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REFERENCE MATERIALS

Budget Organization and Personnel

The Secretariat

The Assistant Secretary - Program Development and Budget coordinates all facets of the budget process for the Secretary. In addition, each line Assistant Secretary has an individual who provides this coordination in his area. A list of these key individuals follows:

Assistant Secretary - Program Development and Budget -
Ronald Coleman (343-6181)

Deputy Assistant Secretary - Stanley Doremus (343-4123)

Program Development - Heather Ross (343-5978)

Director of Budget - Francis M. Wiles (343-5308)

Assistant Secretary - Energy and Minerals - Harry McKittrick
(343-4323)

Assistant Secretary for Fish and Wildlife and Parks - Cleo Layton
(343-8928)

Assistant Secretary - Land and Water Resources - Theodore Bingham
(343-3411)



Bureaus and Offices

Each of the individuals listed below has responsibility for the program development and budget formulation and execution function within his organization:

Bureau of Land Management - Paul M. Vetterick (343-8571)

Bureau of Reclamation - Warren (Hank) Wilson (343-4691)

Office of Water Research and Technology - C.H. (Bud) Townsend
(343-6325)

Bureau of Outdoor Recreation - Edward J. Curvey (343-5475)

Fish and Wildlife Service - Michael J. Spear (343-4767)

National Park Service - Lowell V. Sturgill (343-4462)

Geological Survey - Dale Bajema - Program Development (860-7435)

Jack Stassi - Budget Formulation - Execution
(860-7217)

Mining Enforcement and Safety Administration - Gilbert Lockwood
(235-1386)

Bureau of Mines - Alfred Weiss (634-1340)

Alaska Power Administration - Emerson Harper - Washington Contact (343-5113)

Southeastern Power Administration - Emerson Harper - Washington Contact
(343-5113)

Southwestern Power Administration - Emerson Harper - Washington Contact
(343-5113)

Bonneville Power Administration - William Clagget - Washington Contact
(343-5113)

Bureau of Indian Affairs - Joseph Gorrell (343-6342)

Office of Territorial Affairs - Hugh Gallagher (343-4736)

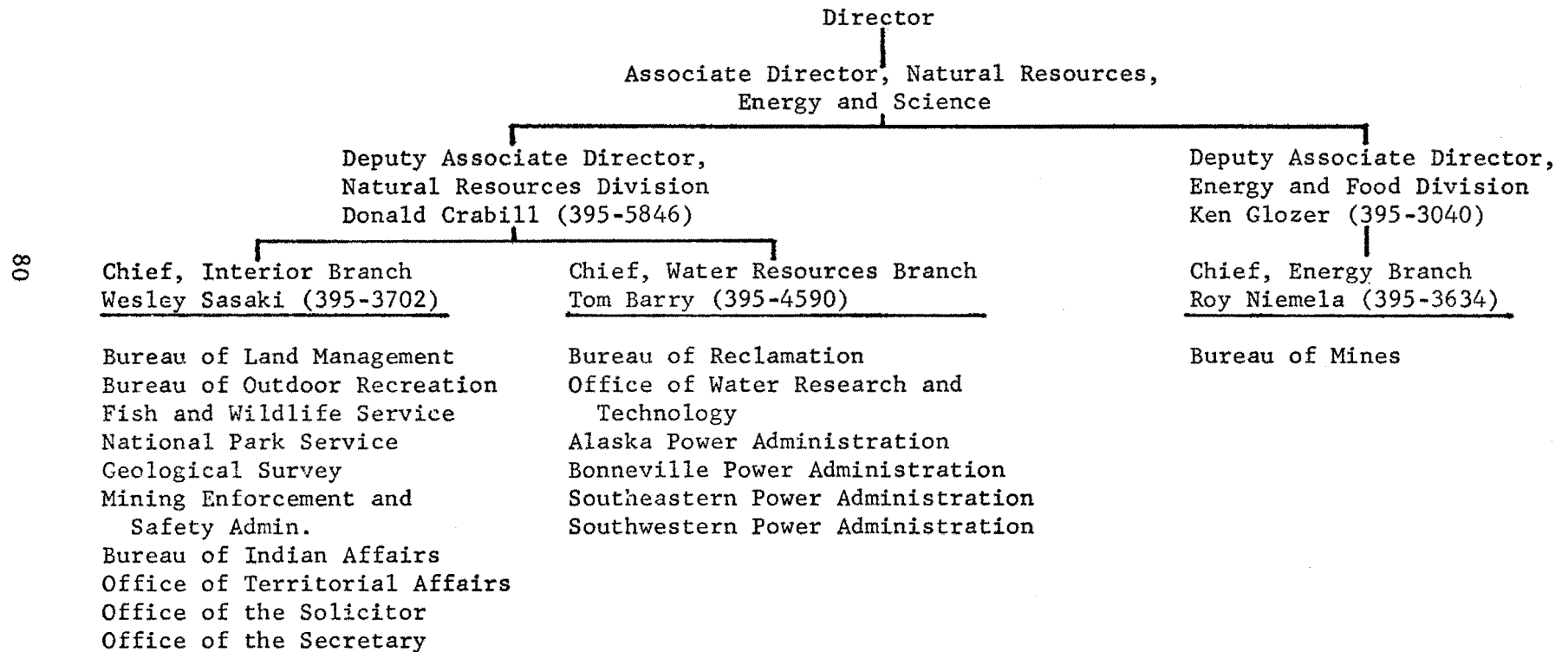
Office of the Solicitor - John Merrel (343-5985)

Office of the Secretary - Matthew N. Novick (343-5027)

