	219.0	263.3	263.5
International affairs	24.8	19.0	17.8	18.1	17.6
General science, space and technology	6.5	7.0	7.0	7.8	7.8
Energy	6.8	4.8	4.4	4.2	4.0
Natural resources and environment	11.1	10.1	10.8	8.4	9.1
Agriculture	6.6	9.6	15.0	9.1	12.5
Commerce and housing credit	6.5	6.3	6.4	3.4	3.4
Transportation	24.9	21.0	21.1	19.1	19.1
Community and regional development	8.1	6.6	6.7	6.7	6.7
Education, training, employment, and social services	30.5	23.8	25.2	19.2	19.6
Health	68.9	79.1	78.7	77.8	69.5
Income security	249.9	250.7	254.9	256.3	255.5
(Social security)	(132.9)	(148.7)	(147.0)	(168.3)	(169.6)
(Other)	(117.0)	(102.0)	(107.9)	(88.0)	(85.9)
Veterans benefits and services	23.2	24.8	24.9	25.7	25.2
Administration of justice	4.3	4.5	4.7	4.5	4.5
General government	5.1	5.2	5.3	5.3	5.3
General purpose fiscal assistance	6.3	6.4	6.5	6.7	6.5
Interest	82.5	99.2	99.9	113.6	111.1
Allowances	---	-0.3	-1.0	-0.5	19.0
Undistributed offsetting receipts	-30.3	-31.8	-31.3	-41.2	-40.8
Total budget authority	718.4	764.9	776.1	807.6	819.2

Table 17.--BUDGET AUTHORITY BY AGENCY, 1981-1983
(in billions of dollars)

	1981 Actual	1982 Estimate April	1982 Estimate Current	1983 Estimate April	1983 Estimate Current
Legislative branch	1.2	1.4	1.4	1.5	1.5
The Judiciary	0.7	0.7	0.7	0.9	0.9
Executive Office of the President	0.1	0.1	0.1	0.1	0.1
Funds appropriated to the President	14.7	11.5	10.3	11.5	11.0
Agriculture	28.2	30.3	36.1	27.0	30.4
Commerce	11.2	10.1	10.2	10.0	10.1
Defense-Military	178.4	214.1	214.1	257.5	257.5
Defense-Civil	3.1	2.9	3.0	2.3	2.3
Health and Human Services	225.8	249.9	248.0	268.1	260.5
Housing and Urban Development	33.4	13.0	18.6	0.7	0.8
Interior	6.3	3.0	3.1	3.2	2.7
Justice	2.5	2.5	2.6	2.6	2.6
Labor	29.5	26.5	27.1	25.8	24.3
State	2.3	2.5	2.6	2.7	2.7
Transportation	23.7	20.3	20.4	18.4	18.4
Treasury	92.7	110.4	111.5	126.0	124.2
Environmental Protection Agency	3.0	3.7	3.7	3.6	3.6
National Aeronautics and Space Administration	5.5	5.9	6.0	6.6	6.6
Veterans Administration	23.1	24.8	24.9	25.6	25.2
Foundation for Education Assistance	12.9	11.3	12.5	8.9	9.3
Office of Personnel Management	29.0	34.0	34.2	35.6	35.8
Other independent agencies	21.5	18.0	17.4	10.7	10.8
Allowances	---	-0.3	-1.0	-0.5	19.0
Undistributed offsetting receipts	-30.3	-31.8	-31.3	-41.2	-40.8
Total budget authority	718.4	764.9	776.1	807.6	819.2

Table 18.--BUDGET OUTLAYS BY FUNCTION, 1981-1987
(in billions of dollars)

	Actual	Estimate					
	1981	1982	1983	1984	1985	1986	1987
National defense	159.8	187.7	221.5	253.4	292.5	332.0	364.6
International affairs	11.1	11.2	12.1	12.6	12.9	12.3	12.1
General science, space and techology	6.4	7.0	7.6	7.8	7.4	6.9	6.7
Energy	10.3	6.0	4.2	3.4	3.4	3.5	3.6
Natural resources and environment	13.5	13.2	10.4	9.0	8.4	7.4	6.6
Agriculture	5.6	14.1	10.4	9.5	9.2	2.8	2.9
Commerce and housing credit	3.9	3.6	0.4	1.0	-0.8	-1.0	-1.0
Transportation	23.4	21.2	19.9	19.4	20.0	20.3	20.2
Community and regional development	9.4	7.8	7.3	6.7	6.9	6.8	6.8
Education, training, employment, and social services	31.4	28.1	23.8	19.3	17.6	17.1	17.0
Health	66.0	73.8	78.5	85.5	94.7	104.0	114.3
Income security	225.1	249.1	259.3	272.5	294.9	316.8	339.7
(Social security)	(138.0)	(154.6)	(172.5)	(187.4)	(205.4)	(223.1)	(242.1)
(Other)	(87.1)	(94.5)	(86.8)	(85.1)	(89.5)	(93.7)	(97.7)
Veterans benefits and services	23.0	24.2	24.2	25.3	26.9	28.1	29.3
Administration of justice	4.7	4.7	4.6	4.6	4.5	4.6	4.6
General government	4.6	5.3	5.0	5.2	4.9	4.8	4.6
General purpose fiscal assistance	6.9	6.5	6.5	6.6	6.9	7.2	7.5
Interest	82.5	99.9	111.1	117.6	113.6	111.6	112.3
Allowances	---	-1.0	-4.7	-1.5	-2.2	-1.5	-1.9
Undistributed offsetting receipts	-30.3	-31.3	-40.8	-45.6	-47.1	-51.0	-54.0
Total budget outlays	657.2	731.0	761.5	812.5	874.7	932.7	996.0
Outlays of off-budget Federal entities	21.0	19.3	14.9	14.4	11.4	11.3	9.8

Table 19.--BUDGET OUTLAYS BY AGENCY, 1981-1987
(in billions of dollars)

