

RECLAMATION

Managing Water in the West

Reclamation Fund

November 13-14
Sacramento, CA



U.S. Department of the Interior
Bureau of Reclamation

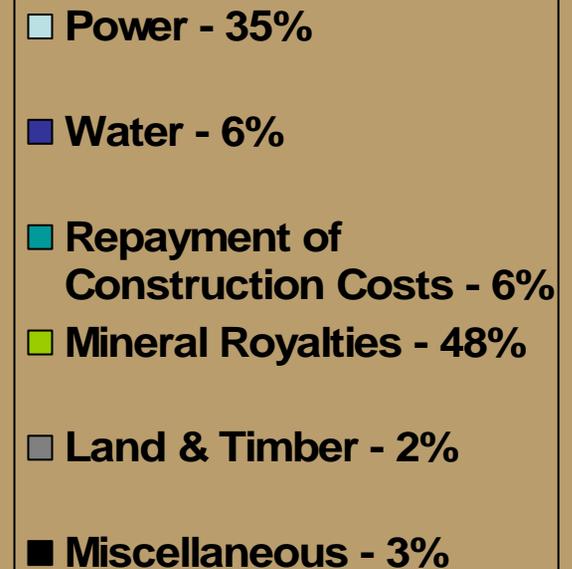
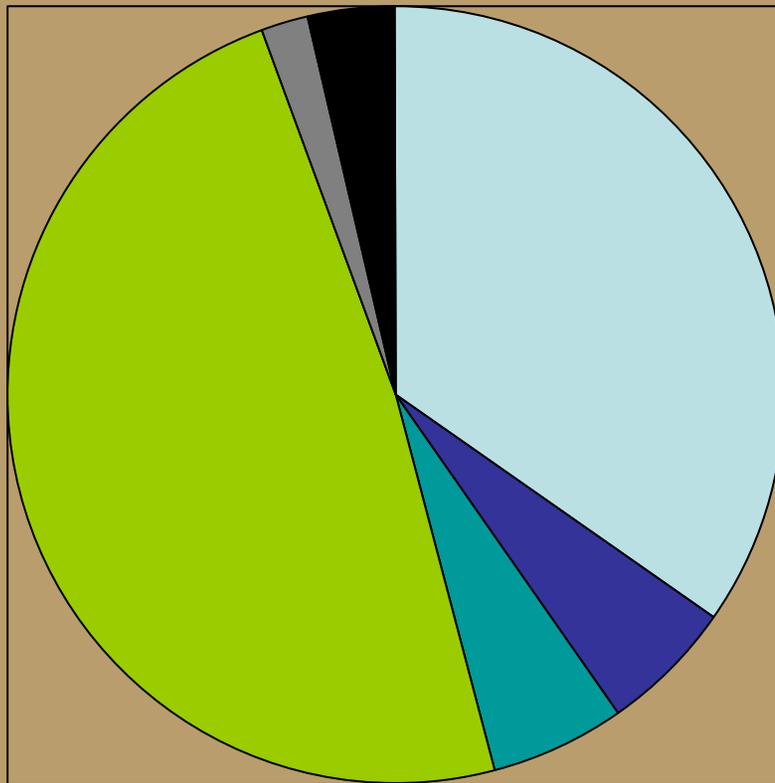
Reclamation Fund

What Is It?

Reclamation Fund – What is It?

- **The Reclamation Fund was established by The Reclamation Act of 1902 (43 U.S.C. 391) and is derived from repayments and other revenues from water resource development; certain receipts from sales, leases, and rentals of Federal lands in the 17 Western States.**

Reclamation Fund Receipts (Through FY 2005)



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How Does It Work?

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Reclamation Fund – How Does it Work?

- Receipts deposited in the Reclamation Fund are made available by Congress through annual appropriation acts
- Receipts and balances that are not appropriated remain in the Reclamation Fund as unappropriated receipts.
- Beginning in FY 1984, the annual appropriation acts for Reclamation have provided, “That of the total appropriated, the amount of program activities which can be financed by the Reclamation Fund, shall be derived from that fund.”