OFFICE OF MANAGEMENT AND BUDGET

At the Office of Management and Budget (OMB) all Department of the Interior programs are examined under the Associate Director, Natural Resources, Energy and Science. Below are the key individuals Interior deals with at OMB and their area of responsibility:

OFFICE OF MANAGEMENT AND BUDGET



United States Congress

The President's budget requests for the Department of the Interior are presented to two Subcommittees of the Appropriations Committees each of which has jurisdiction over a portion of the Department's activities. Listed below is the membership of the House and Senate Appropriations Subcommittees of Interior and Related Agencies and the Subcommittees on Water and Power Development and Energy Research as they were constituted for the 2nd session of the 94th Congress:

Subcommittees on Interior and Related Agencies

House

SIDNEY R. YATES, Illinois, Chairman
Gunn McKay, Utah
Clarence D. Long, Maryland
Frank E. Evans, Colorado
John P. Murtha, Pennsylvania
Robert B. Duncan, Oregon
Joseph M. McDade, Pennsylvania
Ralph S. Regula, Ohio

J. David Willson, Staff Assistant

Senate

ROBERT C. BYRD, W. V., Chairman
John L. McClellan, Arkansas
Gale W. McGee, Wyoming
Joseph M. Montoya, New Mexico
Daniel K. Inouye, Hawaii
Lawton Chiles, Florida
Mike Mansfield, Montana
Ernest F. Hollings, South Carolina
Ted Stevens, Alaska
Milton R. Young, North Dakota
Roman L. Hruska, Nebraska
Mark O. Hatfield, Oregon
Henry Bellmon, Oklahoma

Dwight E. Dyer, Staff Assistant

Jurisdiction

Bureau of Land Management
Office of Water Research and Technology
Bureau of Outdoor Recreation
Fish and Wildlife Service
National Park Service
Geological Survey
Mining Enforcement and Safety Administration
Bureau of Mines
Bureau of Indian Affairs
Office of Territorial Affairs
Office of the Solicitor
Office of the Secretary

Subcommittees on Water and Power Development
and Energy Research

House

JOE L. EVINS, Tennessee, Chairman
Edward P. Boland, Massachusetts
Jamie L. Whitten, Mississippi
John M. Slack, West Virginia
Otto E. Passman, Louisiana
Tom Bevill, Alabama
John T. Myers, Pennsylvania
Clair W. Burgener, California

Hunter L. Spillan,
Staff Assistant

Senate

JOHN C. STENNIS, Mississippi, Chairman
Warren G. Magnuson, Washington
Robert C. Byrd, West Virginia
John O. Pastore, Rhode Island
Gale W. McGee, Wyoming
Joseph M. Montoya, New Mexico
Ernest F. Hollings, South Carolina
J. Bennett Johnston, Louisiana
Walter D. Huddleston, Kentucky
Mark O. Hatfield, Oregon
Milton R. Young, North Dakota
Roman L. Hruska, Nebraska
Clifford P. Case, New York
Richard S. Schweiker, Pennsylvania
Henry Bellmon, Oklahoma

W. Proctor Jones, Staff Assistant

Jurisdiction

Bureau of Reclamation
Alaska Power Administration
Bonneville Power Administration
Southeastern Power Administration
Southwestern Power Administration

Budget Information and Policy Sources

Executive Branch

The following budget circulars provide the current Office of Management and Budget instructions applicable to departments and agencies.

OMB Circulars and Bulletins

Circular No. A-1: describes the system of Circulars and Bulletins which are used to provide instructions to the departments and agencies. The Circular series is used when the nature of the subject matter is of continuing effect. The Bulletin series is used for subject matter that requires a one-time action by the department.

Circular No. A-10: sets forth certain restrictions on the disclosure of budget estimates until made public by the President. Furthermore, the Circular emphasizes the fact that Executive Branch personnel are expected to support the President in his budget recommendations.

Circular No. A-11: provides instructions, definitions and formats for the preparation and submission of departmental and agency budget estimates.

Circular No. A-34: provides instruction on budget execution - financial plans, apportionments, reappportionments, deferrals, proposed and enacted rescissions, systems for administrative control of funds, allotments, operating budgets, and reports on

budget execution. All appropriations, funds, and other authorizations are subject to the instructions set forth in this Circular.

Circular No. A-64: establishes procedures for adjustment of Departmental employment ceilings, when necessary and appropriate, and provides the criteria for the operation of an effective position ceiling management system.

Circular No. A-76: sets forth the policies for acquiring commercial or industrial products and services for Government use, emphasizing a policy of contracting with private industry rather than doing things "in-house." Specific circumstances are provided under which it may be in the National interest for the Government to provide products and/or services for its own use. One of these circumstances could be the result of a detailed comparative cost analysis which indicates that Government performance would result in sufficient savings to justify involvement in the activity.

Allowance Letters

Allowance letters from the Director, Office of Management and Budget, to the Secretary reflect guidance for development and presentation of the President's budget. These letters include policy guidance as well as dollar planning targets. (See appendices A and C). Similar letters from the Secretary to the bureaus provide internal policy and funding guidance. (See appendix D)

Budget Transmittal Letter

The budget transmittal letter from the Secretary to the Director, Office of Management and Budget provides the Director with the policy determinants which are reflected in the budget estimates. Also provided are the Departmental funding estimates along with the key objectives which are consistent with the policies set forth by the President. (See appendix E)

Budget Estimates

Bureau Budget Estimate Books are submitted to the Office of Management and Budget in mid-September in accordance with the instructions provided in Circular A-11. These estimates justify in detail the proposed budget program of the Secretary.