	Actual	Estimate					
	1981	1982	1983	1984	1985	1986	1987
Legislative branch	1.2	1.4	1.5	1.5	1.6	1.6	1.7
The Judiciary	0.6	0.7	0.8	0.9	0.9	0.9	1.0
Executive Office of the President	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Funds appropriated to the President	7.0	6.8	7.0	7.6	7.8	7.3	7.1
Agriculture	26.0	35.2	29.6	28.9	29.1	23.2	23.9
Commerce	11.5	11.8	10.4	10.6	11.1	11.6	12.2
Defense-Military	156.1	182.8	215.9	247.0	285.5	324.0	356.0
Defense-Civil	3,1	3.0	2.3	2.1	2.2	2.3	2.5
Health and Human Services	228.1	253.4	272.9	292.8	320.5	347.8	377.1
Housing and Urban Development	14.0	15.0	13.0	13.2	13.3	13.7	14.2
Interior	6.8	3.2	2.7	2.3	2.1	1.9	1.7
Justice	2.8	2.7	2.7	2.7	2.6	2.6	2.6
Labor	30.1	30.3	26.2	22.9	23.4	24.1	24.5
State	1.9	2.2	2.5	2.6	2.7	2.8	2.9
Transportation	22.5	20.6	19.2	18.7	19.4	19.5	19.5
Treasury	93.4	111.2	123.8	131.2	126.9	124.8	125.4
Environmental Protection Agency	5.2	5.3	4.5	4.0	4.1	3.6	3.3
National Aeronautics and Space Administration	5.4	5.9	6.6	6.5	6.2	5.7	5.5
Veterans Administration	22.9	24.2	24.2	25.3	26.9	28.1	29.3
Foundation for Education Assistance	13.1	13.3	12.9	9.3	7.7	7.2	7.1
Office of Personnel Management	18.1	20.0	21.9	23.5	25.6	27.7	30.1
Other independent agencies	17.6	14.2	6.4	5.9	4.4	4.7	4.3
Allowances	---	-1.0	-4.7	-1.5	-2.2	-1.5	-1.9
Undistributed offsetting receipts	-30.3	-31.3	-40.8	-45.6	-47.1	-51.0	-54.0
Total budget outlays	657.2	731.0	761.5	812.5	874.7	932.7	996.0

Table 20.--BUDGET AUTHORITY BY FUNCTION, 1981-1987
(in billions of dollars)

	Actual	Estimate					
	1981	1982	1983	1984	1985	1986	1987
National defense	182.4	219.0	263.5	291.6	338.5	375.2	408.8
International affairs	24.8	17.8	17.6	17.3	16.5	16.3	16.1
General science, space and technology	6.5	7.0	7.8	7.7	7.3	6.7	6.6
Energy	6.8	4.4	4.0	3.9	3.6	3.5	3.6
Natural resources and environment	11.1	10.8	9.1	8.4	7.8	7.4	6.7
Agriculture	6.6	15.0	12.5	9.4	8.7	8.1	6.7
Commerce and housing credit	6.5	6.4	3.4	4.3	4.6	5.0	5.2
Transportation	24.9	21.1	19.1	19.5	19.8	20.1	20.4
Community and regional development	8.1	6.7	6.7	6.9	7.0	7.0	7.0
Education, training, employment, and social services	30.5	25.2	19.6	17.9	17.4	17.1	17.0
Health	68.9	78.7	69.5	78.3	91.5	107.3	119.4
Income security	249.9	254.9	255.5	282.2	308.4	327.2	352.2
(Social security)	(133.0)	(147.0)	(169.6)	(189.0)	(208.8)	(226.2)	(244.8)
(Other)	(117.0)	(107.9)	(85.9)	(93.2)	(99.6)	(100.9)	(107.4)
Veterans benefits and services	23.2	24.9	25.2	26.0	27.2	28.3	29.5
Administration of justice	4.3	4.7	4.5	4.6	4.6	4.6	4.6
General government	5.1	5.3	5.3	5.4	5.2	5.2	5.1
General purpose fiscal assistance	6.3	6.5	6.5	6.8	7.1	7.4	7.7
Interest	82.5	99.9	111.1	117.6	113.6	111.6	112.3
Allowances	---	-1.0	19.0	9.7	-8.1	1.1	-2.6
Undistributed offsetting receipts	-30.3	-31.3	-40.8	-45.6	-47.1	-51.0	-54.0
Total budget authority	718.4	776.1	819.2	872.1	933.4	1,008.0	1,072.4
Budget authority of off-budget Federal entities	30.7	32.3	28.4	31.6	26.6	21.8	24.1

Table 21.--BUDGET AUTHORITY BY AGENCY, 1981-1987
(in billions of dollars)

	Actual	Estimate					
	1981	1982	1983	1984	1985	1986	1987
Legislative branch	1.2	1.4	1.5	1.6	1.6	1.7	1.7
The Judiciary	0.7	0.7	0.9	0.9	0.9	1.0	1.0
Executive Office of the President	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Funds appropriated to the President	14.7	10.3	11.0	10.6	9.7	9.4	9.1
Agriculture	28.2	36.1	30.4	28.4	28.4	28.6	27.7
Commerce	11.2	10.2	10.1	10.9	11.6	12.2	12.7
Defense--Military	178.4	214.1	257.5	284.7	330.9	366.8	399.9
Defense--Civil	3.1	3.0	2.3	2.3	2.4	2.5	2.6
Health and Human Services	225.8	248.0	260.5	286.8	320.3	353.5	384.2
Housing and Urban Development	33.4	18.6	0.8	5.3	7.3	5.1	8.8
Interior	6.3	3.1	2.7	2.8	2.4	2.2	1.9
Justice	2.5	2.6	2.6	2.6	2.6	2.6	2.6
Labor	29.5	27.1	24.3	25.6	26.7	27.9	28.8
State	2.3	2.6	2.7	2.9	3.0	3.1	3.2
Transportation	23.7	20.4	18.4	19.0	19.1	19.4	19.7
Treasury	92.7	111.5	124.2	131.6	127.5	125.3	125.9
Environmental Protection Agency	3.0	3.7	3.6	3.3	3.3	3.3	3.1
National Aeronautics and Space Administration	5.5	6.0	6.6	6.5	6.1	5.5	5.4
Veterans Administration	23.1	24.9	25.2	26.0	27.1	28.3	29.5
Foundation for Education Assistance	12.9	12.5	9.3	8.0	7.4	7.1	7.0
Office of Personnel Management	29.0	34.2	35.8	37.9	40.2	42.1	43.9
Other independent agencies	21.5	17.4	10.8	10.3	10.0	10.2	10.3
Allowances	---	-1.0	19.0	9.7	-8.1	1.1	-2.6
Undistributed offsetting receipts	-30.3	-31.3	-40.8	-45.6	-47.1	-51.0	-54.0
Total budget authority	718.4	776.1	819.2	872.3	933.4	1,008.0	1,072.4

Table 22.--THE CREDIT BUDGET TOTALS, 1981-1983
(in billions of dollars)

	1981 Actual	1982 Estimate April	1982 Estimate Current	1983 Estimate April	1983 Estimate Current
New direct loan obligations:					
On-budget	40.9	44.0	42.9	33.6	33.1
Off-budget	31.5	30.8	29.7	25.7	25.2
Less new FFB purchases of loan assets 1/	-15.2	-14.3	-13.6	-8.3	-8.7
Subtotal, new direct loan obligations	57.2	60.5	59.1	51.0	49.6
New guaranteed loan commitments 2/	76.5	74.8	71.1	96.8	97.2
Total	133.7	135.3	130.1	147.7	146.7

1/ To avoid double counting, new loan assets purchased from agencies by the Federal Financing Bank are deducted. The amount of the loan assets are already recorded as direct loans by the originating agency. This deduction affects new transactions only.