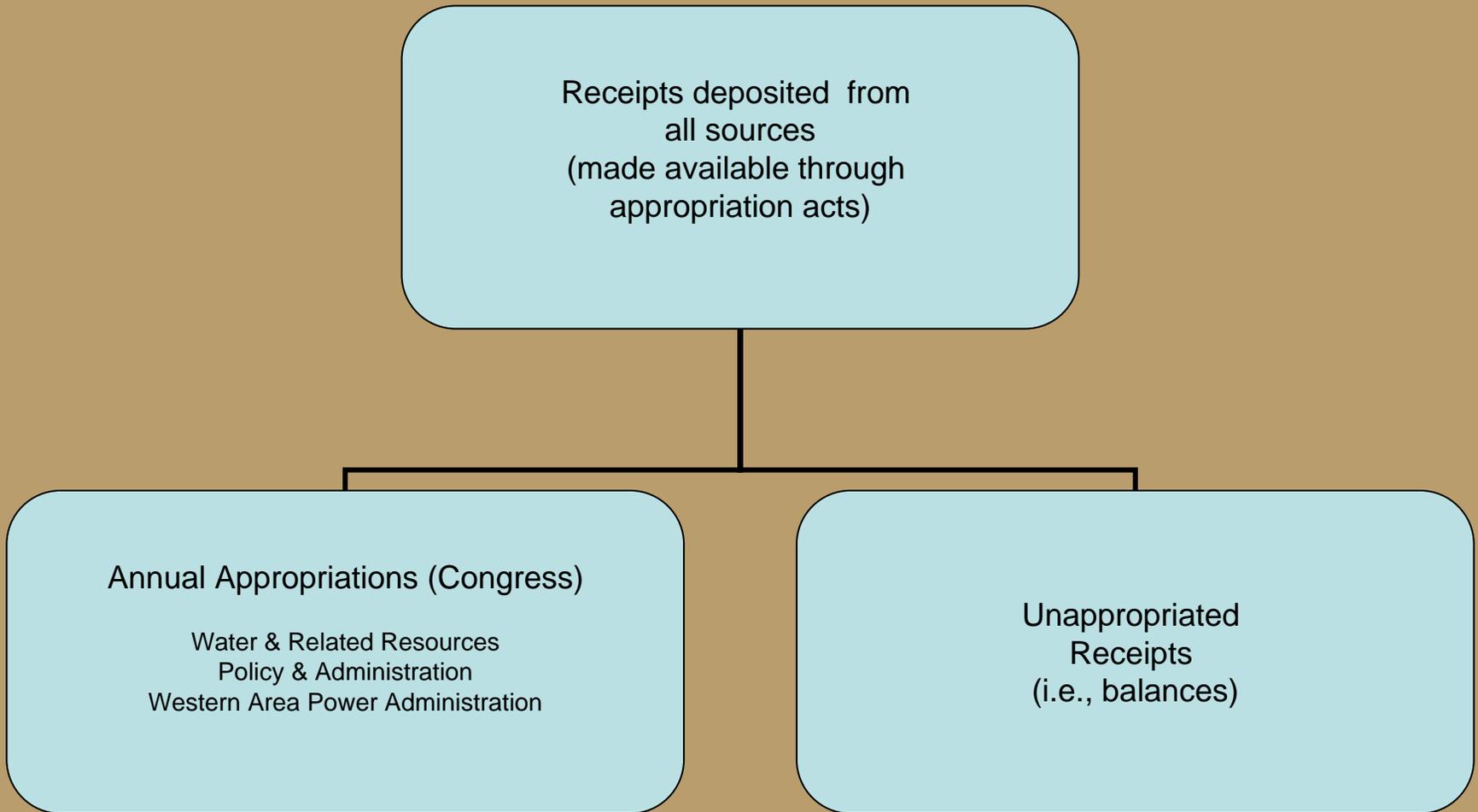
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Reclamation Fund – How Does it Work?

- Program activities that can be financed are those that directly benefit the 17 Western states and are for the purposes authorized under “Reclamation Law” with the exception of those projects authorized to be funded from the General Fund such as the Boulder Canyon Project, Colorado River Storage Project, and the Colorado River Basin Project.
- Public Law 95-91 transferred power marketing functions to the Department of Energy. Starting in FY1978, funds have been appropriated from Reclamation Fund to DOE, Western Area Power Administration (WAPA).

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Reclamation Fund Flow Chart



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Reclamation Fund

Why Are Balances Growing?