OMB Passbacks

The OMB Passback may include program increases in areas important to the President and statements of budget policy. Additionally, the passback may reflect program reductions in projects that are of lesser priority from the Presidential viewpoint. Passbacks from OMB are provided by typed material from the OMB staff and telephone calls. Passbacks are rarely formalized in letters or signed notes.

President's Budget Message

The President's budget is transmitted to the Congress by the President in accordance with the Budget and Accounting Act of 1921, as amended.

Interior Press Release

The Department's budgetary press release provides a detailed description of bureau programs and policy which is not contained in the President's Budget Message. This document is administratively confidential until delivery of the President's Budget Message. (See appendix F)

President's Budget Book

The President's Budget Book, "The Budget of the United States," contains the Budget Message of the President and an overview of the budget proposals, explanations of spending programs, and receipts. Also contained in this document is a description of the budget system and various summary tables on the budget as a whole.

The Budget of the United States - Appendix

The Budget Appendix contains information in more detail than any of the other budget documents. It includes, by agency the proposed text of appropriation language, budget schedules for each account, explanation of the work to be performed and the funds needed, proposed general provisions applicable to the appropriations of agencies or groups of agencies, and schedules of permanent positions. Presented separately are supplementals, budget amendments, and rescissions for the current year and new legislative proposals for the budget year.

Special Analysis, Budget of the United States

The Special Analysis contains analytical information about: Government finances and operations as a whole and how they affect the economy;

Governmentwide program and financial information for Federal education, training and employment, health, income security, civil rights, crime reduction programs; trends and developments in the areas of Federal Aid to State and local governments, research and development and environmental protection.

The United States Budget in Brief

The Budget in Brief provides a more concise, less technical overview of the budget than the aforementioned documents. Provided therein are summary and historical tables on the Federal Budget and debt along with graphic displays.

Current Services Projection

The current services projection is a budget that projects estimated budget authority and outlays for the upcoming fiscal year at the same program level as the fiscal year in progress. These projections take into account such economic conditions as unemployment or inflation and pay increases. The Congressional Budget and Impoundment Control Act of 1974 requires the President to submit a current services budget to the Congress by November 10 each year.

Legislative Branch

Budget Justifications

Budget justification books are prepared (at the request of the Appropriations Subcommittees) by the bureaus to justify in detail the President's budget. They are submitted within a few days of the President's budget transmittal and provide the most detailed presentation of the policies and programs proposed for funding.

Statements and Witness List for Hearings

The Secretary and each bureau head must submit to the appropriations subcommittees a brief statement of the programs contained in the proposed budget. The statements must be provided to the subcommittee at least five days prior to the hearing date to allow for proper review by the subcommittee. Also required at this time is a list of witnesses who will appear in support of the proposed budget. (See appendix G)

Hearings Books

Hearings books are prepared by the Appropriations Committees and provide verbatim testimony from appropriations hearings, Budget Justification books, and supplementary materials supplied to the Appropriations Committees in support or opposition to the President's budget.

Appropriations Committee Reports

The Appropriations Committee reports describe the Appropriations Committee appropriation recommendations as well as many directives and suggestions to the Department regarding budget and program policy.

The Committee Report, from a legislative historical view, provides the explanation and elaboration which is not found in the appropriation act. (See appendix K)

Appropriation Acts

An appropriation act is an act of Congress that permits Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. It is the usual procedure that an appropriation follow enactment of authorizing legislation.

Appropriations are categorized in a number of ways, such as the period of availability, the timing of Congressional action, and the manner of determining the amount of the appropriation.

Congressional Budget Office

The Congressional Budget Office acts as staff support for the Budget Committees, the Appropriations and Revenue Committees, other committees and members of Congress. This committee annually prepares "score-keeping" reports on appropriation totals for the Budget Committees and, as required by law, provides a report on major budget options to the committees on March 15th. This report is utilized by the Budget Committees in formulating the First Concurrent Resolution on the Budget. Addressed in this report are major budget issues for the coming year, the economy, major budget options and their long-term impact, and supporting documentation. The Congressional Budget Office reports do not provide partisan policy recommendations; they merely offer alternatives available to the Congress.

Congressional Budget Committees

The Congressional Budget Impoundment Control Act of 1974 requires each committee of the House and Senate to report to their respective Budget Committee recommendations of what the President's Budget should be and what new legislation should be initiated in the coming year. From this input the Budget Committees provide reports which project the budget for the coming year. These reports provide the basis for the "First Concurrent Resolution on the Budget" which sets targets for outlays, budget authority, the deficit, revenues, and the level of the public debt. It is scheduled for passage in May prior to Congressional action. Another resolution, the Second Concurrent Resolution on the Budget, is passed after Congressional action, and reflects actions taken by the Congress. Since this resolution incorporates updated budget figures it can direct changes in revenue or spending in order to arrive at the appropriate surplus or deficit and level of Federal expenditures.

GLOSSARY¹

AUTHORIZATION—Basic substantive legislation enacted by Congress that sets up or continues the legal operation of a Federal program or agency. Such legislation is normally a prerequisite for subsequent appropriations, but does not usually provide budget authority (see below).

BUDGET AMENDMENT—A proposal, submitted to the Congress by the President after his formal budget transmittal, but prior to completion of appropriation action by the Congress, that revises his previous budget request.

BUDGET AUTHORITY (BA)—Authority provided by law to enter into obligations that generally result in outlays. It may be classified by the period of availability (1-year, multiple-year, no-year), by the timing of congressional action (current or permanent), or by the manner of determining the amount available (definite or indefinite). The basic forms of budget authority are:

Appropriations—budget authority provided through the congressional appropriations process that permits Federal agencies to incur obligations and make payments.

