

MIGRATION AND REFUGEE ASSISTANCE

Continued political and economic instability in many areas of the world has increased the flow of refugees into neighboring countries. The 1982 budget requests \$586 million for 1982, or a 15 percent nominal increase over 1981. The bulk of the program increase has been targeted for refugees in Somalia and Pakistan. Increased fuel costs have increased the cost of transporting the 144 thousand Indochinese and the 43 thousand other refugees to the U.S. for resettlement in 1982. The 1982 budget request reduces the care and maintenance program for the Indochinese reflecting the decline in the number of people in the reprocessing centers. Funds for the resettlement of Soviet and Eastern European Jews have also declined reflecting the fall-off in emigration from the Soviet Union.

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

The President is requesting \$85 million in 1982 as the first of three installments totaling \$255 million on a replenishment of the International Fund for Agricultural Development (IFAD). IFAD was created to involve OPEC countries in a multinational effort to increase world food production by focusing assistance on small and medium size farms in less developed countries by augmenting the lending of other multilateral institutions without creating a new large bureaucracy. In its operation through December 31, 1980, it had cumulative interest income of \$119 million, paid operating expenses of \$28 million, and disbursed \$60 million on loans and grants for agricultural development.

FOREIGN MILITARY CREDIT SALES

No new country programs are requested for grant military assistance in 1982. However, the President is requesting a \$735 million, or 24 percent, increase in credit sales to \$3,781 million, double the credit sales financed in 1980. Consistent with changes contained in Public Law 96-533, only direct credits require appropriation. The President's request of \$850 million in budget authority is composed of \$500 million in grants to Israel and \$350 million in direct credits at concessional terms for countries unable to afford the near market rates of guaranteed loans.

Guaranteed loans of \$2,931 million are to be financed through the Federal Financing Bank. Net off-budget outlays of \$2,180 are estimated.

Foreign Military Credit Sales Outlays: In Billions of Dollars

	1980	Administration Estimates	
		1981	1982
Off-Budget Outlays			
Foreign Military Credit Sales	1.9	2.0	2.2
Unified Budget Outlays	<u>10.7</u>	<u>11.3</u>	<u>12.2</u>
Total FMCS Outlays	<u>12.7</u>	<u>13.3</u>	<u>14.4</u>
Off-Budget Outlays as % of Total Outlays	15.2	15.1	15.4

Guaranteed loans are backed by a guarantee fund of over \$1,100 million from prior years' appropriation. This fund makes payments on defaults and renegotiated guaranteed loans. Subsequent recoveries and repayments are covered into the fund. Net payments on defaults and renegotiated loans by the guarantee fund are estimated at nearly \$100 million in 1981 and 1982.

THE STATE DEPARTMENT

The 1982 budget proposes a 32 percent nominal increase in funds for the State Department from \$1,515 million in 1981 to \$2,005 million in 1982. Growth areas are foreign buildings (\$176 million), contributions to international organizations (\$195 million), and salaries and expenses (\$85 million).

THE EXPORT-IMPORT BANK

Although demand for Export-Import Bank financing continues to grow, the budget proposes absolute reductions in the Bank loan programs. The 1982 budget request for the direct loan program is \$500 million below the \$5.5 billion 1981 program limitation. The \$400 million discount loan program is eliminated in the 1982 request. These two program cuts, and the one-time increase in budget authority of \$1.5 billion for an accounting change in 1981 accounts for the proposed \$2.4 billion reduction in 1982 Export-Import Bank funding to \$4.7 billion.

Guarantee and insurance activities of the bank continue to grow in 1981 and 1982. A \$1 billion supplemental is requested for these activities in 1981. The \$9.4 billion program limitation, requested for 1982, represents an 11 percent nominal growth over the 1981 activity level. Guarantee and

insurance activities are not included in budget totals although these programs are a contingent liability of the federal government. The past history of negligible defaults indicates the risk of significant losses to the U.S. from these programs is remote. In fact, since inception of the programs in the late forties, the guarantee insurance activities have netted over \$70 million for the Bank.

Outlays increase only from \$2.26 billion in 1981 to \$2.3 billion in 1982. The rapid expansion in outlays experienced in 1979 and 1980 will be slowed if, as expected, the Bank provides financing for two new aircraft (the Boeing 757 and 767). The first deliveries on these aircraft are expected in late 1982 and early 1983. The bulk of the disbursements for these activities will take place as deliveries are made.