2/ To avoid double counting, excludes commitments for guarantee of loans previously guaranteed and for guarantee by one Government account of direct loans made by another Government account.

Table 23.--THE CREDIT BUDGET BY FUNCTION
(in billions of dollars)

	1981 Actual	1982 Estimate April	1982 Estimate Current	1983 Estimate April	1983 Estimate Current
Direct Loan Obligations	57.2	60.5	59.1	51.0	49.6
Guaranteed Loan Commitments	76.5	74.8	71.1	96.8	97.2
Secondary Guaranteed Loan Commitments	44.1	48.7	22.8	38.4	38.4
050 National defense:					
Direct Loan Obligations	---	---	---	---	---
Guaranteed Loan Commitments	---	---	---	---	---
150 International affairs:					
Direct Loan Obligations	10.1	10.4	9.8	12.3	12.1
Guaranteed Loan Commitments	7.7	8.1	8.7	7.7	7.9
250 General science, space, and technology:					
Direct Loan Obligations	0.1	0.2	0.2	0.2	0.2
Guaranteed Loan Commitments	---	---	---	---	---
270 Energy:					
Direct Loan Obligations	8.9	10.3	10.5	11.2	11.6
Guaranteed Loan Commitments	3.7	-0.5	0.6	-1.8	-2.1
300 Natural resources and environment:					
Direct Loan Obligations	*	*	*	*	*
Guaranteed Loan Commitments	---	---	---	---	---

Table 23.--THE CREDIT BUDGET BY FUNCTION (continued)
(in billions of dollars)

		1981 Actual	1982 Estimate April	1982 Estimate Current	1983 Estimate April	1983 Estimate Current
350	Agriculture:					
	Direct Loan Obligations.....	15.1	20.3	19.8	15.6	15.1
	Guaranteed Loan Commitments..	2.2	1.6	2.6	2.6	2.9
370	Commerce and housing credit:					
	Direct Loan Obligations.....	10.7	11.0	10.7	5.9	5.9
	Guaranteed Loan Commitments..	25.8	26.1	21.1	37.7	37.7
	Secondary Guaranteed Loan Commitments.....	42.2	48.0	22.1	38.4	38.4
400	Transportation:					
	Direct Loan Obligations.....	1.9	0.4	0.4	0.1	0.1
	Guaranteed Loan Commitments..	-0.3	0.7	0.7	0.5	0.5
	Secondary Guaranteed Loan Commitments.....	*	---	---	---	---
450	Community and regional development:					
	Direct Loan Obligations.....	3.6	2.0	1.8	1.7	1.7
	Guaranteed Loan Commitments..	1.0	0.7	0.7	-0.1	-0.1
500	Education, training, employment, and social services:					
	Direct Loan Obligations.....	2.5	1.6	1.6	0.6	0.6
	Guaranteed Loan Commitments..	5.8	8.8	8.8	10.3	10.3
	Secondary Guaranteed Loan Commitments.....	2.0	0.7	0.7	---	---
550	Health:					
	Direct Loan Obligations.....	0.1	0.1	0.1	*	*
	Guaranteed Loan Commitments..	0.1	0.1	0.2	0.1	0.1
600	Income security:					
	Direct Loan Obligations.....	3.0	2.8	2.8	2.0	1.0
	Guaranteed Loan Commitments..	18.5	17.0	17.8	18.7	

Table 23.--THE CREDIT BUDGET BY FUNCTION (continued)
(in billions of dollars)

		1981 Actual	1982 Estimate April	1982 Estimate Current	1983 Estimate April	1983 Estimate Current
700	Veterans benefits and services:					
	Direct Loan Obligations.....	1.0	1.1	1.1	1.1	0.9
	Guaranteed Loan Commitments..	11.7	11.9	9.6	20.9	20.1
800	General Government:					
	Direct Loan Obligations.....	*	0.1	0.1	---	---
	Guaranteed Loan Commitments..	---	---	---	*	*
850	General purpose fiscal assistance:					
	Direct Loan Obligations.....	0.2	0.2	0.3	0.1	0.1
	Guaranteed Loan Commitments..	0.3	0.3	0.3	---	---

* $50 million or less.

Table 24.--NEW DIRECT LOAN OBLIGATIONS BY AGENCY, 1981-1983
(in billions of dollars)

	1981 Actual	1982 Estimate April	1982 Estimate Current	1983 Estimate April	1983 Estimate Current
On-budget agencies:					
Funds appropriated to the President..	1.3	1.9	1.9	3.2	3.2
Agriculture.....	23.7	28.5	27.8	21.2	20.7
Commerce.....	0.1	*	*	---	---
Health and Human Services.....	0.1	0.1	0.1	*	*
Housing and Urban Development.....	5.4	4.8	4.7	1.8	1.8
Interior.....	*	0.1	0.1	0.1	0.1
Labor.....	*	*	*	*	*
State.....	*	*	*	*	*
Transportation.....	0.1	0.2	0.2	0.1	0.1
Treasury.....	0.1	0.3	0.3	0.1	0.1
Veterans Administration.....	1.0	1.1	1.1	1.1	0.9
Other independent agencies:					
District of Columbia.....	0.2	0.2	0.3	0.1	0.1
Export-Import Bank.....	5.4	4.4	4.4	3.8	3.8
Foundation for Education Assistance.....	0.4	0.6	0.6	0.5	0.5
National Credit Union Administration.....	0.1	0.3	0.3	0.5	0.5
Small Business Administration.....	2.4	1.4	1.0	1.0	1.0
All other independent agencies....	0.5	0.1	0.1	0.1	0.1
Subtotal, on-budget agencies...	40.9	44.0	42.9	33.6	33.1
Off-budget entities:					
Rural Electrification Administration.	1.3	1.3	1.3	0.9	0.9
Federal Financing Bank.....	30.3	29.7	28.4	24.8	24.3
All other off-budget entities.....	*	*	*	*	---
Subtotal, off-budget entities..	31.5	30.8	29.7	25.7	25.2
Less new FFB purchases of loan assets 1/.....	-15.2	-14.3	-13.6	-8.3	-8.7
Total.....	57.2	60.5	59.1	51.0	49.6

* $50 million or less.

1/ To avoid double counting new loan assets purchased from agencies by the Federal Financing Bank are deducted. The amount of the loan assets are already recorded as direct loans by the originating agency. This deduction affects new transactions only.

