

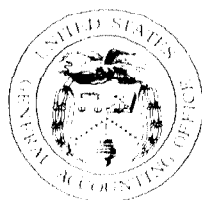
GAO

Report to the Committee on the Budget  
and the Committee on Appropriations,  
U.S. Senate

April 1991

## BUDGET ISSUES

# Funding Alternatives for Fire-Fighting Activities at USDA and Interior



143796

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**Accounting and Financial  
Management Division**

B-243112

April 4, 1991

The Honorable Jim Sasser  
Chairman  
The Honorable Pete V. Domenici  
Ranking Minority Member  
Committee on the Budget  
United States Senate

The Honorable Robert C. Byrd  
Chairman  
The Honorable Mark O. Hatfield  
Ranking Minority Member  
Committee on Appropriations  
United States Senate

This report responds to your July 13, 1990, joint request for information on the budgetary treatment of fire-fighting activities by the Department of Agriculture (USDA) and the Department of the Interior during fiscal years 1988 through 1990. You asked us to develop alternatives to the current method of funding fire-fighting activities that would (1) ensure reliable funding for unpredictable emergency fire-fighting activities, (2) not disrupt other programs, and (3) fund fire costs that can be anticipated in regular appropriations bills. Finally, you asked that we evaluate alternative budget approaches for funding both emergency and nonemergency fire-fighting activities at both agencies.

**Results in Brief**

The budgetary treatment of fire activities improved in fiscal year 1990 over the 2 preceding years. The Congress established a separate account to fund fire-fighting activities in both USDA and Interior. Both agencies requested greater appropriations than in the previous 2 years and received amounts from the Congress that came closer to meeting actual fire-fighting needs. Also, USDA and Interior began to use consistent terms to categorize and track various fire costs so that they could better determine whether certain costs applied to emergency or nonemergency activities.

However, potentially significant problems remain in the budgetary treatment of fire-fighting activities. Transfer authority is still used for funding emergency activities. The activities supported by the lending, nonfire accounts and projects (such as the Forest Service Cooperative

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Work Trust Fund) could be disrupted by the transfers. The use of transfers could also create difficulties because transfers are not anticipated in making budget estimates of new budget authority or outlays. As a result, fire-fighting costs would be underestimated. Another potential problem is that making transfers to a single account that combines emergency and nonemergency fire-fighting activities provides opportunities to use funds originally intended for emergency fire activities to support nonemergency activities.

We believe that better methods are available to fund fire-fighting activities. To address the potential problems of transfer authority and to ensure adequate and timely funding for emergency fire activities, we constructed four alternative methods to the present method of treating fire-fighting funding needs in the budget. A combination approach best meets the criteria we used for evaluating alternative methods. For emergency activities, the Congress could provide annual appropriation of "such sums as are necessary for the current fiscal year" (a current indefinite appropriation). Nonemergency activities could be funded by periodic appropriations of specific sums (current definite appropriations).

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## Background

The four land-managing Interior bureaus—National Park Service (NPS), Bureau of Land Management (BLM), Bureau of Indian Affairs (BIA), and the U.S. Fish and Wildlife Service (FWS)—and USDA's Forest Service are responsible for managing fires on federal lands under their jurisdiction. Their responsibilities include: (1) fire management, (2) presuppression (such as hiring seasonal fire fighters and procuring equipment), (3) suppression (e.g., the emergency suppression of wildfires or the escalated presuppression based on abnormally extreme fire potential, and the monitoring of natural fires permitted to burn within preestablished fire prescription criteria), and (4) emergency rehabilitation (restoring lands after fires). The first two categories are considered nonemergency activities, and the latter two categories are considered emergency fire activities.

Before fiscal year 1990, USDA's fire activities were funded by the Forest Service's National Forest System appropriations account. This account received current definite appropriations with 2-year availability<sup>1</sup> in fiscal years 1988 and 1989.

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<sup>1</sup>These are funds that expire at the end of the second fiscal year after they were appropriated.

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Interior's fire activities were funded with either 2-year or no-year availability,<sup>2</sup> as part of operating accounts in each of the four land-managing bureaus.<sup>3</sup> For fiscal year 1990, the Congress established separate fire-fighting accounts in USDA and Interior. Both accounts were appropriated current definite no-year funds.

The Secretary of Agriculture and the Forest Service are authorized (16 U.S.C. 556d) to advance funds from any Forest Service appropriations account for emergency fire fighting. Furthermore, Administrative Provisions for the Forest Service for fiscal year 1988 authorized the use of any funds available to the Forest Service for emergency rehabilitation of burned-over lands. In fiscal years 1989 and 1990, the Provisions authorized the use of such funds for forest fire fighting and the emergency rehabilitation of burned-over lands.

Section 102 of the General Provisions for the Department of the Interior's appropriations, fiscal years 1988 through 1990, authorized the Secretary of the Interior to expend or transfer funds from any no-year departmental appropriations account for emergency fire fighting and the emergency rehabilitation of burned-over lands. Also, this provision stipulated that expended or transferred funds must be replenished as quickly as possible through supplemental appropriations. Such transfer authority is relatively uncommon for other federal disaster programs.<sup>4</sup>

During fiscal years 1988 through 1990, Interior officials estimated that their emergency fire-fighting obligations were approximately \$471 million and transfers were \$410 million. USDA records indicate that their emergency fire obligations over this same period were \$1,292 million and transfers were \$943 million.

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<sup>2</sup>No-year availability refers to funds that may remain available indefinitely until (1) they are specifically rescinded by law, (2) the purposes for which they were provided are accomplished, or (3) disbursements are not made against the appropriation for 2 full consecutive years.

<sup>3</sup>In fiscal years 1988 and 1989, Interior's fire programs were part of the following appropriation accounts: Management of Lands and Resources, Oregon and California Grant Lands (BLM); Operation of Indian Programs (BIA); Operation of the National Park System (NPS); and Resource Management (FWS).

<sup>4</sup>Only 4 of the 30 nonfire disaster programs that we examined are authorized to transfer unobligated funds from other accounts in their agencies for emergency purposes. Appendix VI contains more detail on these 30 nonfire disaster programs.

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## Objectives, Scope, and Methodology

The objectives of our review were (1) to describe the budgetary treatment of USDA and Interior fire-fighting activities, including transfers made to fire programs and any disruptions the transfers had on the activities of the lending accounts, (2) to describe the activities of the Forest Service Cooperative Work Trust Fund (the source of transferred funds for USDA fire-fighting activities), (3) to describe nonfire disaster programs at federal agencies, and (4) to develop and evaluate alternative methods of funding fire activities.