Borrowing authority—statutory authority, not necessarily provided through the appropriations process, that permits Federal agencies to incur obligations and make payments from borrowed moneys.

Contract authority—statutory authority, not necessarily provided through the appropriations process, that permits Federal agencies to enter into contracts or incur other obligations in advance of an appropriation.

BUDGET RECEIPTS—Money, net of refunds, collected from the public by the Federal Government through the exercise of its governmental or sovereign powers and as premiums from voluntary participants in Federal social insurance programs closely associated with compulsory programs. Excluded are amounts received from strictly business-type transactions (such as sales, interest, or loans) and payments between Government accounts. (See offsetting receipts.)

BUDGET SURPLUS (+) OR DEFICIT (-)—The difference between budget receipts and outlays.

CONCURRENT RESOLUTION ON THE BUDGET—A resolution passed by both Houses of Congress, but not requiring the signature of the President, setting forth, reaffirming, or revising specified congressional budget totals for the Federal Government for a fiscal year.

¹These definitions are based on the booklet "Budgetary Definitions," published by the General Accounting Office in November 1975.

CONTINUING RESOLUTION—Legislation enacted by Congress to provide budget authority for specific ongoing activities when a regular appropriation for such activities has not been enacted by the beginning of the fiscal year.

CONTROLLABILITY—The ability of Congress or the President to control outlays during a fiscal year without changing existing law. The concept “relatively uncontrollable” includes outlays for open-ended programs and fixed costs, such as interest on the public debt, and social security and veterans benefits, as well as outlays to liquidate prior-year obligations.

CURRENT SERVICES ESTIMATES—Projections of estimated budget authority and outlays for the upcoming fiscal year at the same program level as and without policy changes from the fiscal year in progress. To the extent mandated by existing law, estimates take into account the budget impact of anticipated changes in economic conditions (such as unemployment or inflation), beneficiary levels, pay increases, and benefit changes. The Congressional Budget and Impoundment Control Act of 1974 requires that the President submit current services estimates to the Congress by November 10 of each year.

DEFERRAL—Any action or inaction by an officer or employee of the United States that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budget authority. Deferrals may not extend beyond the end of the fiscal year and may be overturned at any time by either House of Congress.

FEDERAL FUNDS—Funds collected and used by the Federal Government for the general purposes of the Government. There are four types of Federal fund accounts: General funds, special funds, public enterprise (revolving) funds, and intragovernmental funds. The major Federal fund is the general fund, which is derived from general taxes and borrowing. Federal funds also include certain earmarked receipts, such as those generated by and used for the operations of Government-owned enterprises.

FISCAL YEAR—Through fiscal year 1976, the yearly accounting period for the Federal Government that begins on July 1 and ends on June 30. Beginning with fiscal year 1977, fiscal years for the Federal Government will begin on October 1 and end on September 30. The fiscal year is designated by the calendar year in which it ends, e.g., fiscal year 1977 is the fiscal year ending September 30, 1977.

IMPOUNDMENT—Any action or inaction by an officer or employee of the Federal Government that precludes the obligation or expenditure of budget authority provided by the Congress (see deferral and rescission).

INTERFUND TRANSACTIONS—A subcategory of intragovernmental transactions (see offsetting receipts) that includes all payments from the Federal fund group to trust funds or vice versa. These are shown as payments by one fund group and receipts by the other and are included as receipts and outlays of the appropriate fund group. Such transactions are deducted prior to striking a budget total to avoid double counting.

- OBLIGATIONS**—Amounts of orders placed, contracts awarded, services rendered, or other commitments made by Federal agencies during a given period that will require outlays during the same or a future period.
- OFF-BUDGET FEDERAL AGENCIES**—Agencies, federally owned in whole or in part, whose transactions have been excluded from the budget totals under provisions of law, e.g., the Federal Financing Bank. The fiscal activities of these agencies are not included in either budget authority or outlay totals, but are presented in the Budget Appendix as “Annexed Budgets”.
- OFFSETTING RECEIPTS**—Collections or deposits to receipt accounts that are offset against budget authority and outlays rather than being counted as budget receipts. They are composed of (1) proprietary receipts from the public derived from Government activities of a business-type or market-oriented nature that are offset against related budget authority and outlays; and (2) intragovernmental transactions. Intragovernmental transactions are payments from governmental accounts to budgetary receipt accounts. Since these payments are from the Government to itself, they are offset against outlays rather than being counted as budget receipts.
- OUTLAYS**—Checks issued, interest accrued on the public debt, or other payments made, net of refunds and reimbursements.
- RESCISSION**—Enacted legislation canceling budget authority previously provided by the Congress. Rescissions proposed by the President must be approved by the Congress within 45 days to become effective.
- SUPPLEMENTAL APPROPRIATION**—An appropriation enacted as an addition to a regular annual appropriation act. Supplemental appropriations provide additional budget authority beyond original estimates for programs or activities (including new programs authorized after the date of the original appropriation act) for which the need for funds is too urgent to be postponed until the next regular appropriation.
- TAX EXPENDITURES**—Losses of tax revenue attributable to provisions of the Federal tax law that allow a special exclusion, exemption, or deduction from gross income or provide a special credit, preferential rate of tax, or a deferral of tax liability.
- TRANSITION QUARTER**—The 3-month period (July 1 to September 30, 1976) between fiscal year 1976 and fiscal year 1977 resulting from the change from a July 1 through June 30 fiscal year to an October 1 through September 30 fiscal year beginning with fiscal year 1977.
- TRUST FUNDS**—Funds collected and used by the Federal Government for carrying out specific purposes and programs according to terms of a trust agreement or statute, such as the social security and unemployment trust funds. Trust funds are not available for the general purposes of the Government. Trust fund receipts that are not anticipated to be used in the immediate future are generally invested in interest-bearing Government securities and earn interest for the trust fund.