Table 25.--NEW GUARANTEED LOAN COMMITMENTS BY AGENCY, 1981-1983
(in billions of dollars)

	1981 Actual	1982 Estimate April	1982 Estimate Current	1983 Estimate April	1983 Estimate Current
Funds appropriated to the President....	2.8	3.5	3.5	4.2	4.2
Agriculture 1/.....	22.6	20.1	21.3	14.2	14.9
Commerce.....	3.5	0.1	0.3	*	*
Health and Human Services.....	0.1	0.1	0.2	0.1	0.1
Housing and Urban Development.....	85.3	91.4	61.3	93.2	93.2
Interior.....	*	0.1	0.1	*	*
Transportation.....	1.5	0.9	0.9	0.6	0.6
Treasury.....	0.7	1.0	1.0	---	---
National Aeronautics and Space Administration.....	0.1	0.2	0.2	0.2	0.2
Veterans Administration.....	11.7	11.9	9.6	20.9	20.1
Other independent agencies:					
Export-Import Bank.....	7.4	8.0	8.0	8.0	8.0
Foundation for Education Assistance.	9.7	10.3	10.2	10.3	10.3
Small Business Administration.....	3.6	3.2	3.2	2.8	2.8
Tennessee Valley Authority.....	3.6	4.3	4.4	5.3	5.4
All other independent agencies.....	0.1	0.1	0.1	0.1	0.1
Less: Secondary guaranteed loans (-)..	-44.1	-48.7	-22.8	-38.4	-38.4
Guaranteed loans held as direct loans.....	-32.1	-31.6	-30.4	-24.8	-24.3
Total.....	76.5	74.8	71.1	96.8	97.2

* $50 million or less.

1/ Includes Rural Electrification Administration off-budget activities as follows: 1981, $5,131 million; current estimates for 1982, $5,145 million; and current estimate for 1983, $3,760 million.

Table 26.--BUDGET FINANCING AND DEBT OUTSTANDING, 1981-1983
(in billions of dollars)

	1981 Actual	1982 Estimate April	1982 Estimate Current	1983 Estimate April	1983 Estimate Current
Budget Financing					
Budget surplus or deficit (-)	-57.9	-100.5	-108.9	-101.9	-115.0
Deficit (-), off-budget Federal entities	-21.0	-20.9	-19.3	-15.8	-14.9
Total deficit (-)	-78.9	-121.4	-128.2	-117.7	-129.9
Means of financing other than borrowing from the public:					
Decrease or increase (-) in cash and other monetary assets	-1.7	3.7	-1.3	---	---
Increase or decrease (-) in liabilities for:					
Checks outstanding, etc	-1.3	0.4	2.0	0.8	2.5
Deposit fund balances	2.1	-1.7	0.2	-1.6	0.9
Seigniorage on coins	0.4	0.6	0.6	0.5	0.5
Total, means of financing other than borrowing from the public	-0.4	3.0	1.4	-0.3	3.9
Total, requirements for borrowing from the public	-79.3	-118.4	-126.7	-118.0	-126.0
Transfer of debt holdings	---	-3.6	-1.3	---	---
Change in debt held by the public	79.3	122.0	128.0	118.0	126.0
Outstanding Debt, End of Year					
Gross Federal debt:					
Debt issued by Treasury	997.9	1,130.9	1,132.1	1,264.3	1,268.5
Debt issued by other agencies	6.1	5.1	5.1	5.0	5.0
Total, gross Federal debt	1,003.9	1,135.9	1,137.1	1,269.3	1,273.5
Held by:					
Government agencies	209.5	219.5	214.7	234.8	225.1
The public	794.4	916.4	922.4	1,034.4	1,048.4
Debt Subject to Limit, End of Year					
Debt issued by Treasury	997.9	1,130.9	1,132.1	1,264.3	1,268.5
Treasury debt not subject to limit	-0.6	-0.6	-0.6	-0.6	-0.6
Agency debt subject to limit	1.6	1.5	1.5	1.5	1.5
Total debt subject to limit 1/	998.8	1,131.8	1,133.0	1,265.1	1,269.4

1/ The statutory debt limit is permanently established at $400 billion. Public Law 97-204 temporarily increases the statutory debt limit to $1,143.1 billion through September 30, 1982.

Table 27

FULL-TIME EQUIVALENT OF TOTAL FEDERAL CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH 1/

(Estimates for fiscal years, excluding the Postal Service)

	Fiscal Year				
		1982		1983	1984
	1981 estimate 2/	Revised Budget estimate 3/	Current estimate	Current estimate	Current estimate
Agriculture	117,300	121,000	117,000	111,000	108,900
Commerce 4/ 5/	52,600	45,500	45,600	40,500	38,200
Defense--civil functions 6/	34,400	32,300	32,300	30,700	29,100
Health and Human Services 7/	148,400	154,400	148,000	141,800	137,900
Housing and Urban Development	16,100	15,700	14,900	14,400	14,100
Interior 5/ 7/	85,900	87,400	85,000	81,600	79,300
Justice 5/ 7/	56,900	55,100	56,400	55,800	54,400
Labor	22,600	21,600	19,200	19,000	18,800
State	23,400	22,900	23,000	23,300	23,500
Transportation 4/	58,800	69,300	61,600	61,900	62,500
Treasury 7/	123,900	124,400	122,200	123,000	122,200
Environmental Protection Agency	12,700	12,900	12,200	10,500	10,500
National Aeronautics and Space Administration	22,600	22,700	22,500	22,000	22,000
Veterans Administration	214,100	209,600	215,900	216,800	218,900
Other:					
Foundation for Education Assistance 7/	6,200	5,300	5,400	4,800	4,800
General Services Administration	34,000	32,800	32,300	31,100	29,600
International Communication Agency 7/	7,900	7,600	7,900	7,900	7,900
International Development Cooperation Agency	5,800	5,800	5,700	5,600	5,400
Nuclear Regulatory Commission	3,400	3,400	3,400	3,400	3,300
Office of Personnel Management	7,200	6,600	6,400	5,900	5,900
Panama Canal Commission	8,900	9,100	9,000	9,000	9,000
Small Business Administration	5,000	4,700	4,500	4,200	4,100
Tennessee Valley Authority	50,100	44,800	42,500	41,400	40,300
Miscellaneous 5/ 7/	45,500	47,200	43,100	40,800	39,800
Undistributed reduction	---	---	---	---	-3,300
Subtotal	1,163,700	1,162,100	1,136,000	1,106,400	1,087,100
Defense--military functions 7/ 8/	947,000	937,700	945,200	947,300	947,000
Subtotal	2,110,700	2,099,800	2,081,200	2,053,700	2,034,100
Contingencies 9/	---	1,000	1,000	1,000	1,000
Total	2,110,700	2,100,800	2,082,200	2,054,700	2,035,100

(See following page for footnotes)

Footnotes (Table I-1):

1/ Reflects status as of June 30, 1982. Excludes developmental positions under the worker-trainee opportunity program (WTOP) as well as certain statutory exemptions.