Specifically, the four alternatives we developed and analyzed were:

- Keep a single definite account with a reserve of no-year funds to meet emergency and nonemergency needs.
- Create separate definite emergency and nonemergency appropriation language, with a reserve of no-year funds for emergency activities.
- Create separate permanent indefinite appropriation language for emergency activities, and current definite appropriation language for non-emergency activities.
- Create separate current indefinite appropriation language for emergency activities, and current definite appropriation language for non-emergency activities.

We evaluated each alternative in terms of how well it addressed a set of six criteria we developed. Specifically, we evaluated each alternative in terms of how well it provided for (1) adequate and timely funding of fire-fighting emergencies, (2) periodic review of fire-fighting activities during the appropriations process, (3) the elimination of the potential disruption of accounts from which funds were transferred to fund fire-fighting activities, (4) the elimination of opportunities to fund nonemergency fire-fighting activities with funds intended for emergency fire-fighting activities, (5) balancing emergency and nonemergency fire-fighting activities, and (6) realistic estimates of anticipated emergency fire-fighting funding needs.

As agreed with Committee staff, we did not consider the administration's fiscal year 1990 proposal to use a portion of timber receipts to fund agency fire activities. Under this proposal, the receipts would be appropriated automatically through permanent indefinite appropriations for both emergency and nonemergency needs.

To meet our objectives, we reviewed relevant USDA and Interior reports as well as prior GAO and Congressional Research Service reports on the subject. We obtained and analyzed budget and financial data and other

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documents from USDA and Interior and reviewed the legislative history of fire fighting in those two agencies for fiscal years 1988 through 1990. We also interviewed officials from several federal agencies and several congressional committees.

Our methodology is discussed in more detail in appendix I. Appendix II describes the process USDA and Interior follow to formulate their fire activity budget requests; appendix III shows the budget history for Interior emergency and nonemergency fire fighting for fiscal years 1988 through 1990; appendix IV shows the budget history for USDA emergency and nonemergency fire fighting for fiscal years 1988 through 1990; appendix V describes the Forest Service Cooperative Work Trust Fund; and appendix VI lists and describes federal nonfire disaster programs.

As agreed with your offices, we discussed this report with USDA and Interior officials and have included their comments where appropriate. Our work was conducted in Washington, D.C., from July 1990 through January 1991. We conducted our work in accordance with generally accepted government auditing standards.

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## Transfers Reduced Budget Control and Accountability

In fiscal years 1988 and 1989, fire program budget requests and appropriations did not meet fire program needs, thus requiring transfers. USDA and Interior inconsistently categorized fire costs as emergency and non-emergency activities. In Interior, transferred funds were used inappropriately to provide for nonemergency activities.

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## Transfers Used Extensively to Fund Fire Program Activities

Prior to fiscal year 1990, Interior and USDA did not request adequate funding for their emergency and nonemergency fire activities. During this period, fire program needs exceeded appropriations. Thus, as shown in table 1, both agencies used transfers to supplement their appropriations.

**Table 1: Budgetary Actions to Fund Interior and USDA Fire-Fighting Activities, Fiscal Years 1988-89**

Budgetary actions	Dollars in millions			
	Fiscal year			
	1988		1989	
	Interior	USDA	Interior	USDA
Request	\$21.2	\$152.6	\$25.1	\$190.0
Appropriations <sup>a,b</sup>	20.3	290.0	25.0	291.6
Obligations <sup>a</sup>	213.0	803.4	239.1	537.8
Transfers	194.4	508.0	216.0	215.0

Note: All amounts include emergency and nonemergency activities.

<sup>a</sup>Appropriations and obligations are for current year activities; repayments of transfers are excluded.

<sup>b</sup>The amounts shown reflect the amount allotted by the agencies for fire fighting.

Sources: Department of the Interior and Department of Agriculture.

Interior covered over 90 percent of its current fire-fighting obligations in fiscal years 1988 and 1989 with funds transferred from three land acquisition and four construction accounts. In those years, USDA transferred \$723 million from the Knutson-Vandenberg (K-V) portion of the Forest Service Cooperative Work Trust Fund, an amount equal to 45 percent of obligations. (A more detailed discussion of the Cooperative Work Trust Fund is located in Appendix V.) The use of transfers understates budget estimates of fire program costs because spending from transfers is not anticipated in the budget documents.

### Agencies Did Not Separate Emergency and Nonemergency Costs

Prior to fiscal year 1990, Interior bureaus did not consistently separate emergency and nonemergency fire costs. Interior bureaus operated independently from one another and used inconsistent definitions for such standard fire activities as fire management, presuppression, suppression, and rehabilitation.

While USDA used categories that distinguished emergency from nonemergency costs in fiscal years 1988 through 1990, a prior GAO report<sup>6</sup> questioned the accuracy of how these costs were applied in 1988 and 1989. Specifically, our report showed that the Forest Service permitted employees hired for fire prevention to perform other activities when not needed for fire prevention. These employees charged such work to the fire management activity account if other activity accounts did not have funds available. Also, the employees charged their regular 8-hour pay to fire management, instead of fire suppression, when actually fighting a

<sup>6</sup>Financial Management: Forest Service Is Not Consistently Implementing Charge-as-Worked Cost Reporting (GAO/AFMD-90-50, June 12, 1990).



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fire. In its response, USDA agreed that additional management direction was needed to avoid such situations, and it outlined several steps it had taken to do so.

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### Some Transfers Used for Nonemergency Purposes

Interior officials acknowledged that transfers funded nonemergency fire activities in fiscal years 1988 and 1989.<sup>6</sup> Specifically, a November 1989 report by the Interior Inspector General (IG)<sup>7</sup> disclosed that during fiscal year 1988, approximately \$25 million of Interior's \$68 million in fire management and presuppression costs was provided through the annual appropriation process. The remaining \$43 million was funded by transfers. The IG report concluded that over the years, Interior bureaus have placed greater reliance on transfer authority to fund planned nonemergency activities. This has made emergency fire-fighting monies "highly vulnerable to misuse."

We were unable to determine precisely the overall use of transferred funds for nonemergency activities within Interior because of the bureaus' inconsistent categorization of fire activities. However, we did find that, during fiscal years 1988 and 1989, Interior's BLM used about \$52 million of the \$218 million transfer it received for fire fighting to fund nonemergency fire activities. During that same period, Interior's BIA used an estimated \$34 million in transfers from nonfire accounts to fund all its nonemergency fire activities.

We could not determine whether USDA used transferred funds for non-emergency purposes. USDA officials acknowledged that, in fiscal years 1988 and 1989, field personnel did not apply the program category definitions consistently.