A. JANUARY 1975 OMB
ALLOWANCE LETTER





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JAN 31 1975

Honorable Rogers C.B. Morton
Secretary of the Interior
Washington, D.C. 20240

Dear Mr. Secretary:

The President's review of the budget submissions of all executive branch agencies has been conditioned by a balanced economic program that is designed to stimulate economic growth without aggravating inflationary pressures. The spending proposals delineated in the 1976 Budget for each Federal activity are consistent with these objectives.

The President has approved budget allowances for your department as shown in Enclosure A for 1975, 1976, the transition period, and 1977. Enclosure A also includes allowances for the years 1978, 1979, and 1980 projected from decisions made for the years 1975-1977. Enclosure B sets forth the ceilings on civilian employment established for your department.

The President expects you to develop detailed plans for the operation of your department in such a way that your budgets for these periods will be held within the totals shown.

Although the 1977 to 1980 allowances are intended to provide firm guidance, the degree of uncertainty surrounding such forward estimates is obviously much greater than in the case of shorter term estimates. Adjustments (down as well as up) will, of course, be made in next year's budget process as required to take account of certain developments now unforeseen; for example, the outcome of this year's legislative action, later and more accurate statistics, more informed appraisals of workload, and other changes in the external environment. Nevertheless, it is expected that any future

20-070-001

budget requirements which may result from legislation proposed or favored by your department for new projects, programs or systems or additions thereto will be within the totals provided.

Supplementals

Requests for 1975 supplementals are being transmitted to the Congress with the 1976 Budget. For your department, these include only the items and amounts listed in Enclosure A. Other current year supplementals will be transmitted later only if they meet the policy tests of section 39.1 of OMB Circular No. A-11 (Revised). In such cases, required materials will be submitted in accordance with Circular No. A-11.

Significant Policy Determinations

Bonneville Power Administration

Last year an Executive Branch initiative led to the passage of legislation providing for the construction and operation of the Federal electric transmission grid in the Northwest from power revenues, supplemented by borrowing authority from Treasury at market interest rates. In view of the apparent advantages of this financing approach, the desirability of modifying the legislation to finance additional hydroelectric capacity in the same manner should be considered prior to the preparation of the FY 1977 budget.

A study on alternative approaches to recovery of the increased present value cost (because of energization in 1979 rather than 1983) of the Bonneville Power Administration's Hot Springs-Bell transmission line should be provided to the Office of Management and Budget for consideration prior to proceeding with construction of the line.

Bureau of Reclamation

The Bureau of Reclamation is under contract to purchase power until 1981 from the Centralia thermal power plant in Washington. The sale of this purchased power has resulted in past financial losses because the Bureau has not passed through to its customers the increased power purchase costs as they occur. The Department of the Interior is to develop administrative policies, procedures and accounting criteria that will enable the Bureau

to adjust rates annually should it be necessary. These policies, procedures and accounting criteria should be forwarded to the Office of Management and Budget for review prior to June 30, 1975.

Sales of dependable energy by contractual agreements should be limited to Bureau of Reclamation hydropower capability.

Coal Leasing Policy Review

No funds are available for implementation of a new coal leasing program until the current policy and program study is completed and concurred in by this Office.

Trust Territory of the Pacific Islands

The budget includes basic amounts agreed to for fiscal 1975 and 1976 in the Carmel round of political future negotiations but excludes any adjustment in 1976 for the 1975 constant dollar concept. OMB, Interior, and Office of Micronesian Status Negotiations staff currently are working to reach agreement on how to implement this concept and, if necessary, when authorizing legislation is enacted, additional funds may be proposed in a 1976 supplemental or in the Department's estimate for 1977.

Indian Programs

As we look forward to the development of the budget for fiscal year 1977, we request that you review the current methods employed by the Bureau of Indian Affairs for allocating funds among Indian communities. We believe that such an allocation must be based on principles of equity and objective determinations of need so that Indian communities have fair access to Federal resources.

Special Foreign Currency Program Appropriations

Where the allowances include amounts for special foreign currency program appropriations, these are specifically set forth. Any changes in the special appropriations change your allowances by the same amount.

Civil Rights Activities

Within the employment and financing allowances established in this letter, you will provide full staffing for activities attributable to contract compliance, enforcement of Title VI of the Civil Rights Act of 1964, and equal employment opportunity within the Federal Service. Specifically, it is expected that you will support civil rights activities in 1976 at a level of at least \$7,399 thousand in obligations and 356 man-years. These amounts are included in the ceilings specified in this letter.

Federal Statistical Programs

Your department's allowance includes \$9.8 million for obligations for statistical programs in 1976. These are the programs reported in your budget submission as specified under section 54 of OMB Circular No. A-11 (Revised) and shown in Special Analysis G, Principal Federal Statistical Programs.

