

Focus on Function 300 – Natural Resources and Environment

Function 300 (Natural Resources and Environment) includes programs concerned with environmental protection and enhancement; recreation and wildlife areas; and the development and management of the nation's land, water, and mineral resources.

Table 1: Function 300 Spending, 2018
(In billions of dollars)

Discretionary BA	39.0
Discretionary Outlays	39.0
Mandatory Outlays	<u>2.7</u>
Total Outlays	41.7

The discretionary programs in Function 300 conserve and protect air, water, and other natural resources. The activities in this function include maintaining infrastructure, dams, coastland, and waterways; sustaining fish, birds, and other wildlife; managing national parks and forests; and providing daily weather forecasts.

The major mandatory programs in this function are conservation programs authorized in the Farm Bill, outlays from programs supported by excise taxes, and Superfund activities.

According to the Congressional Budget Office (CBO) June 2017 baseline, budget authority (BA) for Function 300 discretionary programs for 2018 will account for 3 percent of total discretionary funding for 2018. Outlays for mandatory programs in Function 300 for 2018 will account for 1 percent of total non-interest mandatory spending excluding undistributed offsetting receipts.

DISCRETIONARY

Environmental Protection Agency (EPA): The EPA protects human health and the environment through grants, studies, and partnerships. More than 40 percent of EPA's budget goes to grants to state environmental programs, non-profits, educational institutions, and others. The EPA protects clean air and water and administers the Superfund program.

Army Corps of Engineers: Function 300 contains civil works under the Army Corps of Engineers. The agency builds and maintains infrastructure, from dredging waterways and providing recreation opportunities, to devising hurricane and storm damage reduction infrastructure. In addition to protecting and restoring the environment along many major waterways, the Corps also cleans sites contaminated with hazardous, toxic or radioactive waste and material.

Table 2: Discretionary BA in Function 300, by Major Program, 2018
(In billions of dollars)

Environmental Protection Agency.....	8.4
Army Corps of Engineers - Civil Works.....	7.1
National Oceanic and Atmospheric Administration.....	5.8
Forest Service.....	5.8
National Park Service.....	3.1
U.S. Fish and Wildlife Service.....	1.6
Bureau of Land Management.....	1.3
Bureau of Reclamation.....	1.3
Natural Resources Conservation Service.....	1.2
U.S. Geological Survey.....	1.1
Other.....	<u>2.5</u>
Total.....	39.0

National Oceanic and Atmospheric Administration (NOAA): Within the Department of Commerce, NOAA scientists provide daily weather forecasts, severe storm warnings, and climate monitoring. The agency also supports fisheries management, coastal restoration and marine commerce.

Forest Service: Located within the Department of Agriculture, the Forest Service protects national forests and grasslands throughout the country. The agency’s wildland firefighting team and forestry research organization provide technical and financial help to state and local governments, businesses, and private landowners. It plants trees, improves trails, educates the public, and improves conditions in wildland/urban interfaces and rural areas. It promotes sustainable forest management and biodiversity conservation internationally.

National Park Service (NPS): Under the Department of the Interior, NPS preserves the natural and cultural resources of the National Park System. It helps revitalize communities through work with tribes, local governments, nonprofits, and business, and serves almost 300 million visitors every year.

U.S. Fish and Wildlife Service: Located within the Department of the Interior, the Fish and Wildlife Service manages fish, wildlife, and natural habitats. The Service enforces federal wildlife laws and protects endangered species. It helps foreign governments with their international conservation efforts, and state governments through wildlife and sport fish restoration programs.

Bureau of Land Management (BLM): Located within the Department of the Interior, BLM sustains the health, diversity, and productivity of public lands. BLM manages public lands for a variety of uses such as energy development, livestock grazing, recreation (including hunting and fishing), and timber harvesting.

Bureau of Reclamation: Under the Department of the Interior, Reclamation is best known for the dams, powerplants, and canals it constructed in 17 western states. Reclamation has built more than 600 dams and reservoirs, including Hoover Dam on the Colorado River and Grand Coulee on the Columbia River. The agency is the largest wholesaler of water in the country and the second-largest producer of hydroelectric power.

Natural Resource Conservation Service (NRCS): Within the Department of Agriculture, NRCS provides farmers and ranchers with financial and technical support to preserve the environment and boost agricultural operations. The agency administers Farm Bill programs, offers drought resources, and provides solutions and resources aimed at small farms. NRCS provides technical expertise and conservation planning, as well as incentives to put wetlands, agricultural land, grasslands and forests under long-term easements.

U.S. Geological Survey (USGS): Under the Department of the Interior, USGS provides scientific information to describe and understand the Earth, mitigate damage from natural disasters, and manage natural resources. The agency collects and analyzes natural resource conditions, issues, and problems, conducting large and multidisciplinary investigations.