2/ Data are estimated because most executive branch agencies were not reporting full-time equivalent (FTE) information prior to October 1981.

3/ Estimates for 1982 as contained in the revised 1982 Budget, transmitted to the Congress in March 1981.

4/ Reflects the transfer during 1981, of the Maritime Administration from the Department of Commerce to the Department of Transportation.

5/ The 1983 budget proposed dismantlement of the Department of Energy (DOE), effective October 1, 1982. Employment data for activities previously performed by DOE are included in the agencies that are proposed to assume these activities.

6/ Includes all civil functions of DOD including Corps of Engineers.

7/ The 1983 budget proposed dismantlement of the Department of Education (DEd), effective October 1, 1982. Employment data for activities previously performed by DEd are included in the agencies that are proposed to assume these responsibilities.

8/ Section 904 of the 1982 Defense Authorization Act (Public Law 97-86) exempts the Department of Defense from full-time equivalent employment controls.

9/ Subject to later distribution.

○

REVIEW OF THE FEDERAL HOME LOAN MORTGAGE CORPORATION'S AUDIT FOR 1981

COMMUNICATION

FROM

COMPTROLLER GENERAL OF THE UNITED STATES

TRANSMITTING

A REPORT ON THE AUDIT OF THE FEDERAL HOME LOAN MORTGAGE CORPORATION'S FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1981 (AFMD-82-92, JULY 30, 1982)



AUGUST 2, 1982.—Referred jointly to the Committees on Government Operations and Banking, Finance and Urban Affairs, and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

97-053 O

WASHINGTON : 1982

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Review Of The Federal Home Loan Mortgage Corporation's Financial Statements For The Year Ended December 31, 1981

GAO reviewed the report on the audit of the Federal Home Loan Mortgage Corporation's 1981 financial statements and the work of its independent public accountant.

GAO concurs with the opinion of the Corporation's accountant and transmits it to the Congress.

GAO/AFMD-82-92
JULY 30, 1982

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-179312

To the President of the Senate and the
Speaker of the House of Representatives

This report summarizes the results of our review of the Arthur Andersen & Co. (AA & Co.) audit of the Federal Home Loan Mortgage Corporation's financial statements for the year ended December 31, 1981. The Corporation is a Government corporation established by the Congress in 1970 to increase housing availability by strengthening and further developing the secondary market in residential mortgages.

We reviewed the workpapers and audit report of AA & Co., the Corporation's independent certified public accountants, to determine the extent to which we could rely on the Corporation's financial statements. We performed such tests of its workpapers and audit report as we considered necessary to ensure that:

--The Corporation's financial statements were prepared in accordance with generally accepted accounting principles.

--AA & Co.'s audit was made in accordance with generally accepted government auditing standards.

--AA & Co. has established the necessary policies and procedures to comply with other applicable professional standards.

Our review was conducted at the Corporation's headquarters in Washington, D.C.

During our review of AA & Co.'s workpapers and audit report, nothing came to our attention that would indicate that its opinion on the Corporation's 1981 financial statements was inappropriate. We therefore concur with, and transmit to the Congress, AA & Co.'s opinion and the Corporation's 1981 financial statements. (See app. I.)

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We are sending copies of this report to the Director of the Office of Management and Budget; Chairpersons of the House and Senate

Banking Committees, the House and Senate Committees on Appropriations, the Senate Committee on Governmental Affairs, the House Committee on Government Operations; and the Chairman of the Board of Directors, Federal Home Loan Mortgage Corporation.

for Milton J. Socolar
Comptroller General
of the United States

APPENDIX I

ARTHUR ANDERSEN & Co.

1666 K STREET, N. W.
WASHINGTON, D. C. 20006
(202) 862-3100

To the Board of Directors of Federal Home
Loan Mortgage Corporation:

We have examined the balance sheets of Federal Home Loan Mortgage Corporation (a Federally chartered corporation exempt from income taxes) as of December 31, 1981, and 1980, and the related statements of income and retained earnings and changes in financial position for each of the three years in the period ended December 31, 1981. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Federal Home Loan Mortgage Corporation as of December 31, 1981, and 1980, and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1981, all in conformity with generally accepted accounting principles applied on a consistent basis.

Arthur Andersen & Co.

February 12, 1982

APPENDIX I

ARTHUR ANDERSEN & CO.

1666 K STREET, N. W.
WASHINGTON, D. C. 20006
WRITER'S DIRECT DIAL NUMBER
(202) 862-3100

The Board of Directors
Federal Home Loan Mortgage Corporation:

We have examined the financial statements of the Federal Home Loan Mortgage Corporation (Corporation) for the year ended December 31, 1981, and have issued our report thereon dated February 12, 1982. As part of our examination, we made a study and evaluation of the system of internal accounting control of the Corporation to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. For the purpose of this report, we have classified the significant internal accounting controls in the following cycles:

(1) Treasury

(2) Expenditure

(3) Mortgage

  (a) Loan Accounting
  (b) Investor Accounting

(4) Financial Reporting

The purpose of our study and evaluation, which included the above listed cycles, was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Corporation's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Corporation is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance

APPENDIX I

with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the corporation taken as a whole or on any of the categories of internal accounting controls identified in the first paragraph. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

This report is intended solely for the use of management of the Corporation; the General Accounting Office and other associated Federal organizations and should not be used for any other purpose.

Arthur Andersen & Co.

February 12, 1982

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APPENDIX I

ARTHUR ANDERSEN & Co.

1666 K STREET, N. W.
WASHINGTON, D. C. 20006
WRITER'S DIRECT DIAL NUMBER
(202) 862-3100

The Board of Directors
Federal Home Loan Mortgage Corporation:

We have examined the financial statements of the Federal Home Loan Mortgage Corporation (Corporation) as of and for the year ended December 31, 1981, and have issued our report thereon dated February 12, 1982. Our examination was made in accordance with generally accepted auditing standards and the provisions of "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (Standards), promulgated by the Comptroller General as of February 27, 1981, which pertain to financial and compliance audits and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our examination, we have reviewed the provisions of Title III of the Emergency Home Finance Act of 1970, as amended (PL 91-351) to determine compliance with the requirements which would have a material financial statement impact in the event of noncompliance.

In our opinion, the Corporation complied with the requirements of Title III of the Emergency Home Finance Act of 1970, as amended (PL 91-351) which would have a material financial statement impact in the event of noncompliance. As regards the requirements that are not material to the financial statements, nothing came to our attention to indicate noncompliance by the Corporation. However, it should be noted that our examination was not directed primarily toward obtaining knowledge of noncompliance with requirements that are not material to the financial statements.