* * * *

Personnel costs are a significant part of the 1976 Budget. The President asks your help in slowing the upward trend of these costs. You should give special attention to use every reasonable opportunity for eliminating or downgrading vacant positions; insuring that promotions are fully justified; hiring college graduates wherever feasible at the GS-5 entry level; eliminating unnecessary organizational layering; training employees to do work more economically and better; and encouraging employee suggestions which lead to cost reductions. The creative efforts of your managers should be enlisted to find ways--in accord with laws, civil service regulations, and collective bargaining agreements--to meet the President's objective of reducing personnel costs. The results of your initial efforts should be reported by May 15, 1975, to Mr. Robert Hampton, Chairman of the Civil Service Commission, who has been asked to report to the President on government-wide progress.

The President has emphasized his commitment to expanding the Federal partnership with States and local governments. The main tenets of this relationship are: further decentralization of Federal authority to the grassroots, increased sensitivity on our part to the impact of Federal programs

at the State and local level, better interagency coordination and simplification by the Federal Government of grants to State and local governments. The President looks to the Federal Regional Councils to continue to play a major role in the partnership especially in efforts to reform Government.

The President expects each official in the department to support actively the budget amounts set forth in this letter and its enclosures. This support should be given in testimony before congressional committees, in informal contacts with Members of Congress and their staffs, and in speeches and meetings with outside groups.

Sincerely,



Roy L. Ash
Director

Enclosures

1975 Allowance (includes supplementals proposed)
and Budget Allowances for 1976, the Transition
Period, and 1977-1980
 Department of the Interior

Within your 1975 allowance as set forth below, separate amounts are approved as shown for supplementals now requested, and for items proposed for later transmittal in FY 1975.

(In thousands of dollars)

	1975	
	Budget Authority <u>1/</u>	Outlays <u>1/</u>
Total gross allowance <u>3/</u>	4,912,502	3,233,429
Offsetting deductions <u>2/</u>	-997,903	-997,903
Agency total	3,914,599	2,235,526
Possible adjustments:		
Supplemental now requested in budget (-): See Part 8 of the 1976 Budget	69,967	66,069
Proposed for later trans- mittal (-): See page 590 in Appendix, Part I.	19,500	7,250
	1976	
	Budget Authority <u>1/</u>	Outlays <u>1/</u>
Total gross allowance <u>4/</u>	3,486,675	3,471,405
Offsetting deductions <u>2/</u>	-968,719	-968,719
Agency total	2,517,956	2,502,686
Amount included above for legislation proposed in both 1975 and 1976	(25,770)	(28,270)

	<u>Transition Period</u>	
	<u>Budget Authority</u>	<u>Outlays</u>
Total gross allowance <u>5/</u>	1,068,440	1,086,850
Offsetting deductions <u>2/</u>	<u>-261,190</u>	<u>-261,190</u>
Agency total	807,250	825,660

(In millions of dollars)

		<u>1977</u>		
		<u>Budget Authority</u>	<u>Outlays</u>	
Total gross allowance		3,685	3,640	
Offsetting deductions <u>2/</u>		<u>-1,360</u>	<u>-1,360</u>	
Agency total		2,325	2,280	
		<u>1978</u>	<u>1979</u>	<u>1980</u>
Total gross allowance	BA	3,755	3,775	3,845
	O	3,550	3,515	3,570
Offsetting deductions <u>2/</u>	BA/O	<u>-1,365</u>	<u>-1,375</u>	<u>-1,400</u>
Agency total	BA	2,390	2,400	2,445
	O	2,185	2,140	2,170

Amounts included above which require new legislation, regular appropriations, or supplemental appropriations, will be included in your ceiling only to the extent approved by the Congress if and when the legislation and/or appropriations are enacted.

Reductions below the amounts listed and any decreases in outlays for other programs should produce savings in totals. These savings will not be applied elsewhere in your department without approval of the Office of Management and Budget. Such savings may be needed elsewhere in the Government.

The foregoing amounts do not include receipts from Outer Continental Shelf leasing. The allowances for this activity are as follows (in thousands of dollars):

	<u>1975</u>	<u>1976</u>	<u>Transition period</u>	
OCS receipts	5,000	8,000	1,750	
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
OCS receipts	8,000	8,000	8,000	8,000

The allowances for 1975, 1976, and the transition period include a separate allowance for the Bonneville Power Administration as shown in footnotes 3, 4, and 5. The allowances for 1977, 1978, 1979, and 1980 include net outlays for the activities of the Bonneville Power Administration but are not separately identified because of the tentative nature of long-range projections.

- 1/ These amounts are shown in greater detail in the Budget Accounts Listing in Part 8 of the 1976 Budget.
- 2/ Includes proprietary receipts (excepting OCS) and intra-fund transactions.
- 3/ Includes \$1,428,727 thousand BA and \$28,589 thousand outlays for the Bonneville Power Administration.
- 4/ Includes \$-68,300 thousand outlays for the Bonneville Power Administration.
- 5/ Includes \$-18,250 thousand net outlays for the Bonneville Power Administration.

Employment Ceilings
Department of the Interior

	<u>June 1975</u>	<u>June 1976</u>	<u>September 1976</u>
Total employment, excluding disadvantaged youth and personnel participating in the Worker-Trainee Opportunity Program (WTOP)	73,938	75,155	75,175
Full-time employment in permanent positions, excluding personnel participating in WTOP	57,857	58,751	58,771

These employment ceilings include a separate ceiling for the Bonneville Power Administration as follows:

	<u>June 1975</u>	<u>June 1976</u>	<u>September 1976</u>
Total employment, excluding disadvantaged youth and personnel participating in the Worker-Trainee Opportunity Program (WTOP)	3,578	3,603	3,603
Full-time employment in permanent positions, excluding personnel participating in WTOP	3,088	3,113	3,113

These ceilings represent the upper limits for June 1975 and June 1976 employment for your department. They cover all employment in your department except for disadvantaged youth and personnel participating in the Worker-Trainee Opportunity Program.