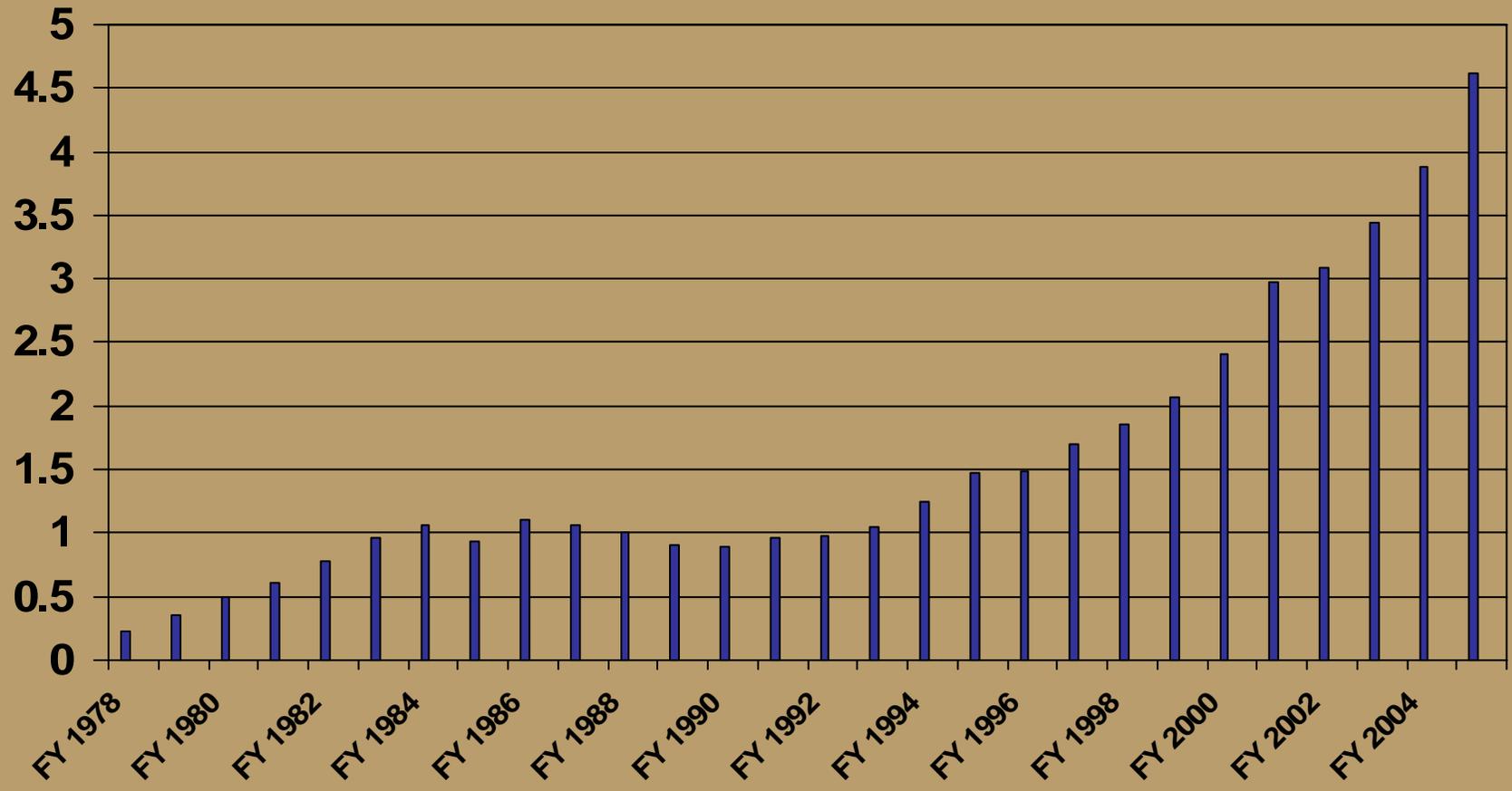
Reclamation Fund – Why are Balances Growing?

- **Receipts are increasing. Receipts from Minerals Management Service for onshore mineral leasing authorized by the Mineral Leasing Act are the main contributor for the increase.**
- **Discretionary levels are constrained. While appropriations for Reclamation have not seen a significant decline, appropriations for WAPA have decreased.**
- **The increase in receipts and decline in appropriations has resulted in the increase in the balances which is a current trend.**

Reclamation Fund – Why are Balances Growing?