INTERNATIONAL COMMODITY AGREEMENTS

The President is requesting an appropriation of \$239 million in fiscal year 1982 for contributions to international commodity agreements designed to reduce short term price fluctuations of certain raw materials. The request includes \$165 million for the Sixth International Tin Agreement and \$74 for the Common Fund for Commodities. Both require ratification by Congress. Outlays are estimated at \$30 million in 1982 and \$10 million in 1983.

The Common Fund would pool deposits of cash and callable guarantees from autonomous buffer stocks created by international commodity agreements with up to \$400 million in direct contributions of cash and callable guarantees from member governments. At present, only the rubber buffer stock would be eligible to participate with possibly tin joining under a Sixth Agreement. The President is requesting separate contributions to both tin and rubber buffer stocks.

FOREIGN MILITARY SALES TRUST FUND

The President is estimating new sales of defense articles and services of \$15.0 billion in fiscal years 1981 and 1982, roughly the same level as realized in 1980. Using historical obligation and outlay rates, CBO estimates budget authority of \$12.6 billion, outlays of \$10.8 billion, and receipts of \$10.8 million in 1982, compared to the Administration's estimate of \$13.1 billion in budget authority, \$10.7 billion in outlays and \$10.7 billion in receipts.

GENERAL SCIENCE, SPACE AND TECHNOLOGY (FUNCTION 250)

This function includes the general science and basic research programs of the National Science Foundation (NSF) and the Department of Energy (DOE), and the space programs of the National Aeronautics and Space Administration (NASA).

Function Totals: In Billions of Dollars

	1981 Estimates			1982 Estimates		
	2nd Bud. Res.	Pres. Latest Request	CBO Estimate of Pres. Request <u>a/</u>	CBO Baseline Projection <u>a/</u>	Pres. Budget Request	CBO Estimate of Pres. Request <u>a/</u>
Budget Authority	6.4	6.5	6.5	7.2	8.1	8.1
Outlays	6.1	6.2	6.2	7.0	7.6	7.4

a/ Preliminary, subject to change.

The President requests budget authority of \$8.1 billion for fiscal year 1982 for general science, space, and technology and projects outlays of \$7.6 billion for 1982. The request represents an increase of 24 percent in budget authority from levels appropriated in 1981 and is 12 percent above CBO's baseline projection. Assuming the President's budget authority for 1982, CBO estimates outlays at \$7.4 billion. The estimate is based on CBO's spending assumptions developed from recent spending history.

The proposed budget for NSF is \$280 million (26 percent) above the levels appropriated in 1981 and reflects about 18 percent real growth. Funding for NSF's research and related programs would increase about \$250 million (25 percent). Existing math and physical sciences, engineering, industrial science and technology innovation, and the Ocean Margin Drilling programs would receive significant increases in 1982. In addition, NSF proposes a new \$75 million program to fund the modernization of university research facilities and requests \$9.8 million to begin the development of a new millimeter wave telescope that NSF projects will cost \$29.3 million. NSF's science and education activities would receive an increase of 39

percent above 1981 levels, from \$81 million in 1981 to \$112 million in 1982. The bulk of this increase would fund a new \$25 million program intended to enhance the engineering and computer science programs at the nation's colleges and universities.

General science activities of DOE would increase by \$103 million (20 percent) in 1982. The 1982 funding level would finance continued upgrading and construction of facilities designed to enhance research capabilities in high energy and nuclear physics.

NASA has requested \$6.1 billion for the civilian space program for 1982, a \$1.2 billion or 24 percent increase from levels appropriated in 1981. The 1982 budget contains \$3.8 billion for NASA's space flight program, 22 percent above the 1981 levels. Space flight consists largely of the Space Shuttle and related programs. The proposal reflects the continued development and testing of the space shuttle system on a schedule that will make it operational by late 1982. Production continues on the third and fourth orbiters and the Spacelab. Major increases are proposed in production (\$205 million), shuttle support operations (\$291 million), and development of shuttle capabilities (\$65 million). The 1982 request also provides \$25 million for initial funding of a fifth orbiter.

The increase in the NASA budget will also raise funding for space science and applications programs by \$385 million (28 percent). The proposal is 16 percent above CBO's baseline projection for 1982. Included in the request is \$40 million for the initiation of the Venus Orbiting Imaging Radar mission scheduled for 1986, (which NASA expects to cost between \$550 and \$650 million), and \$20 million for initial studies of an Upper Atmospheric Research project. Total funding for other new projects proposed for 1982 is \$16 million. Increases of \$18 million for the International Solar Polar mission, \$34 million for the Gamma Ray Observatory, \$29 million for the National Oceanic Satellite System and \$45 million for the Galileo mission are also being proposed for 1982.