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### No Conclusive Evidence of Actual Disruptions to Lending Accounts

Several managers for the lending accounts stated that transfers made to fire activities had adversely affected their programs. These managers, however, were unable to provide specific examples or corroborating evidence of situations where transfers to fund Interior and USDA fire-fighting activities had disrupted the programs, projects, or activities of

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<sup>6</sup>Section 102 of the General Provisions in Interior's 1988 and 1989 appropriation bills restricted the use of transferred funds to emergency fire fighting and the emergency rehabilitation of burned-over lands. However, prior to fiscal year 1990, it had long been the practice of the Congress to appropriate only a relatively small amount of money to both Interior and the Forest Service for fighting forest fires in annual appropriation acts and to provide supplemental appropriations later, as actual needs and amounts became known.

<sup>7</sup>Fire Program Funding Process, Report No. 90-12, November 1989.

the lending accounts. According to Interior officials, transfers were made from the land acquisition and construction accounts because they contained large unobligated balances not required to meet current program needs. Within those accounts, program managers identified funding for projects that were neither ongoing nor had an immediate starting date as sources for the transfers. In a review of documents showing job status and funding levels for all such projects, and in interviews with program managers, we found no conclusive evidence that any projects, whether originally submitted by the administration or subsequently added on by the Congress, were delayed due to transfers in fiscal years 1988 and 1989. All Interior fire-fighting transfers through fiscal year 1989 have been repaid.

Although USDA owed \$473 million to the K-V fund at the end of fiscal year 1989, these funds were not needed to meet current obligations of the K-V account because K-V operations typically do not need all funds currently available until at least 2 years and possibly not before 5 years have expired. USDA officials stated, however, that transfers potentially could disrupt K-V activities if reimbursements were delayed beyond this period. Before 1990, all previous transfers had been repaid before the funds were needed. (See appendix V for a more detailed discussion of the Forest Service Cooperative Work Trust Fund, including the K-V fund, its operational schedule, and the segregation of funds by national forest.)

## Potential for Adverse Effects on Lending Accounts Remains in 1990

In fiscal year 1990, changes proposed by the administration, some of which required congressional action, improved the budgetary treatment of fire programs. The changes, however, did not ensure sufficient funding for emergency fire activities, and transfers were still needed. Also, the potential for abuse and adverse effects on lending accounts remains.

The administration proposed and the Congress established separate fire-fighting accounts that clarified emergency and nonemergency fire program needs. Also, each of Interior's four bureaus and USDA's Forest Service agreed on consistent definitions for fire management, presuppression, suppression, and emergency rehabilitation. Appropriately applied, these consistent definitions would help ensure consistent and comparable budgeting and accounting for fire activities in both agencies.

In their fiscal year 1990 budget submissions to the Congress, USDA and Interior requested more than nominal amounts for emergency and non-emergency fire activities. The agencies used budget estimates prepared by field offices to determine the funding needed to support their fire activities. (See appendix II for more details on the analytical methods used to determine fire program needs.) Also, the Congress appropriated significantly more fire funds than it had in the 2 previous years. A total of \$265 million was appropriated to Interior in fiscal year 1990, compared to \$20 million and \$25 million allotted by the agencies for fire fighting in fiscal years 1988 and 1989, respectively. Similarly, the Congress appropriated \$341 million to USDA for fire fighting in fiscal year 1990, compared to \$290 million in fiscal year 1988 and \$292 million in 1989. Appropriations were adequate to meet all Interior fire program needs, but USDA still needed to transfer funds for emergency purposes.<sup>8</sup>

**Table 2: Budgetary Actions to Fund Interior and USDA Fire-Fighting Activities, Fiscal Year 1990**

Dollars in millions		
Budgetary actions	Interior	USDA
Request	\$166.5	\$282.0
Appropriations <sup>a</sup>	265.4	341.6
Obligations <sup>a</sup>	237.7	446.7
Transfers <sup>b</sup>	0.0	220.0

Note: All amounts include emergency and nonemergency activities.

<sup>a</sup>Appropriations and obligations are for current year activities; appropriations and obligations for repayment of transfers are excluded.

<sup>b</sup>Transfers were made exclusively from the K-V Fund, USDA.

Sources: Department of the Interior and Department of Agriculture.

Despite administration and congressional initiatives to improve the budgetary treatment of fire fighting, potential problems remain. Although we did not find evidence that officials transferred funds deliberately and primarily from projects of congressional interest (i.e., projects not requested by the administration), the potential still exists for this practice. A potential for disrupting the operations of the lending accounts also exists if repayment is not made before the funds are needed to meet current obligations of the lending accounts. In fiscal year 1990, as shown in table 2, USDA transferred \$220 million from the K-V

<sup>8</sup>USDA estimated emergency needs in June 1990, when it transferred \$220 million from the K-V fund to cover the expected shortfall. The actual shortfall for emergency obligations was \$112.8 million. (The figures in table 2 include a surplus of \$7.7 million in appropriations for nonemergency activities.) USDA planned to return the excess transfer of \$105.9 million to the K-V fund at the end of fiscal year 1991, provided that emergency needs did not again exceed emergency resources in that year.

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fund. This amount has yet to be repaid.<sup>9</sup> Under the Budget Enforcement Act of 1990, repayments to a lending account, unless classified as “emergency requirements” by both the President and the Congress, would have to compete against other domestic discretionary programs for limited funds and might not be made in part or full. If repayment was classified routinely as an emergency, the administration or the Congress might continue to rely on transfers and underestimate emergency fire costs in order to free funds for programs that are subject to the discretionary domestic spending cap. This practice would not only underestimate fire program costs but also underestimate total budget costs as well. Finally, because transferred amounts for emergency fire activities are combined in the same account also used to fund nonemergency fire activities, there are opportunities to use these funds inadvertently for nonemergency activities.

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## Better Alternatives to Fund Fire-Fighting Activities

We were requested to develop and evaluate alternative ways to budget for fire-fighting expenses. After analyzing the problems presented by the existing method, in which emergency and nonemergency activities are combined in a single account using current definite appropriations supplemented extensively by transfer authority, we developed and evaluated four alternatives. These alternatives are as follows.

- Alternative 1: A single definite account with a reserve of no-year funds to meet emergency and nonemergency needs.
- Alternative 2: Separate definite emergency and nonemergency appropriation language with a reserve of no-year funds for the emergency activities.
- Alternative 3: Separate permanent indefinite appropriation language for emergency activities, and current definite appropriation language for nonemergency activities.
- Alternative 4: Separate current indefinite appropriation language for emergency activities, and current definite appropriation language for nonemergency activities.