Arthur Andersen & Co.

February 12, 1982

APPENDIX II

FEDERAL HOME LOAN MORTGAGE CORPORATION

Financial Statements

Balance Sheets

	December 31, 1981	1980
	(000 omitted)	
Assets		
Mortgage loans, at unpaid principal balances (Note 3):		
Insured by Federal Housing Administration (FHA) or guaranteed by Veterans Administration (VA)	$ 1,046,796	$ 1,089,645
Participation in conventional mortgages	3,242,142	3,216,747
Conventional mortgages	948,322	749,964
	5,237,260	5,056,356
Less—Unamortized mortgage purchase discount	58,772	50,606
—Portfolio valuation allowance (Note 4)	9,000	9,000
Total mortgage loans	5,169,488	4,996,750
Cash and temporary cash investments	629,132	19,332
Accrued interest receivable	50,258	48,313
Accounts receivable and other assets	215,955	176,487
Real estate owned	17,997	8,212
Unamortized mortgage sales discount	243,292	229,300
	$ 6,326,122	$ 5,478,394
Liabilities and Stockholders' Equity		
Notes and bonds payable (Note 5):		
Due within one year	$ 1,943,270	$ 1,034,560
Due after one year	3,536,792	3,651,937
	5,480,062	4,686,497
Other liabilities:		
Accrued interest	108,494	99,597
Accounts payable and other accrued expenses	2,553	2,168
Principal and interest due to Mortgage Participation Certificate investors	203,883	203,906
	5,794,992	4,992,168
Reserve for uninsured principal losses (Notes 2 and 6)	81,000	65,000
Contingencies (Notes 2 and 7):		
Mortgage Participation and Guaranteed Mortgage Certificates	19,897,363	16,962,234
Less—Underlying mortgage loans sold	19,897,363	16,962,234
	—	—
Subordinated borrowings and stockholders' equity:		
Subordinated Capital Debentures (Note 8)	200,000	200,000
Stockholders' equity:		
Common stock, nonvoting, $1,000 par value; no maximum authorization; 100,000 shares issued and outstanding	100,000	100,000
Capital in excess of par value	100,000	100,000
Retained earnings	50,130	21,226
	250,130	221,226
Total subordinated borrowings and stockholders' equity	450,130	421,226
	$ 6,326,122	$ 5,478,394

The accompanying notes are an integral part of these balance sheets.

APPENDIX II

FEDERAL HOME LOAN MORTGAGE CORPORATION

Statements of Income and Retained Earnings

	Year Ended December 31,		
	1981	1980	1979
	(000 omitted)		
Income from total portfolio:			
Interest and discount on mortgage loans	$560,965	$438,657	$324,271
Interest on temporary cash investments	29,313	31,678	42,660
Management and guarantee fee	36,175	22,717	17,631
	626,453	493,052	384,562
Interest and related expenses (Note 5):			
Long-term debt expense	412,480	336,941	266,880
Short-term debt expense	144,459	79,585	44,685
	556,939	416,526	311,565
Net interest margin on portfolio	69,514	76,526	72,997
Provision for uninsured principal losses (Note 6)	16,413	22,758	19,724
Administrative expenses	30,298	26,098	19,434
Other income, net	(8,101)	(5,916)	(1,771)
	38,610	42,940	37,387
Net income	30,904	33,586	35,610
Retained earnings at the beginning of the period	21,226	37,640	27,030
Dividends paid	(2,000)	(50,000)	—
Transfer to capital in excess of par value	—	—	(25,000)
Retained earnings at the end of the period	$ 50,130	$ 21,226	$ 37,640

The accompanying notes are an integral part of these statements.

APPENDIX II

FEDERAL HOME LOAN MORTGAGE CORPORATION

Statements of Changes in Financial Position

	Year Ended December 31,		
	1981	1980	1979
		(000 omitted)	
Funds Provided:			
Net income	$ 30,904	$ 33,586	$ 35,610
Charges (credits) to income not affecting funds:			
Amortization of mortgage purchase discount	(8,794)	(7,891)	(8,103)
Amortization of mortgage sales discount	33,606	34,843	31,889
Provision for losses	16,413	22,758	19,724
Funds provided from operations	72,129	83,296	79,120
Mortgage loan principal repayments	124,960	208,548	234,631
Proceeds from issuance of notes and bonds, net of debt expense	399,150	1,048,337	648,723
Mortgage loans sold:			
Mortgage Participation Certificates (including $2.3 billion in Guarantor Program volume in 1981)	3,508,404	2,485,373	3,747,943
Guaranteed Mortgage Certificates	—	—	744,000
Increase (decrease) in short-term notes	756,631	(78,098)	591,910
Total funds provided	$4,861,274	$3,747,456	$6,046,327
Funds Applied:			
Mortgage loans purchased (including $2.3 billion in Guarantor Program volume in 1981)	$3,722,515	$3,667,736	$5,697,854
Dividends paid	2,000	50,000	—
Notes and bonds retired	388,894	215,083	326,122
Increase (decrease) in cash and temporary cash investments	609,800	(213,923)	(101,596)
Other items	138,065	28,560	123,947
Total funds applied	$4,861,274	$3,747,456	$6,046,327

The accompanying notes are an integral part of these statements.

APPENDIX II

Notes to Financial Statements

December 31, 1981 and 1980

1) Summary of Significant Accounting Policies

The Federal Home Loan Mortgage Corporation (the corporation) is a federally chartered corporation whose capital stock consists solely of nonvoting common stock held by the 12 Federal Home Loan Banks.

Accounting for Mortgage Loan Sales

The corporation sells Mortgage Participation Certificates (PCs) and Guaranteed Mortgage Certificates (GMCs), representing undivided interests in conventional mortgage loans. The issued certificates have been accounted for as a sale of assets and the mortgage loans sold are accordingly excluded from the corporation's retained mortgage portfolio. Since the corporation guarantees the timely payment of interest at the PC and GMC certificate rates, the ultimate collection of principal on the PCs and the scheduled collection of principal on the GMCs, they are reflected in the balance sheets as contingent liabilities.

A separate Trust has been established for each GMC issue. The corporation, as Trustee, is primarily responsible for forwarding principal collections and interest to GMC investors and for conducting such other investment transactions prescribed in accordance with the terms of each Indenture of Trust.

Recognition of Gain (Loss) on Mortgage Loans

Interest margin, representing the excess of the effective interest income rate to the corporation over that payable to the investor, is recognized as earned over the life of the related mortgage loans and is reported as management and guarantee fee income in the accompanying financial statements.