Through the Federal Financing Bank, NASA is funding the Tracking Data Relay Satellite System consisting of six satellites being developed by the Space Communications Corporation. When the system becomes operational in late 1982, ground based tracking systems will be phased out. In 1982, NASA plans loan guarantees of \$144 million for this project with loan commitments projected to total \$883 million by fiscal year 1983. Repayments are scheduled to begin when the system becomes operational.

ENERGY (FUNCTION 270)

Function 270 encompasses the major nondefense energy programs of the federal government. These programs, primarily administered by the Department of Energy, include energy research and development, production, conservation, emergency preparedness, and regulation. Other agencies, including the Tennessee Valley Authority, the U.S. Geological Survey, the Department of Agriculture, and the Nuclear Regulatory Commission, also carry out energy-related activities that fall within this function.

Function Totals: In Billions of Dollars

	1981 Estimates			1982 Estimates		
	2nd Bud. Res.	Pres. Latest Request	CBO Estimate of Pres. Request <u>a/</u>	CBO Baseline Projection <u>a/</u>	Pres. Budget Request	CBO Estimate of Pres. Request <u>a/</u>
Budget Authority	5.85	8.2	7.8	8.7	12.1	11.6
Outlays	7.8	8.7	8.3	11.2	12.0	12.0

a/ Preliminary, subject to change.

For fiscal year 1982, the President is requesting \$12.1 billion in budget authority, an increase of 46 percent over the \$8.2 billion currently estimated for fiscal year 1981. Similarly, outlays are projected to increase by 38 percent from \$8.7 billion to \$12.0 billion. The 1982 request is significantly above the CBO baseline projection for budget authority, but only 7 percent above baseline outlays.

New accounting procedures and a significant decrease in offsetting receipts mask the programmatic decisions that characterize the 1982 request. These changes in the budgetary treatment of contract and borrowing authority account for a net \$0.9 billion of the \$3.9 billion budget authority increase in 1982. The latest Administration request treats the authority to spend uranium enrichment receipts totaling \$1.3 billion as budget authority in 1981 but not in 1982. In addition, the 1982 budget for the first time shows as budget authority the annual borrowing activity of the

Tennessee Valley Authority (TVA) and the Bonneville Power Administration (BPA), estimated to total \$2.2 billion, even though large appropriations covering several years of borrowing authority were scored as budget authority in the year they were appropriated.

The other major factor, which increases both budget authority and outlays, is a net reduction in offsetting receipts from \$3.2 billion in 1981 to \$1.9 billion in 1982. The sharp drop in receipts results from the termination at the end of fiscal year 1981 of the oil entitlements system. Federal participation in this system is expected to provide over \$1.8 billion in receipts in 1981, as the result of the acquisition of oil for the Strategic Petroleum Reserve. An anticipated increase of \$0.2 billion from the sale of Naval Petroleum Reserve oil partially offsets the decline in entitlements benefits.

Excluding accounting changes and the sharp decrease in offsetting receipts, the President's 1982 request represents a 16 percent increase in energy spending authority (from \$10.2 billion to \$11.8 billion) and a 16 percent increase in outlays over 1981 (from \$11.9 billion to \$13.8 billion).

The major emphasis in the 1982 budget is on increased funding for construction of large fossil projects and a uranium enrichment facility and on accelerated filling of the Strategic Petroleum Reserve (SPR). The 1982 request provides \$790 million, an increase of 87 percent, to fund construction of two coal liquefaction (solvent refined) projects and one low/medium-BTU gas demonstration plant. Similarly, total spending authority for the uranium enrichment program, including revenues, increases by 73 percent (\$1.3 billion to \$2.2 billion), primarily to accommodate construction of the gas centrifuge enrichment plant at Portsmouth, Ohio. Gross SPR budget authority (excluding entitlements receipts) rises by \$567 million (17 percent) and outlays grow by \$642 million (21 percent), reflecting both a rising world oil price and an accelerated fill schedule in 1982. Other increases occur in conservation and energy supply programs.

The President has proposed 1981 supplemental appropriations (excluding pay) totalling \$113 million for gas rationing and Department of Energy administrative costs. Rescissions in 1981 for conservation and energy supply reduce budget authority by \$102 million and outlays by \$63 million in 1981 and \$27 million in 1982.