In the following discussion, we analyze each of these alternatives against the six criteria presented in our objectives, scope, and methodology section.

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<sup>9</sup>No funds were allotted or earmarked for repayment in USDA’s fiscal year 1991 regular appropriations. The K-V fund was still owed \$220 million as of February 28, 1991.

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Alternative 1: Keep Single Account But Rely on Reserve of No-Year Funds to Meet Fire Program Needs.

The Congress could make current definite appropriations<sup>10</sup> of no-year funds to single fire-fighting accounts for Interior and USDA and increase the appropriations to build a reserve of no-year funds sufficient for both nonemergency activities and the highest historical emergency funding needs.<sup>11</sup> The largest total fire-fighting obligations required to date have been \$579 million for USDA in fiscal year 1988 and \$239 million for Interior in fiscal year 1989. Back-up transfer authority could be maintained to guarantee sufficient funds, should fire program needs reach levels that would exhaust available reserves.

This alternative would ensure adequate and timely funding and reduce the risk of disruptions to lending accounts, to the extent that transfers were unnecessary. The periodic replenishment of the unobligated balance would provide an opportunity for review and oversight through the appropriation process.

Back-up transfer authority may still be necessary to ensure adequate and timely funding in all circumstances for emergency needs. Therefore, a potential for disruption to the lending accounts still would exist. Another serious obstacle would be the difficulty of creating and maintaining an adequate balance in the reserve of no-year funds in the face of the governmentwide spending caps. Without restraints on the use of the reserve, it might be used to fund nonemergency fire activities at higher levels than needed.

Alternative 2: Create Separate Emergency and Nonemergency Appropriation Language And Rely on Reserve of No-Year Funds to Meet Emergency Fire Program Needs.

The problem of funding nonemergency activities and projects from the emergency reserve, discussed under alternative 1, could be minimized by making current definite appropriations for these activities in two separate accounts (or by statutorily earmarking amounts authorized for emergency and nonemergency fire-fighting activities within a single

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<sup>10</sup>Current authority is budget authority enacted by the Congress in or immediately preceding the fiscal year in which it becomes available. Definite authority is budget authority that is stated as a specific sum at the time authority is granted.

<sup>11</sup>We used the highest historical emergency funding amount in our analysis to eliminate the need for transfers. For example, a reserve equal to the average fire year costs would still require frequent transfers whenever costs were above average.

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appropriation account). Fire management and presuppression activities would be defined as nonemergency activities; suppression and emergency rehabilitation would be defined as emergency activities. This alternative would maintain review through the appropriation process and provide adequate and timely funding to meet fire emergency needs.

As in alternative 1, however, back-up transfer authority still would be necessary, along with its potential for disrupting the lending accounts. Also, the governmentwide spending caps might still inhibit the creation and maintenance of an adequate reserve of no-year funds. In alternative 2, nonemergency presuppression activities might be funded below optimum levels, which would drive up the need to fund emergency fire fighting from emergency reserves.

Alternative 3: Create Separate Emergency and Nonemergency Appropriation Language and Fund Emergency Activities by Permanent Indefinite Appropriations.

Alternative 3 would provide a separate account (or statutory earmarking within a single account) for nonemergency activities, funded by current definite appropriations. Emergency activities, however, would be funded by a onetime permanent<sup>12</sup> indefinite appropriation that provides that “such amounts as may be necessary after (date) are hereby appropriated” to meet emergency fire expenses.

This alternative would eliminate the problem of maintaining sufficient unobligated balances in the face of governmentwide spending caps. Separating emergency and nonemergency activities into different accounts (or subaccounts) would reduce the opportunity to fund nonemergency activities from the reserve. The use of permanent indefinite authority would guarantee adequate and timely funding for emergency activities. Transfers would not be necessary, so there would be no potential disruptions to the lending accounts.

A disadvantage of this alternative is that it would lessen the opportunity for the Congress to regularly review the efficiency and effectiveness of emergency fire activities. Although the budget would include estimates for these activities, no congressional review or action would be necessary to appropriate funds.

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<sup>12</sup>Permanent authority is budget authority that, once made available for specified purposes, is always available for those purposes and does not require further action by the Congress.

Alternative 4: Create Separate Emergency and Nonemergency Appropriation Language and Fund Emergency Activities by Current Indefinite Appropriations.

To provide periodic review of Interior and USDA emergency fire activities, the Congress could annually enact a current indefinite appropriation<sup>13</sup> of “such sums as are necessary for the current fiscal year” for emergency activities. Separate current definite appropriation language could be made for nonemergency activities. Such an alternative would eliminate transfers. Separating emergency and nonemergency activities into distinct accounts would reduce the opportunity to fund nonemergency activities with funds intended for emergency activities. It would ensure adequate and timely funding for emergency activities. And it would provide periodic review during the appropriation process.

Assuming good-faith scorekeeping,<sup>14</sup> this alternative would provide the budget process a reasonably full and accurate measurement of expected emergency fire costs.

## Methods to Avoid Underestimating Emergency Fire Program Needs

We believe, however, that for alternative 4, or any other of our alternatives, to satisfy all our criteria, fire-fighting costs must not be underestimated. Under alternatives 1 and 2, the budget authority needed to create sufficient reserves would be hundreds of millions of dollars.<sup>15</sup> Therefore, the overall cap on budget authority for discretionary domestic programs under the Budget Enforcement Act would present a serious obstacle in providing such a reserve. Both branches of government would face incentives to provide insufficient budget authority to the accounts in order to allocate resources to fund other programs, remain under the caps, and avoid a sequestration. If the reserve was insufficient to meet emergency needs, transfers, causing potential disruptions to the lending accounts, would become a problem again.

<sup>13</sup>Indefinite authority is budget authority that is not stated as a specific sum and is determined by other factors, such as receipts from a certain source or obligations incurred.

<sup>14</sup>Scorekeeping refers to procedures for tracking and reporting on the status of budgetary actions, including tabulations and reports on actions affecting budget authority, receipts, outlays, deficits or surpluses, and the public debt limit.

<sup>15</sup>Under scorekeeping rules for spending on contingent events, such as forest fires, the entire budget authority appropriated would immediately count against the spending caps, while the outlay estimate would depend on the expected level of fire-fighting activity.