MANDATORY

Table 3: Mandatory Outlays in Function 300, by Major Program
(In billions of dollars)

	<u>2018</u>	<u>2018-2027</u>
Farm Bill Programs:		
Farm Security and Rural Investment (EQIP, CSP, ACEP, others)	3.5	39.2
Commodity Credit Corporation (CRP, CREP, others)	<u>1.7</u>	<u>20.6</u>
Subtotal, Farm Bill Programs	5.2	59.8
Federal Aid in Wildlife Restoration	0.7	6.8
Sport Fish Restoration	0.4	4.4
Hazardous Substance Superfund	0.1	1.0
Offsetting receipts	-6.2	-63.5
Other	<u>2.4</u>	<u>32.2</u>
Total	2.7	40.7

Farm Bill Programs: The 2014 Farm Bill provides mandatory funding for conservation efforts on private lands, including critical wetlands, grasslands, forests, and farm and ranch lands. For conservation programs where the NRCS is the lead implementation agency, funds are transferred from the Commodity Credit Corporation to the Farm Security and Rural Investment Programs account. This funding provides technical assistance to farmers, ranchers, and other private landowners to support the development of conservation plans, and it provides financial assistance to partially offset the cost to implement practices necessary to safeguard natural resources and improve wildlife habitat.

CBO estimates 2018 outlays for these programs will be \$3.5 billion in 2018, and include programs such as the Environmental Quality Incentives Program, the Conservation Stewardship Program, and the Agricultural Conservation Easement Program, among others.

Farm Bill conservation programs administered by the Farm Service Agency include the Conservation Reserve Program, the Conservation Reserve Enhancement Program, and others. Outlays for these programs will be \$1.7 billion in 2018.

Federal Aid in Wildlife Restoration: This U. S. Fish and Wildlife Service program provides grants to states to select, restore, rehabilitate, and improve wildlife habitat, hunter education and safety, and wildlife management research. An excise tax on sporting arms and ammunition, handguns, and a tax on certain archery equipment funds the program.

Sport Fish Restoration: The U.S. Fish and Wildlife Service also administers this program, funded through excise taxes on fishing equipment and certain other sport fish-related products and fuel. The program provides grants to states for fishery projects, boating access, and aquatic education. It provides for protection and restoration of coastal wetlands, boating safety and infrastructure improvement, and outreach.

Superfund: EPA's Superfund program is responsible for cleaning up contaminated land and responding to environmental emergencies, oil spills and natural disasters. It also forces the parties responsible for the contamination to either perform cleanups or reimburse the government for EPA-led cleanup work. When there is no viable responsible party, Superfund gives EPA the funds and authority to clean up contaminated sites. The program involves communities in the Superfund process and seeks to return Superfund sites to productive use.

TAX EXPENDITURES

There are 11 tax expenditures related to this function. The three largest are:

Capital gains treatment for qualified timber income (including coal and iron ore): Individual owners can treat income from timber, coal, and iron ore sales as a capital gain, rather than ordinary income, if the asset is held for more than one year.

Expensing timber growing costs: The expenses for maintaining woodland held as an investment and managing timber production are deductible.

Special tax rate for nuclear decommissioning reserve funds: Nuclear power plants set aside funds to decommission the plant when it reaches the end of its useful life. Investments made by nuclear decommissioning reserve funds are subject to a special 20 percent tax rate.

RELEVANT AGENCIES AND CONGRESSIONAL COMMITTEES

Table 4: Discretionary BA in Function 300, by Agency, 2018
(In billions of dollars)

Department of Agriculture	7.0
Department of Commerce	5.8
Department of the Interior	10.5
Corps of Engineers - Civil Works	7.1
Environmental Protection Agency	8.4
Other	<u>0.2</u>
Total	39.0

Table 5: Mandatory Outlays in Function 300, by Agency
(In billions of dollars)

	<u>2018</u>	<u>2018-2027</u>
Department of Agriculture.....	5.0	57.3
Department of Commerce.....	0.1	0.8
Department of the Interior.....	-2.3	-16.5
Other	<u>-0.1</u>	<u>-0.8</u>
Total.....	2.7	40.7

Table 6: Discretionary BA in Function 300, by Appropriations Subcommittee, 2018
(In billions of dollars)

Agriculture, Rural Development, FDA, and Related Agencies.....	1.2
Commerce, Justice, Science, and Related Agencies.....	5.8
Energy and Water Development, and Related Agencies.....	8.4
Financial Services and General Government.....	*
Homeland Security.....	0.1
Interior, Environment, and Related Agencies.....	23.4
State, Foreign Operations, and Related Programs.....	<u>0.1</u>
Total.....	39.0

Table 7: Mandatory Outlays in Function 300, by Committee
(In billions of dollars)

	<u>2018</u>	<u>2018-2027</u>
Agriculture.....	5.2	59.0
Energy and Commerce.....	0.1	0.2
Natural Resources.....	-2.1	-17.4
Transportation and Infrastructure.....	-0.5	-1.2
Other.....	*	*
Total.....	<u>2.7</u>	<u>40.7</u>

* Less than \$50 million.