Summary of Major Programs--Function 270: In Billions of Dollars

		FY 1981	FY 1982	
		President's Latest Request	CBO Baseline Projection	President's Request
Energy Supply	BA	5.9 ^{a/}	5.1	5.3
	O	4.8	5.3	5.7
Power Marketing	BA	0.2	0.2	0.4 ^{b/}
	O	0.2	0.2	0.1
Tennessee Valley Authority	BA	0.0	0.0	2.0 ^{c/}
	O	2.0	2.0	2.0
Energy Conservation	BA	0.9	0.9	1.0 ^{d/}
	O	0.8	1.0	1.1
Strategic Petroleum Reserve	BA	1.5	3.5	3.7
	O	1.2	3.8	3.4
Other Energy Programs	BA	1.2	1.2	1.3
	O	1.1	1.1	1.3
NPR Receipts	BA	-1.0	-1.6	-1.2
	O	-1.0	-1.6	-1.2
Other DOE Receipts	BA	-0.4	-0.5	-0.4
	O	<u>-0.4</u>	<u>-0.5</u>	<u>-0.4</u>
Total--Function 270	BA	8.2	8.7	12.1
	O	8.7	11.2	12.0

a/ Includes \$1.3 billion accounting adjustment for uranium enrichment

b/ Includes \$0.1 billion accounting adjustment for BPA

c/ Includes \$2.0 billion accounting adjustment for TVA

d/ The President's budget authority includes a transfer of \$125 million from the Energy Security Reserve for the Solar and Conservation Bank. CBO scorekeeping reports do not count this transfer as budget authority.

ENERGY SUPPLY

The 1982 request for the energy supply programs represents an increase of \$0.8 billion (16 percent) in budget authority over the 1981 level, excluding the accounting changes for uranium enrichment, BPA, and TVA.

The major increases occur in ongoing programs for the construction of new energy facilities, including a uranium enrichment gas centrifuge plant (\$387 million), and two synthetic fuel demonstration plants, SRC-I (\$339 million) and the low/medium-BTU gas plant (\$96 million).

The only initiatives proposed by the President are legislation to be enacted in 1981 for an away-from-reactor nuclear fuel storage facility (\$0.3 billion) and appropriation language that allows termination in 1982 of the National Petroleum Reserve in Alaska (funded at \$107 million in 1981). The President proposes to discontinue funding of the Clinch River Breeder Reactor (CRBR) in 1982. The Congress provided \$30 million for this project through December 15, 1980, and extended funding at the fiscal year 1980 level through June 5, 1981. DOE is presently spending at the rate of \$16 million per month on the CRBR project.

There are fundamental shifts in the energy portion of the budget away from energy research that results in near-term gains, into energy research that is geared towards long-term projects. The Administration has stated that the high price of energy is sufficient incentive to ensure that all worthwhile avenues to near-term energy gains will be adequately explored by private industry, while long-term projects still require major governmental support. For example, geothermal energy, an energy source already in use, shows a decrease in 1982 budget authority of \$60 million, while funding for magnetic fusion research and development has increased by \$112 million (28 percent). Fusion is not expected to be a practical energy source until sometime in the next century. Overall, requested 1982 funding for fossil fuels is also up, increasing by \$441 million (39 percent), primarily for long-term synthetic fuel projects. Requested budget authority for nuclear fission (excluding the away-from-reactor nuclear fuel storage proposal), solar, and other renewable energy resources is roughly the same as in 1981.

Energy supply outlays are expected to increase by \$767 million (11 percent) in 1982. Over half of the outlay growth is attributable to the major fossil energy construction programs. Other increases are expected to occur for non-fossil construction projects (up 18 percent) and for upgrading transmission lines to accommodate increased electricity use in the southwestern states (up 49 percent). Outlays for the proposed AFR storage program are projected to increase from -\$100 million in 1981 to \$200

million in 1982. As a result of the President's proposal to discontinue exploration in 1982, outlays for the National Petroleum Reserve decrease dramatically, from \$222 million to \$17 million. Bonneville Power Administration (BPA) outlays are also down by \$206 million because of an anticipated increase in revenues from the sale of power. TVA outlays are expected to remain constant at \$2.0 billion.

The President's request for energy supply includes 1981 rescissions of \$54 million, resulting from proposals to cancel the high temperature reactor program (\$26 million), and four small demonstration projects.

CONSERVATION

The proposed 1982 funding for Department of Energy conservation programs is \$119 million (16 percent) above the current request for 1981, that incorporates a \$48 million rescission in industrial and transportation programs. The 1982 request includes \$102 million for the proposed Energy Management Partnership Act (EMPA), that would consolidate and expand existing state conservation programs currently funded at \$68 million. Further, the President is requesting an \$18 million (10 percent) increase in each of the two major conservation grant programs, weatherization and schools and hospitals.