These ceilings include employment in positions financed by reimbursements and allocations from others. If reimbursements and allocations do not materialize as estimated, you will reduce your employment accordingly.

If additional positions are to be transferred to your agency because of unexpected growth in the volume of your reimbursable activities or a transfer of functions, you will arrange with the other agencies concerned to reduce their ceilings by a number at least equal to the increase needed in your ceiling. Requests for adjustments from both agencies must be submitted concurrently to the Office of Management and Budget for approval.

B. BUDGET FORMULATION
PROCESS MEMORANDUM



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAR 25 1976

Memorandum

To: Assistant Secretaries
Solicitor
Bureau and Office Heads

From: The Secretary

Subject: FY 1978 Budget Formulation Process

As you are aware, I was not involved in the FY 1977 budget process until after the Department's budget was submitted to the Office of Management and Budget. Once involved, however, I was impressed by the complex and difficult nature of our budget, and by the hard work and cooperation of all involved in making the decision making process a manageable task. I was most impressed by the spirit of openness in discussing all sides of particular issues. As a result, I believe the Department was very successful in its appeals to the Office of Management and Budget and the President, especially in light of the fiscal environment surrounding the FY 1977 budget. Your efforts paid off in terms of convincing the President that we needed to fund certain programs at adequate levels.

I plan to be involved throughout the FY 1978 budget process for several reasons. First, the budget process is one of the most important mechanisms for setting and implementing public policy, and I intend to use it as such. Secondly, as a Cabinet Member I am responsible to the President for implementing his fiscal policy in areas under the Department's jurisdiction, and it is through our budget that I must carry out this responsibility. Thirdly, as Secretary of the Interior I am responsible for advising the President and the Congress of the fiscal resources needed to ensure the development and conservation of our natural resources in a cost-effective manner, and to protect the welfare of Indians and territorial peoples in accordance with their desires.

As you are well aware, there are inherent conflicts both within and among the above responsibilities which make decision making even more difficult. In order to construct a budget which permits me to fulfill these responsibilities in as consistent a manner as possible, I need your full assistance and cooperation. I intend



to formulate an Interior budget which encompasses our priority program needs and assists the President in achieving his fiscal plan for FY 1978. To accomplish this, I need to know what your priorities are with respect to your program requests. I intend to respect the priorities of the program managers to the greatest extent possible.

I have therefore asked the Assistant Secretary--Program Development and Budget to develop a formulation plan which elicits your program needs in a priority ranking. Instructions for presenting program plans and priorities (program strategy papers) are attached.

Policy Guidance

I do not intend to impose a comprehensive list of priorities which would constrain your initial planning. However, it would be helpful to me if certain program areas were highlighted and analyzed fully in the Program Strategy Papers. The following guidance is provided in order to accomplish that end.

Bureau of Land Management

The OCS leasing and coal leasing programs are of particular interest to the President. Therefore, these programs should be analyzed and presented separately in the Program Strategy Paper. In structuring priority rankings among program expenditures, these programs should be treated separately, i.e., trade offs should not be made between these two programs and other BLM programs so that priorities can be fully expressed for the latter. I have asked the Assistant Secretary--Program Development and Budget to coordinate the budget preparation for these programs between BLM and USGS and develop the initial policy and work load assumptions to be used.

Bureau of Reclamation

I understand that the Bureau of Reclamation has traditionally presented its construction plans with various alternative funding levels and I would like them to do the same in the FY 1978 Program Strategy Paper.

Fish and Wildlife Service

I believe we made great strides in raising the operational level of the National Park System in the 1977 budget. I would like to ensure that our operational standards of the National Refuge System are also on a quality level. Therefore, the refuge program should be specifically addressed in the Program Strategy Paper to permit a full analysis and discussion of its current state, alternative strategies for improving it, and the relative benefits of each strategy.

Bureau of Outdoor Recreation

I would like to see an analysis of the Land and Water Conservation Fund under the following funding levels and/or assumptions:

1. \$300M with no constraints as to the distribution of funds among Federal acquisition areas.
2. \$300M with the proviso that legislatively mandated areas be optimally funded to substantially achieve acquisition within the six year period.
3. An amount above the \$300M which, if held constant for 3 years, would exhaust all unappropriated balances in the Fund.
4. Unconstrained proposal.

Geological Survey

I consider it important to continue the effort to strengthen the managerial and resource capabilities of the Conservation Division, especially with respect to onshore lease management (including coal leasing) and the accelerated OCS lease sale program. The USGS should therefore address the Conservation Division separately in the Program Strategy Paper and not make trade offs between it and other programs at the initial stage. This should permit the USGS to discuss its Conservation Division plans and needs, while at the same time permit a fuller expression of priorities in other programs.

I would also like to see presented the budget requirements consistent with the long range earthquake prediction plan which the USGS will be developing in coordination with the National Science Foundation.

Bureau of Mines

The Bureau of Mines faces two rather large capital investment decisions in FY 1978, i.e., the aluminum pilot plant project and oil shale R&D. These two projects should therefore be discussed fully in the Program Strategy Paper.

Ocean Mining

I would like the Assistant Secretary--Energy and Minerals to develop a comprehensive initiative paper on Ocean Mining, which describes the proposed roles and responsibilities of the Geological Survey, the Bureau of Mines and the Ocean Mining Administration. Alternative funding levels should be presented for consideration.