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Under alternatives 3 and 4, the potential problem of underestimation is slightly different. The appropriation language would not specify a definite amount for emergency fire-fighting activities. The administration, however, would still provide estimates of budget authority and outlays to be used to determine compliance with the provisions of the Budget Enforcement Act. In these alternatives, both budget authority and outlay estimates for emergency fire fighting might be underestimated by the administration in order to provide more resources to other programs and still meet governmentwide spending caps. So long as such spending is subject to the ceilings imposed by the Budget Enforcement Act, the administration may (1) underestimate the presuppression funding needed to minimize total fire costs and (2) underestimate the funding needed for fighting emergency fires.<sup>16</sup>

Two methods could eliminate some of the incentives to underestimate emergency fire program needs. One is for the Congress and the President to declare all appropriations for emergency fire activities “emergency requirements” under the terms of the Budget Enforcement Act, thereby removing this spending from the ceilings. The other method is to shift appropriations for emergency fire activities from under the discretionary spending caps to the “pay-as-you-go” section of the Budget Enforcement Act, reducing the caps accordingly. Technical estimates of spending for emergency fire activities could thus be adjusted upward without requiring corresponding decreases in other parts of the budget. Under both of these methods, however, incentives exist to provide insufficient resources for nonemergency activities that might otherwise reduce the damage and cost of fighting fires.

The two methods discussed above raise broader issues concerning whether the Congress and the President want to create precedents for avoiding the spending controls both parties so recently established. Broad budget policy considerations might argue against creating what some would call a “loophole” that might be used by others to escape the discipline of the Budget Enforcement Act.

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<sup>16</sup>OMB estimates the costs of fire fighting in the President’s budget and in determining the need for sequestration. For estimating the costs of appropriation bills during congressional consideration of those bills, the Congress uses CBO estimates. The Administration could underestimate presuppression activities, resulting in higher costs to fight emergency fires. This strategy would “save” budget resources for other programs. The Congress could not use such a strategy, because CBO estimates probably would show an increase in emergency fire costs.



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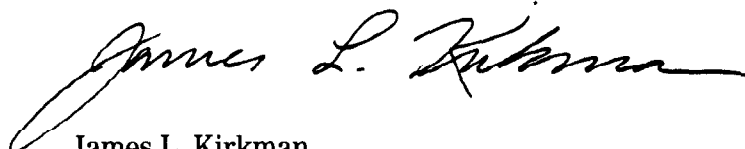
## Conclusions

Although improvements were made in fiscal year 1990 over the funding methods used in fiscal years 1988 and 1989, potential problems remain with the current method used to fund fire-fighting activities. Although we did not find any conclusive evidence that the use of transfers to fund emergency fire costs adversely affected the programs and projects of the lending accounts, the potential for such disruptions exists. The use of transfers also tends to underestimate costs associated with fire fighting in the budget. Finally, the current method provides opportunities to use funds intended for emergency purposes to fund nonemergency fire-fighting activities.

We have developed four methods to fund fire-fighting activities that provide benefits over the method used for fiscal year 1990. Of the four methods we examined, our fourth alternative—using current definite budget authority for nonemergency activities and current indefinite budget authority for emergency fire activities—best meets the criteria we developed for assessing alternatives. As discussed above, this alternative requires the discipline of good-faith fire program budget estimates that would lead to mutual trust between the Congress and the administration. Also, it would not create a precedent for avoiding the spending controls that are central to the recent budget agreement between the Congress and the President.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we will not distribute it until 30 days from its date. At that time, we will send copies to the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, the Senate Committee on Governmental Affairs, the House Committee on Appropriations, the House Committee on Budget, the House Committee on Government Operations, and other interested parties.

Please contact me at (202) 275-9573 if you or your staff have any questions. Major contributors to this report are listed in appendix VII.



James L. Kirkman  
Director, Budget Issues

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**Abbreviations**

BLA	Bureau of Indian Affairs
BLM	Bureau of Land Management
CBO	Congressional Budget Office
CRS	Congressional Research Service
FWS	U.S. Fish and Wildlife Service
NFMAS	National Fire Management Analysis System
NPS	National Park Service
OMB	Office of Management and Budget
USDA	U.S. Department of Agriculture

# Methodology

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We interviewed officials of the Senate and House Budget Committees, Senate and House Appropriations Committees, Congressional Budget Office, and the Congressional Research Service (CRS) to obtain information on the budgetary treatment of fire-fighting programs in USDA and Interior during fiscal years 1988 through 1990. In addition, we interviewed budget and program officials at USDA and Interior and reviewed pertinent agency documents to (1) obtain descriptive information on operations of the fire programs and their source and type of funding for the years we reviewed and (2) learn how budget requests were formulated. We also reviewed prior GAO and CRS reports, reports prepared by USDA's and Interior's Offices of the Inspector General, appropriation bills for fiscal years 1988 through 1990, and other agency documents containing information on this subject.

To obtain detailed information on the financial transactions of the fire-fighting accounts, including each transfer made to fire fighting from nonfire accounts and all repayments, we developed a data collection instrument and submitted it to USDA and Interior budget officials for completion. We analyzed the data provided by those officials and compared them with the fire-fighting accounts described in the Budget of the United States Government, fiscal years 1988 through 1991, and with comparable information contained in the agencies' budget justifications and hearings for fiscal years 1988 through 1990. If the data provided by the agencies did not agree with data in other materials, we requested that the agencies resolve the discrepancies. We also interviewed program officials at both departments to verify that transfer amounts reported in the data collection instrument had been taken from their programs and that those amounts had been repaid.

To determine whether the transfers had disrupted the programs of the transferring agencies, we interviewed program managers who described in detail the status of the programs for the 3 years in our review. We also reviewed documents provided by Interior which showed detailed information on each construction project from which funds were transferred, including any delays in the project and the reasons for the delays. In addition, we asked congressional staff to identify programs or projects that may have been interrupted due to the transfer of funds from their accounts to the fire programs.

To obtain our initial list of nonfire disaster programs in the federal government, we interviewed budget officials for the agencies most likely to

have these types of programs.<sup>1</sup> Then, we examined the programs contained in the Federal Emergency Management Agency's Digest of Federal Disaster Assistance Programs, June 26, 1989, and we selected nonfire programs that devote all or part of their resources to limiting loss of life or property resulting from unpredictable events such as floods, hurricanes, tornadoes, earthquakes, nuclear accidents, and oil or chemical spills.

We obtained descriptions of the programs we selected from the Digest of Federal Disaster Assistance Programs; the OMB publication Catalog for Federal Domestic Assistance, 1988; and the Budget of the United States Government, Fiscal Year 1991.