Following an estimated 24 percent growth in outlays between 1980 and 1981, the 1982 budget projects a 32 percent increase in outlays (from \$704 million to \$931 million) over 1981 levels. These rapid increases reflect, in part, the lagged effect on outlays of rapid funding increases in previous years. Approximately 75 percent of this increase is attributable to the three major state and local programs: weatherization, schools and hospitals, and state and local conservation and emergency planning.

In addition, the 1982 request includes funding for the Solar and Conservation Bank, administered by the Department of Housing and Urban Development, slightly above the 1981 level. The Bank, which subsidizes loans for solar energy and conservation improvements through financial institutions, is currently in its initial phases. The Administration assumes full operation of the Bank by mid-1981 and outlays of \$47 million in 1981 and \$136 million in 1982.

STRATEGIC PETROLEUM RESERVE

The latest Administration budget reflects a major policy change in the rate of oil purchase in 1981 and 1982 for the Strategic Petroleum

Reserve (SPR). The President's new plan calls for the acquisition of an additional 40 million barrels of oil in 1981, bringing the average annual fill rate to approximately 200,000 barrels per day instead of the 100,000 barrels per day currently scheduled. During 1982 the request assumes purchase of 84 million barrels, or 230,000 barrels a day averaged for the year, bringing the total amount of oil in the Reserve by the end of fiscal year 1982 to 252 million barrels. The Administration plans to continue the Naval Petroleum Reserve oil exchange program, which is expected to provide 42 million barrels of oil in 1982, or half of the proposed purchase amount for SPR in that year.

The fiscal year 1982 budget authority request for SPR is \$3,650 million, significantly higher than the \$1.5 billion provided in 1981. In 1981, the President's new plan for accelerated oil purchase relies on an estimated \$1.8 billion in receipts collected through the oil entitlements system as authorized by Title VIII of the Energy Security Act (Public Law 96-294). With the decontrol of domestic oil prices on September 30, 1981 and the associated termination of the entitlements system, the President estimates that only \$248 million in entitlements receipts will be available for SPR in 1982. In addition to the loss of these offsetting receipts, the augmented fill rate and higher world oil prices (projected by the President to be approximately \$37.85 per barrel in 1981 and \$42.80 in 1982) combine to cause significant increases in budget authority and outlays in 1982.

SPR outlays, net of entitlements receipts, are expected to almost triple in 1982 to \$3.4 billion. The President's estimates include \$252 million in 1981 and \$230 million in 1982 for facility development and program direction. Storage capacity for the SPR is scheduled to reach 272 million barrels by the end of calendar year 1982, with a 420 million barrel capacity targeted for early 1986.

A preliminary CBO estimate of the President's policy based on an average world oil price in 1982 25 percent higher than the President's assumption suggests that net outlays would be approximately \$1.0 billion in 1981 and \$4.2 billion in 1982. Higher SPR outlays could also occur in 1981, and to a smaller extent, in 1982, if oil prices are decontrolled earlier than assumed in the budget.

OTHER ENERGY PROGRAMS

The proposed budget includes a \$113 million 1981 supplemental request, and a 12 percent increase in 1982 budget authority over the 1981 level for other energy programs. The 1982 request is 15 percent above CBO's baseline projection, and 24 percent above the current 1981 funding level.

The largest increase in 1982 funding is for DOE administrative costs, up \$112 million, or 39 percent, over 1981 levels. Most of the increase is to accommodate the transfer of people from other areas of DOE (primarily the Economic Regulatory Administration) to activities funded by this account. Total full-time staff years remain constant between 1981 and 1982. The Nuclear Regulatory Commission budget increases by \$53 million, or 12 percent, primarily for nuclear regulatory research, while the Energy Information Administration receives a 22 percent increase for enhancement of its data collection, analysis and dissemination capability.

The \$113 million supplemental request for 1981 includes \$72 million for the Economic Regulatory Administration to complete preimplementation of the standby gasoline rationing plan. The proposal also includes \$41 million to replace certain receipts expected to be available to cover department administration costs. The loss of these receipts results from the cancellation of an overseas sale of nuclear fuel and an interruption in the sale of byproduct steam.