The corporation recognizes losses (negative interest margin) currently on sales of mortgage loans and on outstanding commitments. The corporation provides currently for uninsured principal losses on mortgage loans, either retained in portfolio or sold under the PC and GMC programs. Uninsured principal losses are charged against the appropriate reserve as incurred.

Mortgage Purchase and Sales Discount

Discount on mortgage loans purchased is recorded as income over the life of the related mortgage loans, using the level yield method.

Discount on the sale of PCs is amortized over the life of the related underlying mortgage loans, and discount on the sale of GMCs is amortized over the period to the optional repurchase date, both using the level yield method. Amortization of sales discount is recorded as a reduction of management and guarantee fee income in the accompanying financial statements.

Effective January 1, 1981, the corporation decreased the rate of amortization of mortgage purchase and sales discount based on its revised estimate of the repayment pattern of mortgage loans in its conventional mortgage portfolio. The effect of this change was to increase net income by $6.8 million for the year ended December 31, 1981.

Commitment Fees

Commitment fees are recognized as income when the commitments are taken.

Amortization of Debt Expense

Debt expense is amortized on a straight line basis over the period during which the related indebtedness is outstanding.

2) Mortgage Loan Sales and Related Matters

Holders of PCs receive interest monthly at the certificate rate together with their pro rata share of principal payments received by the corporation. Unpaid balances of the outstanding certificates were approximately $17.9 billion and $14.8 billion at December 31, 1981, and December 31, 1980, respectively. Based on the corporation's experience, management believes that the weighted average life of the conventional mortgage loans purchased by the corporation ranges between nine and ten years. At December 31, 1981, and December 31, 1980, the effective interest income rate to the corporation over that payable to the PC investor was .42 percent and .41 percent, respectively. After giving effect to the amortization of deferred charges, the net interest margin was .11 percent and .04 percent, respectively. The effective interest income rate to the corporation and effective rate payable to the investor have been adjusted to semiannual yield equivalent. Additionally, the effective rate payable to investor has been adjusted for the effect of reinvestment of portfolio collections pending disbursement to PC holders.

Holders of GMCs are paid interest semiannually at the certificate rate and are paid annually their pro rata share of principal collected or the specified minimum annual principal reductions, whichever is greater. Any GMC holder may, at his option, require the corporation to repurchase such certificates on a designated optional repurchase date at the then unpaid principal balance. At December 31, 1981, such optional repurchase dates range from March 15, 1990, to September 15, 2004. At December 31, 1981, and December 31, 1980, outstanding GMCs totaled $2.0 billion and $2.2 billion, respectively, and the effective interest income rate to the corporation over that payable to the GMC investor was .37 percent at both dates. After giving effect to the amortization of deferred charges, the net interest margin was .23 percent and .21 percent, respectively. The effective interest income rate to the corporation has been adjusted to semiannual yield equivalent. Additionally, the effective rate payable to investor has been adjusted for the effect of reinvestment of portfolio collections held in Trust pending disbursement to GMC holders.

The maximum contingent liability of $19.9 billion and $17.0 billion at December 31, 1981, and December 31, 1980, respectively, plus interest, is offset by a like amount of interest bearing mortgage loans underlying the PCs and GMCs, including principal collections held in the GMC Trusts of $39 million at December 31, 1981, and $84 million at December 31, 1980. In management's opinion, the $81 million reserve for uninsured principal losses is adequate to absorb any losses anticipated at December 31, 1981.

APPENDIX II

3) Mortgage Loans

As of December 31, 1981, and December 31, 1980, the effective net yields on retained mortgage loans, adjusted to semiannual yield equivalent and adjusted for the effect of discount amortizations, less servicing fees, were as follows.

	December 31,	
	1981	1980
FHA/VA mortgages	7.93%	8.02%
Participation in conventional mortgages	11.48%	11.62%
Conventional mortgages	12.47%	12.11%
Total effective income	10.95%	10.92%

4) Portfolio Valuation Allowance

An analysis of the portfolio valuation allowance for the year ended December 31, 1981, and December 31, 1980, follows.

	December 31,	
	1981	1980
	(000 omitted)	
Balance, beginning of period	$9,000	$9,000
Provision charged to current earnings	35	7,400
Loss on sales of mortgage loans	(35)	(7,400)
Balance, end of period	$9,000	$9,000

5) Notes and Bonds Payable

A summary of notes and bonds payable is as follows.

		December 31, 1981		December 31, 1980	
	Maturity	Effective Interest Rate	Balance	Effective Interest Rate	Balance
			(000 omitted)		(000 omitted)
Due within one year:					
Discount notes		11.94%	$ 982,275	— %	$ —
Mortgage securities sold under agreements to repurchase		13.07	410,000	17.94	516,000
Advances from Federal Home Loan Bank (pass-through of short-term discount notes)		15.53	58,300	12.61	103,950
Notes payable to GMC Trusts		—	—	17.88	48,166
Current portion of long-term debt		10.67	492,695	8.68	366,444
Total due within one year		11.96	1,943,270	14.12	1,034,560
Due after one year:					
Bond payable to bank	1986	7.75	13,906	7.75	15,026
Notes to Federal Home Loan Bank (pass-through of Consolidated Federal Home Loan Bank Obligations)	1982	—	—	10.68	490,000
	1983	11.91	600,000	11.91	600,000
	1984	10.41	500,000	9.54	400,000
	1985	8.32	640,000	8.32	640,000
	1986	9.93	250,000	9.93	250,000
	1987	11.13	200,000	11.13	200,000
	1983/1993	7.41	400,000	7.41	400,000
	1987/1997	7.91	300,000	7.91	300,000
			2,890,000		3,280,000
Mortgage-Backed Bonds	1985	5.30	3,461	5.30	3,461
	1983/1995	8.68	84,025	8.68	91,025
	1984/1996	7.81	95,400	7.81	112,425
	1982/1997	7.25	150,000	7.25	150,000
			332,886		356,911
Debentures	1984	16.53	300,000	—	—
Total due after one year		10.00	3,536,792	9.43	3,651,937
Notes and Bonds Payable		10.70	$5,480,062	10.47	$4,686,497

Note: The effective interest rates above are on a semiannual basis.

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Scheduled principal payments for all notes and bonds payable for each of the next five years are as follows:

	(000 omitted)
1982	$1,943,270
1983	$ 608,227
1984	$ 813,717
1985	$ 659,369
1986	$ 274,455

Discount Notes
The discount notes are unsecured general obligations of the corporation. They are offered on a discounted basis and have maturities of one year or less.