To obtain information on the Forest Service Cooperative Work Trust Fund, we conducted a legal search of the laws establishing the fund, interviewed agency officials administering the fund, and examined CRS reports on the subject.<sup>2</sup>

To develop and evaluate alternative methods for funding federal fire-fighting activities, we interviewed officials in the executive and legislative branches on the advantages and disadvantages of the current funding practices, examined GAO reports on the budget process,<sup>3</sup> and analyzed the budgetary treatment of the nonfire disaster programs on our list. Our six criteria were developed after analyzing the problems presented by the current methods and practices for funding fire-fighting activities, reviewing GAO reports and testimony on sound budgeting practices and processes, examining nonfire emergency programs in the federal government, and having detailed discussions with congressional and GAO budget experts about ways to provide adequate and timely funding for unpredictable emergencies.

<sup>1</sup>We interviewed budget officials at the Federal Emergency Management Agency, General Services Administration, Agency for International Development, Environmental Protection Agency, Small Business Administration, and the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, Justice, Labor, Transportation, the Treasury, and Veterans Affairs.

<sup>2</sup>The Forest Service Budget: Trust Funds and Special Accounts, Congressional Research Service, January 27, 1989 and National Forest Receipts: Sources and Dispositions, Congressional Research Service, May 5, 1989.

<sup>3</sup>Managing the Cost of Government: Proposals for Reforming Federal Budgeting Practices (GAO/AFMD-90-1, October 17, 1989) and Budget Reform for the Federal Government (GAO/T-AFMD-88-13, June 7, 1988).

# Estimating USDA and Interior Fire Program Costs

For fiscal year 1990, Interior's fire-fighting bureaus used historical fire data or information to prepare budget estimates for emergency and non-emergency fire-fighting activities. Field offices compiled the data used to predict the funding level needed to carry out fire-fighting responsibilities. Estimates were consolidated into one Interior fire-fighting budget request, which was submitted to the Congress.

Fire-fighting appropriations requested in this consolidated budget submission were greater than amounts requested in the 2 previous years. Overall, Interior's requests amounted to 70 percent of current year obligations in fiscal year 1990, compared with just 10 percent in the previous 2 years. Although the emergency portion of the request fell short of obligations, it represented more than the nominal amount requested in fiscal years 1988 and 1989.

For fiscal year 1990, USDA used information from the Forest Service's National Fire Management Analysis System (NFMAS) to prepare budget estimates for both emergency and non-emergency fire activities. NFMAS is an economic model that utilizes historical data gathered and analyzed at field locations, including damages and expenditures resulting from previous forest fires, to generate cost estimates for each forest. It is based on the fact that increases in presuppression resources will, on average, reduce the occurrence of severe fires and subsequent suppression expenditures.

Suppression expenditures and net damages to forest resources are estimated for given levels of presuppression expenditures. USDA calls the level of presuppression expenditures that minimizes total fire expenditures the most efficient level of fire program funding.

USDA requested \$164 million for presuppression fire-fighting needs in fiscal year 1990, about 84 percent of its estimated most efficient funding level, and \$109 million for emergency activities. Even though the Congress appropriated sums in excess of requests, transferred funds were still required to meet emergency obligations, which totaled \$277 million.

# Funding Sources and Obligations for Interior Fire-Fighting Activities, Fiscal Years 1988 Through 1990

Dollars in millions			
	Fiscal year		
	1988	1989	1990
<b>Appropriations</b>			
Regular			
Repayment of transfers	\$87.8	\$107.8	\$144.2
Current year	20.3	25.0	165.5
<b>Total</b>	<b>108.1</b>	<b>132.8</b>	<b>309.7</b>
Supplemental			
Repayment of transfers	0.0	89.8	71.9
Current year	0.0	0.0	99.9
<b>Total</b>	<b>0.0</b>	<b>89.8<sup>a</sup></b>	<b>171.8<sup>a</sup></b>
Transfers (current year)	194.4	216.0	0.0
<b>Total resources</b>			
Repayment of transfers	87.8	197.6	216.1
Current year	214.7	241.0	265.4
<b>Total Resources and Transfers</b>	<b>302.5</b>	<b>438.6</b>	<b>481.5</b>
<b>Obligations</b>			
Repayment of transfers	87.8	197.6	216.0
Current year	213.0	239.1	237.7
<b>Total obligations</b>	<b>300.8</b>	<b>436.7</b>	<b>453.7</b>
<b>Total Resources Less Obligations</b>	<b>\$1.7</b>	<b>\$1.9</b>	<b>\$27.8</b>

Note: Amounts include both emergency and nonemergency fire activities in fiscal years 1988 and 1989.

<sup>a</sup>These amounts, as reported by Interior, are inconsistent with amounts recorded in relevant appropriation acts for fiscal years 1988 and 1989 (Public Laws 101-45, 101-121, and 101-302), even accounting for any Gramm-Rudman-Hollings reductions under Public Law 99-177.

Source: Department of the Interior.

# Funding Sources and Obligations for USDA Fire-Fighting Activities, Fiscal Years 1988 Through 1990

Dollars in millions			
	Fiscal year		
	1988	1989	1990
<b>Appropriations</b>			
Regular			
Repayment of k-v transfers	\$0.0	\$0.0	\$258.0
Current year emergency	125.0	125.0	120.8
Current year nonemergency	165.0	166.6	176.2
<b>Total</b>	<b>290.0</b>	<b>291.6</b>	<b>555.0</b>
Supplemental			
Repayment of k-v transfers	0.0	250.0	215.0
Current year emergency	0.0	0.0	41.7
<b>Total</b>	<b>0.0</b>	<b>250.0</b>	<b>256.7</b>
Transfers from k-v (current year)	508.0	215.0	220.0
<b>Total resources</b>			
Repayment of k-v transfers	0.0	250.0	473.0
Current year emergency	633.0	340.0	382.5
Current year nonemergency	165.0	166.6	176.2
<b>Total Resources and Transfers</b>	<b>798.0</b>	<b>756.6</b>	<b>1,031.7</b>
<b>Obligations</b>			
Repayment of k-v transfers	0.0	250.0	473.0
Current year emergency <sup>a</sup>	637.1	378.7	276.6
Current year nonemergency	166.3	159.1	170.1
<b>Total obligations</b>	<b>\$803.4</b>	<b>\$787.8</b>	<b>\$919.7</b>
<b>Total Resources Less Emergency Obligations</b>	<b>(\$4.1)<sup>b</sup></b>	<b>(\$38.7)<sup>b</sup></b>	<b>\$105.9<sup>c</sup></b>

<sup>a</sup>These amounts include the following obligations for fire-fighting activities in prior fiscal years: \$224.5 million in 1988, \$78.2 million in 1989, and \$22.9 million in 1990.