OFF-BUDGET SPENDING

In addition to these on-budget programs the federal government provides off-budget loans and loan guarantees to encourage the provision of electricity and telephone service in rural areas. The REA administers the largest such program, with direct loans expected to total \$1.1 billion and loan guarantees \$5.1 billion in 1982, the same as 1981 levels. REA's direct loans are sold to the Federal Financing Bank (FFB), while most of its guaranteed loans are converted to direct loans by the FFB. Although there is currently no limitation on REA loan guarantee obligations, the President has proposed appropriation language in 1982 to define parameters for REA loan guarantee activity.

Off-Budget Outlays: (In Billions of Dollars)

	<u>Actual</u>	<u>Administration Estimates</u>	
	1980	1981	1982
Off-Budget Outlays			
Rural Electrification Administration	3.2	4.8	5.8
Tennessee Valley Authority	<u>0.7</u>	<u>0.3</u>	<u>0.3</u>
Subtotal	<u>3.9</u>	<u>5.1</u>	<u>6.0</u>
Unified Budget Outlays	<u>6.3</u>	<u>8.7</u>	<u>12.0</u>
Total Outlays	<u>10.2</u>	<u>13.8</u>	<u>18.0</u>
Off-Budget Outlays as			
Percent of Total Outlays	38.0	36.6	33.4

The off-budget REA outlays (that appear in the budget as FFB outlays), as well as direct loans made by the FFB under guarantees by TVA, account for over one-third of the federal government's spending on energy programs. REA outlays, in particular, have grown rapidly, from \$3.2 billion in 1980 to \$4.8 billion in 1981. The President is projecting continued growth but at a slower rate, with outlays expected to reach \$5.8 billion in 1982.

NATURAL RESOURCES AND ENVIRONMENT (FUNCTION 300)

This function includes most of the federal programs designed to protect, maintain, enhance, and use the natural resources in the public domain. These programs represent a major portion of the outlays of the Department of the Interior, the Army Corps of Engineers, and the Environmental Protection Agency, and a significant portion of the outlays of the Department of Agriculture. Several other agencies, including the Departments of State, Transportation, and Commerce perform activities that fall within this function.

Function Totals: In Billions of Dollars

	1981 Estimates			1982 Estimates		
	2nd Bud. Res.	Pres. Latest Request	CBO Estimate of Pres. Request <u>a/</u>	CBO Baseline Projection <u>a/</u>	Pres. Budget Request	CBO Estimate of Pres. Request <u>a/</u>
Budget Authority	11.9	12.4	12.5	13.8	13.6	13.9
Outlays	13.1	13.8	14.1	14.1	14.0	14.4

a/ Preliminary, subject to change.

The President's fiscal year 1982 budget for natural resources and environment programs includes a net budget authority increase of \$1.2 billion (9 percent), and a net outlay increase of \$0.2 billion (1 percent) over the fiscal year 1981 level. Excluding offsetting receipts (primarily relating to the sale of timber and mineral leases), however, the President is proposing an increase over the 1981 estimate of \$1.9 billion in budget authority (13 percent) and \$1.0 billion in outlays (6 percent).

All of the program categories in this function are targeted for funding increases over the 1981 level with the largest increases for pollution control and abatement programs (up \$0.6 billion or 13 percent) and water resources programs (up \$0.5 billion or 11 percent). Additional large funding increases are for other natural resources programs (up \$0.3 billion or 22 percent), recreational resources programs (up \$0.3 billion or 20 percent), and conservation and land management programs (up \$0.3 billion or 8 percent).

Summary of Major Programs--Function 300: In Billions of Dollars

	FY 1981		FY 1982	
		President's Latest Request	CBO Baseline Projection	President's Request
Offsetting Receipts	BA	-2.5	-2.7	-3.3
	O	-2.5	-2.7	-3.3
Pollution Control and Abatement	BA	4.7	5.2	5.3
	O	5.5	5.7	5.8
Water Resources	BA	4.1	4.5	4.5
	O	4.4	4.4	4.6
Other Natural Resources	BA	1.5	1.7	1.8
	O	1.5	1.7	1.8
Recreational Resources	BA	1.4	1.7	1.7
	O	1.6	1.7	1.7
Conservation and Land Management <u>a/</u>	BA	3.3	3.4	3.6
	O	<u>3.3</u>	<u>3.3</u>	<u>3.5</u>
Total--Function 300	BA	12.4	13.8	13.6
	O	13.8	14.1	14.0

a/ Excluding Forest Service receipts.

