

148475

United States General Accounting Office

GAO

Testimony

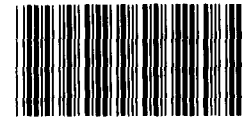
Before the Subcommittee on Oversight and Investigations,  
Committee on Natural Resources, House of Representatives

For Release on Delivery  
Expected at  
9:45 a.m. EST  
Tuesday  
February 2, 1993

NATURAL RESOURCES  
MANAGEMENT

Issues to Be Considered by the  
Congress and Administration

Statement of J. Dexter Peach, Assistant Comptroller General,  
Resources, Community, and Economic Development Division



148475

056-381/148475

---

---

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss our December 1992 transition series report on Natural Resources Management Issues (GAO/OCG-93-17TR). Among other things, our report addresses the difficult choices facing this Congress and administration in fulfilling the federal government's responsibilities as a steward of the nation's natural resources under increasing budgetary constraints. As requested, I will focus on the report's proposal to obtain a better return for the sale or use of the natural resources that the federal government is legislatively mandated to foster, protect, and preserve.

In summary, current funding is not adequate to address the declining condition of the nation's natural resources and related infrastructure on federal lands. A number of proposals to obtain a better return for the sale or use of natural resources have not succeeded, we believe, because (1) the full extent of the staffing and funding shortfalls facing federal natural resources management agencies has not been clearly articulated and (2) the proposals and the dialogue surrounding them have not focused on the need to encourage uses that are compatible with sustaining the nation's natural resources for future generations.

#### SETTING PRIORITIES UNDER BUDGETARY CONSTRAINTS

Each year the federal government acquires additional lands to conserve natural resources and expands the infrastructure of buildings, roads, trails, bridges, developed sites, water and sewer systems, dams, and other facilities constructed to provide access to or make use of the natural resources on federal lands. Yet, the existing infrastructure--approaching \$200 billion in value--is in a growing state of disrepair, and the condition of the lands is deteriorating. At the same time, agency staff are being asked to assume increasing responsibilities and to perform more duties. As a result, existing maintenance and reconstruction standards are being compromised, and trade-offs are being made among important yet competing work priorities.

For example, the cost of deferred maintenance at national parks has grown to over \$2.1 billion. Similarly, at least \$644 million is required to eliminate the backlog of projects to maintain and reconstruct trails and developed recreation sites in national forests. In addition, millions of dollars are needed to develop and maintain special recreation and wilderness areas in accordance with current standards. Significant staffing and funding shortfalls have been reported in programs and activities to (1) restore riparian areas damaged by overgrazing and detect and deter unauthorized grazing; (2) list, in a timely manner, about 600 domestic species for which adequate information is available to support protection under the Endangered Species Act; and (3) control the use of wetlands.

Although annual appropriations for managing natural resources have increased in recent years, these increases have not been large enough to make a dent in the needs for repairing the infrastructure and increasing staff. Moreover, budgetary constraints will require substantial cuts to discretionary spending in future fiscal years and will not allow funding for new or deferred needs. As a result, the new Congress and administration now face a difficult choice: They must find new sources of funding for the agencies responsible for managing natural resources and/or find ways for these agencies to operate more efficiently, or they must make further cutbacks in the agencies' services and/or standards for maintaining facilities and lands.

Cutbacks in services and standards are already being felt. For example, the Department of the Interior's National Park Service recently curtailed visitors' services throughout the 367-unit park system to reflect the level of work that can realistically be achieved with available resources. The cutbacks include deferring maintenance projects, hiring fewer seasonal employees, shortening hours for visitors' facilities, closing campgrounds and public buildings during the off-season and low-use days, and leaving employment vacancies unfilled.

#### OBTAINING A BETTER RETURN FOR THE SALE OR USE OF NATURAL RESOURCES

As our report notes, one alternative to further cutbacks in services and/or maintenance standards is to obtain a better return for the sale or use of natural resources on federal lands. According to estimates prepared by the Congressional Budget Office, obtaining a better return for the sale or use of the nation's natural resources could generate an additional \$4.5 billion in revenues and savings during fiscal years 1993 through 1997. Similarly, according to estimates in a November 1992 report by the World Resources Institute, charging market prices for all commodities produced from the public domain--such as minerals, water, and timber--could bring in an additional \$1.5 billion per year, and increasing fees for recreational activities on public lands could generate billions of dollars more.

During the 102nd Congress, amendments were proposed and bills introduced to, among other things, (1) stop valuable federal lands from passing into private ownership for a fraction of their value and impose fees for holding hardrock mining claims, (2) increase fees for grazing livestock on public lands, (3) curb federal timber sales that cost the government more than they bring in, (4) increase the fees paid to the government by concessioners on federal lands, and (5) increase entrance fees at certain parks and establish a new national pass that would allow unlimited entrance into federal recreation areas. Except for legislation increasing fees for hardrock mining claims, none of these proposals was enacted.

## ARTICULATING STAFFING AND FUNDING SHORTFALLS

We believe that these proposals were not successful for at least two reasons. First, the full extent of the staffing and funding shortfalls facing federal natural resources management agencies has not been clearly articulated. Although information has appeared about various shortfalls facing each of the executive branch agencies primarily responsible for managing the nation's natural resources--the various bureaus within the Department of the Interior as well as the Department of Agriculture's Forest Service and the Department of the Army's Corps of Engineers--this information has not been aggregated to provide a complete picture of these agencies' collective unmet needs. As a result, policymakers cannot weigh the relative seriousness of the risks to the nation's natural resources against other national priorities and needs and devise strategies accordingly.