At December 31, 1981, the corporation had established with various commercial banks lines of credit aggregating $518 million. For issues prior to March 23, 1982 these lines of credit are maintained so that the total face amount of outstanding Discount Notes does not exceed two times the aggregate unused commercial bank lines of credit. For issues on or after March 23, 1982 this coverage will be reduced to three times the aggregate unused lines.

Mortgage Securities Sold Under Agreements to Repurchase
Repurchase agreement programs have maturities ranging up to one year. The agreements outstanding at December 31, 1981 provide for the sale and repurchase of $484 million of PCs issued by the corporation. The agreements are accounted for as financing transactions and, accordingly, such mortgages are included in the corporation's retained mortgage portfolio on the accompanying balance sheets.

Notes Payable to GMC Trusts
The notes payable to GMC Trusts are collateralized by FHA/VA mortgages included in the corporation's retained mortgage portfolio.

Bond Payable to Bank
The bond payable to bank is collateralized by a like amount of FHA/VA mortgages and calls for specific annual principal repayments ranging from $1,120,000 to $1,408,000 over the remaining life of the bond, with the balance due at maturity.

Notes to Federal Home Loan Bank
The Federal Home Loan Banks are required to maintain certain assets equal to their outstanding consolidated obligations. With respect to the $300 million of these notes to a Federal Home Loan Bank maturing in 1982, $600 million maturing in 1983, $200 million maturing in 1984, $400 million maturing in 1985, $250 million maturing in 1986, and $200 million maturing in 1987, the corporation may be required to pledge a portion of its mortgages retained in portfolio and/or temporary cash investments to collateralize a portion or all of the $1.950 billion obligation for the periods during which the Federal Home Loan Banks do not meet this aforementioned requirement. The 1983/1993 and 1987/1997 notes are redeemable at the corporation's option commencing 1983 and 1987, respectively, at their face value.

Mortgage-Backed Bonds
The 1982/1997, 1983/1995, and 1984/1996 Mortgage-Backed Bonds are redeemable at the corporation's option commencing 1982, 1983, and 1984, respectively, at their face value. On the 1983/1995 and 1984/1996 bonds, a sinking fund provides for annual retirements of $7.0 million and $7.5 million of the principal amount of bonds, respectively, which commenced in 1976 and 1977. In addition, the corporation has a noncumulative option to increase the sinking fund amounts each year by an amount not to exceed the annual retirement amounts.

All Mortgage-Backed Bonds are guaranteed as to principal and interest by the Government National Mortgage Association (GNMA). Under the provision of a Trust Indenture with GNMA dated October 26, 1970, and supplements thereto, the corporation conveyed mortgages to the Trust as security for the Mortgage-Backed Bonds. As of December 31, 1981, and December 31, 1980, Trust assets of approximately $600 million and $650 million, respectively, constituting primarily principal balances of such mortgages, are restricted for the payment of principal and interest on the Mortgage-Backed Bonds and are included in the accompanying balance sheets. Gains from the repurchase of a portion of the Mortgage-Backed Bonds for the purpose of meeting sinking fund requirements were $5.2 million, $2.9 million and $1.2 million in 1981, 1980 and 1979, respectively.

Debentures
The debentures are unsecured general obligations of the corporation. They are issued in the minimum principal amount of $10,000 and are not subject to redemption prior to maturity date.

6) Reserve for Uninsured Principal Losses

As of January 1, 1981, the corporation prospectively lowered its rate of provision for uninsured principal losses.

This change in accounting estimate increased income for 1981 by $8.4 million. An analysis of the reserve for uninsured principal losses for the year ended December 31, 1981, and December 31, 1980, follows.

	December 31,	
	1981	1980
	(000 omitted)	
Balance, beginning of period	$65,000	$50,000
Provision reflected in current earnings	16,413	15,358
Uninsured principal losses	(413)	(358)
Balance, end of period	$81,000	$65,000

7) Commitments

Commitments to Purchase
The average effective income rate on commitments to purchase mortgages is determined after deducting servicing fees. Delivery of mortgages under the forward commitment program is at the option of the seller. Delivery is mandatory under all other commitment programs and must occur within 60 days of the contract date.

	Outstanding Commitments			
	December 31, 1981		December 31, 1980	
	Average Effective Income Rate*	Amount	Average Effective Income Rate*	Amount
		(000 omitted)		(000 omitted)
Conventional Mortgages:				
Home	16.93%	$244,117	14.85%	$230,047
Multi-family	17.47	3,553	14.90	21,874
Forward programs	18.57	123,038	14.76	194,665
Commitments to purchase		$370,708		$446,586

Commitments to Sell
The corporation's PCs are continuously offered for sale under both mandatory and optional delivery programs. Delivery periods range from seven to 150 days under the mandatory program. Settlements occur a minimum of 270 days from the date of contract where delivery is at the option of the corporation.

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	Outstanding Commitments			
	December 31, 1981		December 31, 1980	
	Average Effective Rate Payable To Investor*	Amount	Average Effective Rate Payable To Investor*	Amount
		(000 omitted)		(000 omitted)
Mandatory	16.52%	$ 65,000	14.65%	$142,100
Optional	18.10	117,650	14.39	181,800
Commitments to sell		$182,650		$323,900

Commitments—Guarantor Program

Under this program mortgage originators sell mortgages to the corporation at par and in exchange simultaneously purchase PCs equal to the unpaid principal balance of the mortgages sold to the corporation. This program was not in effect prior to 1981.

	Outstanding Commitments	
	December 31, 1981	
	Average Effective Rate*	Amount
		(000 omitted)
Commitments to purchase	9.36%	$3,128,591
Commitments to sell	8.87%	$3,128,591

*The average effective income rate and the average effective rate payable to investor are on a semiannual basis and have been adjusted for discounts and fees. Such rates have been computed based on management's estimate of mortgage loan repayments, which incorporates historical experience, using the level yield method. The effective rate payable to investor has been adjusted for the effect of reinvestment of portfolio collections pending disbursement to PC holders. If actual mortgage loan repayments or reinvestment rates vary from the assumptions, the average effective income rate and the average rate payable to investors will also vary.

8) Subordinated Capital Debentures

Subordinated capital debenture issues at December 31, 1981, and December 31, 1980, consisted of:

	December 31, 1981		December 31, 1980	
Maturity	Effective Interest Rate	Balance	Effective Interest Rate	Balance
		(000 omitted)		(000 omitted)
1987	11.50%	$ 50,000	11.50%	$ 50,000
1988	9.41	150,000	9.41	150,000
		$200,000		$200,000

The debentures are subordinated to all obligations and liabilities of the corporation, including obligations of others that the corporation has guaranteed, whether existing at the date of issuance or thereafter incurred or created. The $50 million debentures which were issued to the Federal Home Loan Banks on June 20, 1980 are also subordinated to the $150 million debentures.