<sup>b</sup>No Anti-Deficiency Act violation occurred because obligational authority was borrowed from other National Forest System account activities.

<sup>c</sup>Excess borrowing of funds from K-V resulted because transfers are initiated before the end of the fiscal year, when actual emergency fire requirements are unknown and may be overestimated.

Source: Department of Agriculture.



# The Forest Service Cooperative Work Trust Fund

The Cooperative Work Trust Fund consists of deposits made to the Forest Service to fund two programs entitled, Cooperative Work—Knutson-Vandenberg (K-V) and Cooperative Work—Other. These deposits, held in special Treasury funds, are automatically appropriated and made available until expended.

Various laws<sup>1</sup> authorize the Secretary of Agriculture to finance various kinds of cooperative forest work with contributions and deposits received from users of national forest resources, nonfederal landowners, states, universities, and other organizations. Cooperative forest work financed by the Cooperative Work—Other trust fund includes activities such as administering National Forest System lands and resources, constructing development roads and trails, protecting nonfederal lands situated within or near national forests, and sponsoring forest research projects with other organizations.

The K-V Act of 1930 (16 U.S.C. 576-576b), which established the Cooperative Work—K-V trust fund, authorizes the Secretary of Agriculture to finance reforestation work with deposits made by purchasers of national forest timber. As provided by the National Forest Management Act of 1976 (Public Law 94-588), K-V trust funds are also used to improve the productivity of timber stands and renewable resources such as soil, water, and wildlife habitats.

The Secretary has the authority to transfer funds to fight forest fires and rehabilitate burned-over lands in emergency situations. In fiscal years 1988 through 1990, when emergency fire obligations exceeded appropriations, USDA transferred unobligated K-V trust funds to cover the estimated shortfalls. K-V deposits found to be in excess of program costs should be returned to the Treasury as miscellaneous receipts. USDA relied exclusively on the K-V trust fund for emergency transfers.

Timber sales in designated areas in national forests produce K-V deposits. The Forest Service pools K-V deposits into an account for each national forest. It may shift funds between designated areas within a national forest in order to complete needed reforestation work. It may not shift funds between designated areas in different forests.

The beginning of K-V obligations usually lags about a year behind timber harvesting and resulting deposits. According to the Forest Service, a typical reforestation schedule involves (1) site preparation, including

<sup>1</sup>See generally, 16 U.S.C. 498 and 16 U.S.C. sections 471h, 532-537, 572, 693d, and 1643.

**Appendix V  
The Forest Service Cooperative Work  
Trust Fund**

burning and clearing, usually during the spring following timber sale closure, (2) planting, usually 1 or 2 years after site preparation, and (3) treatments for brush and weeds, progress surveys, and animal control measures, usually twice, 1 and 3 years after planting.

A Forest Service official explained that k-v balances appear large relative to expenditures because of the way expenditures lag behind deposits. Typically, k-v deposits take place over a 3- to 4-year period until timber sales are closed, while k-v expenditures occur over a 2- to 5-year period as reforestation work is completed.

We did not find any evidence that transfers caused disruptions to k-v activities. The large unobligated balances in the k-v trust fund, and the timely repayment of transfers through fiscal year 1989, prevented disruptions.

Table V.1 presents a summary of k-v balances for fiscal years 1988 through 1990. Nearly \$1 billion was transferred from the k-v trust fund for fire purposes during this time. The aggregate remaining k-v balance always exceeded \$100 million, and incoming deposits were larger than obligations in each year except fiscal year 1990.

**Table V.1: Summary of K-V Trust Fund Balances**

	Fiscal year		
	1988	1989	1990
Dollars in millions			
Unobligated balance, start	\$545.7	\$116.9	\$202.9
Deposits	238.0	241.7	209.1
Repayments from fire fighting	0.0	250.0	473.0
<b>Subtotal</b>	<b>783.7</b>	<b>608.6</b>	<b>885.0</b>
Obligations	(158.9)	(190.6)	(217.3)
Transfers to fire fighting	(508.0)	(215.0)	(220.0)
Unobligated balance, end	\$116.9	\$202.9	\$447.8

Note: Numbers may not total due to rounding.

Source: Department of Agriculture, Forest Service.

According to a Forest Service official, transfers were made from pooled national forest accounts on a prorated basis. Transfers potentially could disrupt a particular pooled account if such an account had a small unobligated balance and small current deposits relative to large obligations. A positive aggregate k-v balance does not guarantee that each pooled national forest account has a positive balance. However, since no

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**Appendix V  
The Forest Service Cooperative Work  
Trust Fund**

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national forest requested an adjustment to compensate for a temporary negative balance during the 1988 through 1990 period, a Forest Service official concluded that all unobligated balances have remained positive.

Another reason why transfers have not affected reforestation work, according to officials, is that the K-V fund has always been reimbursed before funds were needed. Table V.1 shows that all funds transferred prior to fiscal year 1990 were repaid by the end of fiscal year 1990. The lag between K-V deposits and expenditures has allowed transfers to be repaid in subsequent years without impact. Officials acknowledged that, if supplemental appropriations had not reimbursed transfers, reforestation work could have been seriously delayed. At the end of fiscal year 1990, \$220 million transferred during the fiscal year had not been reimbursed to the K-V trust fund.

# Federal Nonfire Disaster Programs

This appendix contains our selection of federal nonfire disaster programs that limit losses resulting from unpredictable events such as floods, droughts, hurricanes, tornadoes, earthquakes, nuclear accidents, and oil or chemical spills. Unless otherwise noted, all programs have current definite funding without borrowing or transfer authority.

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## U.S. Department of Agriculture

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### Agricultural Stabilization and Conservation Service

Emergency Conservation Program: To enable farmers and ranchers to perform emergency conservation measures to rehabilitate severely damaged farmland.

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### Farmers Home Administration

Emergency Loans: To assist farmers, ranchers, and agriculture operators to cover losses resulting from a natural disaster and return the operation to a financially sound position.

Type of Funding: Definite, Current—for appropriated part  
Indefinite, Permanent—for borrowing part

Borrowing/Transfer: Authority to borrow

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### Federal Crop Insurance Corporation

Crop Insurance: To provide individual farm producers with economic protection against crop disasters caused by conditions beyond their control, including adverse weather.

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### Food and Nutrition Service

Disaster Food Distribution Program: To provide commodities for mass feeding of disaster victims.

Food Stamp Program—Emergency Issuance: To provide emergency issuance of food stamps to eligible households when ongoing Food Stamp Program is unable to handle expeditiously the greater number of those in need of emergency food assistance because of a disaster.