OFFSETTING RECEIPTS

The President estimates that offsetting receipts primarily relating to the sale of timber and coal and mineral leases will be \$2.5 billion in 1981 and will grow by \$786 million or 31 percent to \$3.3 billion in 1982. This increase is partially because of the anticipated demand for timber as new housing starts increase and partially because of an expected increase in receipts from mineral leases as oil and gas prices rise, causing increased

interest in oil and gas drilling on the public lands. The receipt projections represent a significant portion of the difference between the President's and CBO's budget authority and outlay estimates. CBO anticipates approximately \$100 million less in receipts in fiscal year 1981 and approximately \$300 million less in receipts in fiscal year 1982, because of different assumptions concerning the time lag between the demand for and actual receipts from the sale of timber, and the growth rate of receipts from oil and natural gas leases on the public lands.

POLLUTION CONTROL AND ABATEMENT

The \$606 million proposed increase in funding for pollution control and abatement programs from \$4.7 billion in 1981 to \$5.3 billion in 1982, represents a 13 percent increase over the 1981 level and a 1 percent increase over CBO's baseline projection. Most of this increase is for programs in the Environmental Protection Agency (EPA). Two EPA programs, the Sewage Treatment Plant Construction grants and the Hazardous Substance Response Trust Fund (HSRTF, commonly known as the Superfund), account for \$591 million of the total increase, with \$395 million of this increase for the construction grant program. The 1982 request for EPA construction grants is 1.6 percent lower than CBO's baseline projection.

Authority to establish the HSRTF was granted in December, 1980. The fund will be used to clean up hazardous wastes and respond to emergencies and will be financed primarily through taxes on industries. The Administration proposes a \$117 million funding level for the fund in 1981 including a proposed \$11 million supplemental appropriation from the general fund, a proposed \$78 million supplemental appropriation from tax receipts, and \$27 million from abatement, control, and compliance funds. Budget authority of \$285 million is proposed for the HSRTF in 1982, of which \$35 million would be appropriated from the general fund and \$250 million would come from the transfer of tax receipts.

WATER RESOURCES

The President's request for water resources programs of the Corps of Engineers, Soil Conservation Service (SCS), and Water and Power Resources Service (WPRS) exceeds the current 1981 request by \$465 million or 11 percent. This is \$103 million (2 percent) higher than the CBO baseline projection. The largest increases are for programs carried out by the Corps of Engineers (up \$374 million) and WPRS (up \$125 million) with the most significant increase for operation and maintenance work by both these agencies.

Although construction will continue on existing water resources projects, the 1982 request does not include funding for initiation of any new projects. As in the original 1981 budget, the President is seeking to postpone such projects until the Water Resources Council is reauthorized and can review proposed projects. The request for the Corps of Engineers construction program is \$29 million or 2 percent below the CBO baseline projection while the request for the WPRS construction program is \$24 million or 4 percent above this baseline.

OTHER NATURAL RESOURCES PROGRAMS

Proposed funding for other natural resources programs in the National Oceanic and Atmospheric Administration (NOAA), the Geological Survey, and the Bureau of Mines is \$316 million (22 percent) higher than the 1981 level and 7 percent higher than CBO's baseline projection. A major portion (\$208 million) of the increase from 1981 is targeted for NOAA's operations, research, and facilities. The 1982 NOAA budget request also includes \$124 million proposed for later transmittal under proposed legislation which would enable NOAA to establish a land satellite system to provide information regarding agricultural crops, population growth, petroleum and mineral extraction, pollution, and other land-related issues. Most of this amount would be used to reimburse the National Aeronautics and Space Administration for procurement of the spacecraft. In addition, a rescission of \$30.5 million in 1981 is proposed to reduce or eliminate spending for numerous low priority programs that were added in the 1981 appropriation above the President's original request.

RECREATIONAL RESOURCES

Requested budget authority for recreational resources in 1982 is \$278 million (20 percent) higher than the 1981 request. A significant portion of this increase is attributable to the \$55 million nominal increase in funding for the Heritage Conservation and Recreation Service's (HCRS) Urban Park and Recreation grants (from \$20 million in 1981 to \$75 million in 1982). The change in funds actually available for this program, however, is \$10 million (from \$65 million to \$75 million), because in addition to \$20 million in new budget authority for 1981, \$45 million in funds deferred from 1980 (P.L. 96-304) were available in 1981.

Similarly, while the HCRS Land and Water Conservation Fund (LWCF) budget authority request has nominally increased 27 percent, \$165 million of funds deferred from 1980 (P.L. 96-304) were available in 1981. Thus, the \$112 million requested budget authority increase (to \$520 million) would actually result in a decreased funding level relative to the total budget authority available in 1981 (\$574 million). The 1982 budget request for LWCF is 14.5 percent lower than CBO's baseline projection.