For example, in January 1990, the administration announced a major new initiative called "Legacy '99" to maintain and enhance the infrastructure of Interior's land-managing agencies by increasing funds for maintenance, construction, correcting hazardous materials problems, and improving the safety of dams over a 10-year period. The administration's justification, however, contained no baseline information concerning the cumulative shortfall in funds for deferred maintenance and reconstruction that the initiative was supposed to address. As a result, after an expenditure of over \$1.6 billion over 2 fiscal years, the success of the initiative in accomplishing its objectives cannot be determined.

Many of the same constraints affect programs and activities throughout the nation's natural resources management agencies. For example, the Forest Service experiences many of the same staffing and funding shortfalls as (1) Interior's Bureau of Land Management (BLM) in managing its lands according to the principles of multiple use and sustained yield, (2) the National Park Service in renovating poorly maintained recreation-related sites and facilities, and (3) Interior's Fish and Wildlife Service and BLM in implementing objectives and plans to benefit wildlife. Similarly, Interior's Bureau of Reclamation and the Army Corps of Engineers face growing and increasingly expensive needs to rehabilitate their inventory of dams and other water resource projects. Yet, because the Forest Service and the Corps do not come under Interior's jurisdiction, and no interagency committee exists to coordinate federal management of the nation's natural resources, these agencies' collective staffing and funding shortfalls are not known.

## DESIGNING PROPOSALS TO SUSTAIN THE NATION'S NATURAL RESOURCES

Another reason that proposals to obtain a better return for the sale or use of the nation's natural resources have not

succeeded, we believe, is that the proposals and the dialogue surrounding them have focused primarily on the economic advantages (i.e. additional federal revenues and savings) and disadvantages (i.e. short-term local and regional dislocations) of raising revenues rather than on the need to encourage uses that are compatible with sustaining the nation's natural resources for future generations. We believe that opportunities exist to redirect many of these proposals toward fulfilling responsibilities of the federal government as a steward of the nation's natural resources.

Market-based incentives offer one opportunity to encourage sustainable use of natural resources on federal lands. They are being considered to supplement traditional "command-and-control" regulation in dealing with environmental pollution. These incentives give environmental polluters a financial reason to reduce pollution without specifying how they should do so. We believe that similar incentives should be considered to improve the condition of the nation's natural resources and related infrastructure.

Toward this end, BLM and the Forest Service are currently examining the potential of using an "incentive-based" grazing fee system to improve the condition of the public rangeland. Under this system, the agencies would base annual grazing fees on the market value of public land forage but then reduce fees for public land ranchers by up to 75 percent in exchange for good land stewardship. The agencies state that the system would generate federal revenues at least equal to current levels; thus, states and local governments that share grazing revenues with the federal government would receive no less in revenues than they do now. We believe that such a system, if properly designed and implemented, could reward public land ranchers whose land-management practices improved the range. At the same time, the system could encourage other public land ranchers to initiate similar practices.

The Central Valley Project Improvement Act, which was enacted as part of the omnibus Reclamation Projects Authorization and Adjustment Act of 1992 (P.L. 102-575), uses market-based incentives to increase federal revenues and protect natural resources by raising water rates and removing the legal impediments to water transfers. To carry out its environmental and wildlife mandates, the act establishes a restoration fund to be derived from (1) surcharges on users of federal water provided by California's Central Valley Project, (2) a three-tiered pricing system designed to encourage water conservation, and (3) increased water rates for certain water transfers. The act allows Central Valley Project water users to sell their water allotments, with certain restrictions, at market prices as long as the sales are in accordance with applicable state and federal laws, including the act. By raising rates and allowing transfers, the act encourages more efficient management of existing water resources through

conservation and allows the market to determine the highest and best use of the water.

Charges that discourage overuse of the nation's natural resources offer another opportunity to sustain the resources for future generations. For example, according to the World Resources Institute, fees for recreational activities that reflect the costs of mitigating and repairing the damage caused by using the resources deter activity levels that do not sustain the resources.

- - - - -

In summary, Mr. Chairman, I would like to stress that the management of the nation's natural resources is at a crossroads and that difficult choices must now be made. One such choice is whether to find new sources of funding for natural resources management or--barring increased efficiency in the operations of Interior, the Forest Service, and the Corps of Engineers--face further cutbacks in the agencies' services and/or standards for maintaining facilities and lands. We believe that in reaching these decisions policymakers should know the full extent of the staffing and funding shortfalls facing federal natural resources management agencies. We also believe that opportunities exist to encourage sustainable use of the nation's natural resources on federal lands by obtaining a better return for the sale or use of the resources.

Mr. Chairman, this concludes my statement. I will be happy to respond to any questions that you or other Members of the Subcommittee may have.







---

**United States  
General Accounting Office  
Washington, D.C. 20548**

**Official Business  
Penalty for Private Use \$300**

**First-Class Mail  
Postage & Fees Paid  
GAO  
Permit No. G100**

---

---

---

**Ordering Information**

**The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.**

**U.S. General Accounting Office  
P.O. Box 6015  
Gaithersburg, MD 20877**

**Orders may also be placed by calling (202) 275-6241.**