- **Some projects are funded out of the General Fund by law. During certain periods, the Reclamation Fund was not sufficient to fund major construction projects resulting in some projects being funded from the general fund.**
- **Examples of current projects funded out of the General Fund are the Central Arizona Project, Animas La-Plata, Colorado River Salinity Control, Columbia and Snake River Salmon Recovery, a portion of the Mini Wiconi Project, and Native American Affairs.**

History of End of Year Reclamation Fund Balances (\$s in Billions)



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Reclamation Fund Balances - Estimates

(\$s in Millions)

	FY 2005 <u>Actual</u>	FY 2006 <u>Estimate</u>	FY 2007 <u>Estimate</u>
BALANCE, Start of Year	3,877	4,612	5,946
RECEIPTS	1,642	2,319	2,243
APPROPRIATIONS	-907	-985	-919
BALANCE, End of Year	4,612	5,946	7,270

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What Is The Federal Picture?

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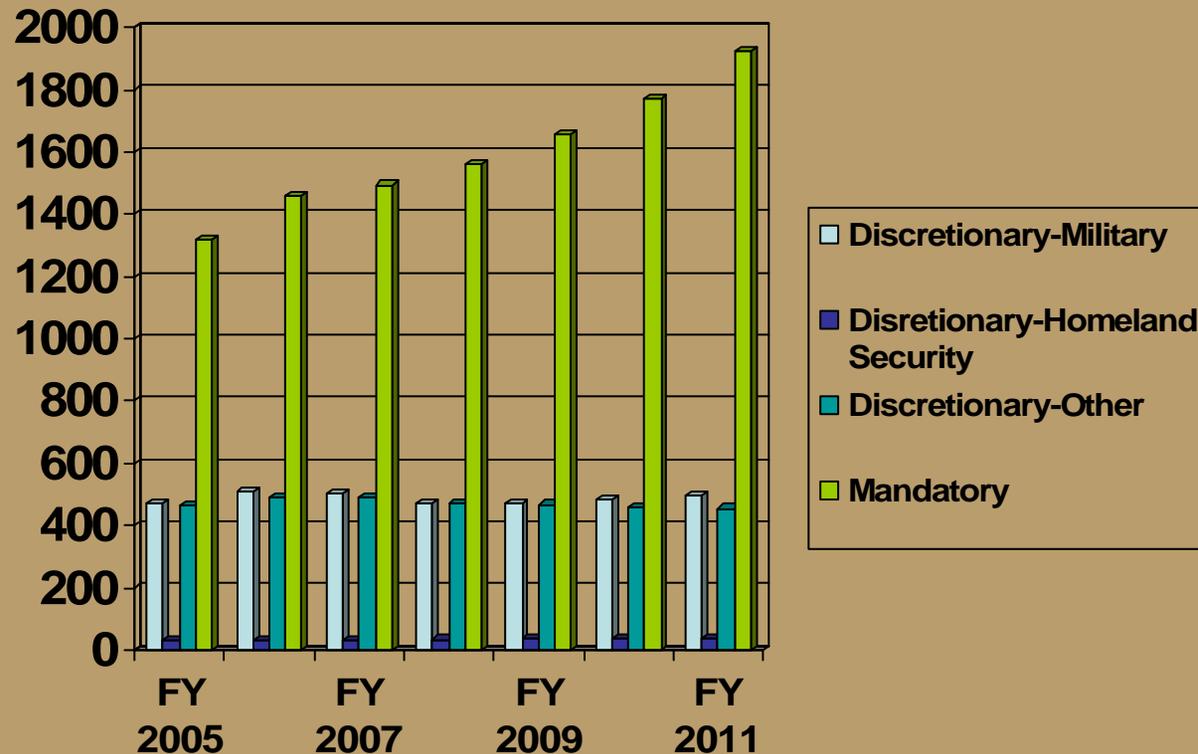
What is the Federal Picture?

- In the Federal government, budget authority and outlays are classified as either discretionary or mandatory.
- Discretionary spending means budgetary resources are provided in annual appropriation acts.
- Mandatory spending means budgetary resources are controlled by permanent laws rather than annual appropriations.

What is the Federal Picture?

- For mandatory spending, funding levels adjust with current situations and require no further action from Congress. Mandatory spending usually exceeds discretionary spending.
- For example, in FY 2005, mandatory outlays were about 58% of the total outlays. Of the discretionary spending of approximately 42%, more than half is for military spending.

Budget Summary by Category from President's FY 2007 Budget (\$s in Billions)



What is the Federal Picture?

- Appropriations from the Reclamation Fund must be viewed in the context of the overall Federal Budget.
- Reclamation must compete for funds within the “Discretionary-other” category.
- Balances in the Reclamation fund do not affect availability of funds.