Overall proposed funding for National Park Service (NPS) programs is \$65 million (13 percent) higher in 1982 than 1981, and 4 percent higher than CBO's baseline projection. Of this increase, \$47 million is for operation of the NPS and \$18 million is for construction programs.

CONSERVATION AND LAND MANAGEMENT

The proposed 1982 funding for conservation and land management programs is \$269 million or 8 percent above the current request for 1981, which includes a supplemental request of \$153 million for fighting forest fires. A similar supplemental request is likely for 1982. If this 1981 supplemental is excluded, the President's request for conservation and land management programs becomes \$422 million or 13 percent above the 1981 level, and \$146 million or 4 percent above the CBO baseline projection. The largest increases are proposed for the Forest Service (FS) (up \$262 million), the Office of Surface Mining Reclamation and Enforcement (OSM) (up \$71 million), and the Bureau of Land Management (BLM) (up \$68 million). These increases are primarily attributable to increases in timber sale preparation activity and needs for appropriated funds for forest road construction in the FS; final establishment of a new program for reclamation grants in the OSM; and increased leasing activity on the public lands in the BLM. The President's budget proposes funding for the Agricultural Conservation Program (ACP) at the 1981 level and elimination of funding in the Coastal Zone Management program (CZM) for energy impact formula grants.

AGRICULTURE (FUNCTION 350)

This function includes programs that provide farm income security, as well as agriculture research and services. With the exception of two small Farm Credit Administration funds, all programs fall under the jurisdiction of the Department of Agriculture.

Function Totals: In Billions of Dollars

	1981 Estimates			1982 Estimates		
	2nd Bud. Res.	Pres. Latest Request	CBO Estimate of Pres. Request <u>a/</u>	CBO Baseline Projection <u>a/</u>	Pres. Budget Request	CBO Estimate of Pres. Request <u>a/</u>
Budget Authority	5.35	5.6	5.6	5.2	5.6	5.6
Outlays	2.1	1.1	1.5	5.3	4.8	5.1

a/ Preliminary, subject to change.

The major program in this function is agricultural price supports and related activities, administered through the Commodity Credit Corporation (CCC). Price support activities are expected to constitute about 43 percent of total function 350 outlays in fiscal year 1982. Other accounts with major budgetary impact are the Agricultural Credit Insurance Fund (ACIF), the Federal Crop Insurance Fund (FCIC) and the Agricultural Stabilization and Conservation Service. Overall credit activity in the function is expected to include direct loans of \$11 billion in fiscal year 1981 and \$9.5 billion in fiscal year 1982, of which \$7.4 billion respectively and \$4.9 billion will be off-budget. Loan guarantees are expected to reach \$2.4 billion in each fiscal year and will be funded by private lenders.

The President is requesting budget authority of \$5.6 billion for this function in each of the fiscal years 1981 and 1982. A substantial portion of this budget authority (\$3.3 billion in 1981, \$2.3 billion in 1982) is for the CCC, to restore realized losses from previous years. Requested funding for other programs is rising from \$2.3 billion in 1981 to \$3.3 billion in 1982, an increase of 44 percent. Nearly \$500 million above the 1981 appropriation is

requested for the Agricultural Credit Insurance Fund, mostly for increased interest costs. Similarly, the President is requesting an additional \$314 million for the Federal Crop Insurance Corporation. The proposed funding increase for agriculture research and services is approximately \$200 million, over 11 percent above the 1981 level and 7 percent above the CBO baseline projection.

The large additional funding requests for the Federal Crop Insurance Corporation include a transfer of \$150 million from CCC borrowing authority in 1981 and a request of \$350 million for capital stock and \$57 million for premium subsidies in 1982. In addition, \$136 million is requested for 1982 for continued expansion of the crop insurance program into more counties. A 1981 supplemental appropriation for administration and operating expenses of \$49 million, above the \$29 million already provided, is requested to implement the new Federal Crop Insurance Act. Without the supplemental, the Administration estimates FCIC will not operate beyond April, 1981.

The largest increases proposed for agriculture research and services are agricultural research, up \$56 million (9 percent above 1981) and the Animal Plant Health and Inspection Service, up \$13 million (5 percent above 1981). In addition, the President is requesting a supplemental for 1981 and legislation in 1982 for additional cooperative research funding of \$10 million in both 1981 and 1982.