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### Soil Conservation Service

Emergency Watershed Protection: To undertake emergency measures for runoff retardation and soil-erosion prevention, in cooperation with

landowners and land users, as the Secretary deems necessary to safeguard lives and property from floods, drought, and the products of erosion on any watershed whenever fire, flood, or any other natural occurrence is causing, or has caused, a sudden impairment of that watershed.

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## Department of the Army

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### U.S. Army Corps of Engineers

**Flood Control Works and Federally Authorized Coastal Protection Works, Rehabilitation:** To assist in the repair and restoration of (1) flood control works damaged by floods and (2) federally authorized hurricane-flood and shore protection works damaged by extraordinary wind, wave, or water action.

**Borrowing/Transfer:** Authority to transfer from other accounts

**Flood Emergency Operations:** To provide emergency assistance (flood response and postflood response) as required to supplement state and local efforts and capabilities in time of flood or coastal storm.

**Borrowing/Transfer:** Authority to transfer from other accounts

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## Department of Education

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### Office of Elementary and Secondary Education

**School Construction:** To provide assistance for the replacement or restoration of urgently needed school facilities involved in a major disaster. Also provides for the construction of minimum school facilities, if necessary, when a nonpublic school in a public school district has been destroyed and will not be replaced.

**Borrowing/Transfer:** Authority to transfer from other construction accounts

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**School Maintenance and Operation Assistance:** To assist in replacing or repairing supplies and equipment or making minor repairs to facilities damaged or destroyed by a major disaster. May replace lost revenue in order to provide level of free public education maintained by the school district prior to the disaster.

**Borrowing/Transfer:** Authority to transfer from other Department of Education accounts

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## Department of Energy

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### Radiological Controls Division

**Radiological Emergency Assistance:** To respond, on an emergency basis, with appropriate scientific and medical advice and technical assistance in incidents involving loss of control over radioactive materials.

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## Department of Health and Human Services

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### Administration on Aging

**Disaster Services to the Elderly:** To provide reimbursements to states for supplemental supportive services that local Area Agencies on Aging or Indian Tribal Governments provide the elderly during presidentially declared major disasters.

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## Department of Housing and Urban Development

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### Office of Housing

**Mortgage Insurance—Homes for Disaster Victims:** To help victims of a major disaster undertake home ownership.

**Type of Funding:** Definite, Current—for appropriated part  
Indefinite, Permanent—for borrowing part

Borrowing/Transfer: Authority to borrow

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**Department of  
Transportation**

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**United States Coast Guard**

National Oil and Hazardous Substances Pollution Contingency Plan: To provide a coordinated and integrated response by federal agencies to minimize environmental damage from pollution discharge. (Note: This program is also funded through a joint effort with the Environmental Protection Agency. The statute creating the Pollution Fund (33 U.S.C. 1321k) authorizes the appropriation of such sums as may be necessary to maintain the fund at a level of \$35 million, and the Secretary of Transportation must notify the Congress when the unobligated balance of the Fund dips below \$12 million.)

Type of Funding: Indefinite, Permanent

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**Federal Emergency  
Management Agency**

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**Federal Insurance  
Administration**

Flood Insurance: To enable persons and state and local governments to purchase insurance against losses from physical damage to, or loss of, buildings and their contents caused by floods, flood-related mudslides, or flood-related erosion.

Type of Funding: Indefinite, Permanent

Borrowing/Transfer: Authority to borrow

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**State and Local Programs  
and Support Directorate**

Community Disaster Loans: To provide funds to any local government that has suffered a substantial loss of tax and other revenue as a result of a major disaster and has demonstrated a need for financial assistance in order to perform its governmental functions.

**Cora Brown Fund Assistance:** To make funds available to assist victims of natural disasters for disaster-related needs that have not been or will not be met by governmental agencies or other relief organizations. (Note: This is a bequest to the government.)

**Type of Funding:** Indefinite, Permanent

**Crisis Counseling Assistance:** To provide professional counseling services to persons affected by major disasters in order to relieve mental health problems caused or aggravated by a major disaster or its aftermath.

**Debris Removal:** To provide federal financial assistance for removing disaster debris and wreckage from publicly and privately owned lands and waters, when determined to be in the public interest.

**Emergency Protective Measures:** To provide emergency protective measures to save lives, remove health and safety hazards, and protect property in a presidentially declared major disaster or emergency.

**Individual and Family Grants:** To provide grants to meet disaster-related necessary expenses or serious needs of individuals or families adversely affected by a major disaster.

**Legal Services:** To provide assistance to low-income individuals who require legal services as a result of a major disaster.

**Public Transportation:** To provide emergency public transportation services to meet emergency needs when such services have been severely disrupted because of a major disaster.

**Repair or Restoration of Private Nonprofit Facilities:** In case of damage or destruction by a major disaster, to provide federal financial assistance for private nonprofit educational, utility, emergency, medical, and custodial care facilities, including those for the aged or disabled, and facilities providing essential governmental services to the general public.

**Repair or Restoration of Public Facilities:** To provide funds for the repair, restoration, reconstruction, or replacement of public facilities which have been damaged or destroyed by a major disaster.

**Temporary Housing:** To provide temporary housing for individuals and families displaced as a result of a disaster.



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Unemployment Assistance: To provide benefits or re-employment assistance to persons unemployed as a result of a major disaster.

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## Environmental Protection Agency

National Oil and Hazardous Substances Pollution Contingency Plan: To provide a coordinated and integrated response by federal agencies to minimize environmental damage from pollution discharge, including discharge removal. (Note: This program is a joint effort with the Department of Transportation.)

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## Small Business Administration

Disaster Loans for Homes and Personal Property: To restore or replace a victim's primary home and personal property as nearly as possible to pre-disaster condition.

Type of Funding: Definite, Current—for appropriated part  
Indefinite, Permanent—for borrowing part

Borrowing/Transfer: Authority to borrow

Economic Injury Disaster Loans for Businesses: To provide working capital for economic recovery of small businesses in major disaster areas declared by the President, in natural disaster areas as determined by the Secretary of Agriculture, in areas declared disaster areas by the Small Business Administration, and in certain areas certified by the governor of a state to require economic injury loan assistance.

Type of Funding: Definite, Current—for appropriated part  
Indefinite, Permanent—for borrowing part

Borrowing/Transfer: Authority to borrow

Physical Disaster Loans for Business: To repair or replace destroyed or damaged business facilities, inventory, machinery, or equipment.

Type of Funding: Definite, Current—for appropriated part  
Indefinite, Permanent—for borrowing part

Borrowing/Transfer: Authority to borrow

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