Bureau of Indian Affairs

The Bureau should concentrate its major efforts in its Program Strategy Paper in analyzing various funding levels for programs outside of the tribal band. Particular attention should be placed on construction programs. It should also explain how it plans to address the problem of equity through use of the band analysis funding.

Personnel

As you are well aware, the President is determined to hold down Federal employment. This policy has meant only minimal personnel increases for the Department over the past few years. In the FY 1977 budget, the Department received no increases, except for the National Park Service (due primarily to the impact of the Bicentennial celebration). Prudent budgeting therefore dictates that we plan our FY 1978 program requests on minimal permanent personnel increases.

I am aware that many bureaus in the Department are now constrained and that they could accommodate substantial increases in permanent personnel ceilings within planned 1977 funding levels regardless of whether additional funds were provided in FY 1978. Nevertheless, if the Department were to propose to OMB large personnel increases across the board, I'm afraid that we would receive little if any increases, as happened last year. In such a case, those programs of high priority to the Administration would be fully staffed at the cost of reducing the existing personnel levels of the other programs.

I therefore urge you to keep requests for permanent personnel increases to a minimum, and only with respect to our highest priority programs. Every effort should be made to redistribute current staff and examine other alternatives before requesting additional permanent personnel ceilings for high priority programs.

PDB Analysis of Program Strategy Papers

Following receipt of your Program Strategy Papers, which are due May 15, 1976, the Assistant Secretary--Program Development and Budget will review them and formulate an initial Departmental budget which meets the OMB target allowance for the Department as a whole. This Departmental allowance, \$4.2 billion, has already been transmitted to you under my memorandum of February 27, 1976. He will then prepare an analysis paper for each Program Assistant Secretary and the Commissioner of Indian Affairs which:

- describes the distribution of the in-target allocations with respect to each of the relevant bureaus and offices;
- compares the in-target allocations with the relevant unconstrained requests;

- summarizes the potential problems facing the bureaus and offices if the in-target allocations were to hold;
- constructs alternatively higher levels of funding in priority order and explains the relative payoffs; and
- raises any unresolved major policy issues which need resolution to make budget decisions.

The analysis papers will serve as agenda for a series of meetings among the Program Assistant Secretaries, their bureau and office heads, and the Assistant Secretary--Program Development and Budget, to discuss major problems and issues, especially those pertaining to relative program priorities. These meetings should achieve a two-fold objective of informing the Program Assistant Secretaries and their bureau and office heads of the competing needs for limited dollars and improving the Assistant Secretary--Program Development and Budget's understanding of program requests and their relative priorities. I plan to attend these meetings to obtain a better understanding of the program requests.

Secretarial Decisions

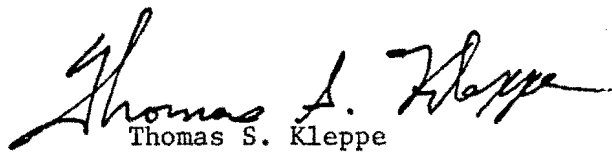
Following the discussion meetings the Assistant Secretary--Program Development and Budget will make recommendations to me and I will decide a budget level and allocation which attempts to balance our greatest program needs and the OMB's fiscal guidelines. I will then hear appeals and make final decisions with respect to our FY 1978 budget request to the OMB.

Schedule of Events

My tentative schedule for the fiscal year 1978 budget process is as follows:

- | | |
|---------------|--|
| May 15 | - Submission of Program Strategy Papers |
| May 1-June 15 | - Review of Program Strategy Papers by Assistant Secretary--Program Development and Budget |
| July 1 | - Distribution of Assistant Secretary--Program Development and Budget's initial in-target allocation and analysis papers to bureaus and offices for review and comment |
| July 10-20 | - Meetings to discuss PDB analysis papers |

- August 1 - Tentative Secretarial allocation of the 1978 budget
- August 10 - Appeals by bureaus and offices of August 1 allocation
- August 20 - Final Secretarial decisions
- September 15 - Submission of Departmental budget to OMB


Thomas S. Kleppe

Attachments


INSTRUCTIONS FOR PROGRAM STRATEGY PAPERS

Program Strategy Papers

Each Bureau and Program Office Head, in coordination with his Assistant Secretary, the Assistant Secretary--Management and the Solicitor are to prepare Program Strategy Papers for their respective programs. The Program Strategy Paper will consist of financial priority analysis tables and a Program memorandum. Appended to the memorandum will be brief budget detail sheets and specifically requested supplementary analyses for various Bureaus and Offices as spelled out below. For ease of handling and potential reproduction, it is requested that all materials in the Program Strategy Papers be 8"x10½" -- this will require reduction of tables. Please make a special effort to have all copies completely legible and in a form presentable to the Secretary.

1. Financial Priority Analysis Tables

Table I. This table will display Bureau and Office programs according to appropriations and activities and subactivities, as shown in Enclosure A. You will note that the FY 1978 columns contain several priority levels. Priority A represents a distribution of total Bureau BA and BO at 106% of the FY 1977 Presidential budget level except for those programs listed below. Priority B represents a distribution of total Bureau BA and BO at 112% of the FY 1977 Presidential budget level except for those programs listed below. Priority C represents an unconstrained level for all programs except those listed below. Should a Bureau's Priority C total more than 125% of the FY 1977 level, a fourth priority level, Priority D, should be included.



The following programs will use different priority levels:

- Bureau of Reclamation construction will be presented according to instructions contained in Enclosure D.
- The Land and Water Conservation Fund will be presented according to the guidance presented in the Secretary's memorandum.
- Bonneville Power Administration, having received a separate allowance from OMB of _____ in outlays, will develop its obligation plan within this allowance, plus an additional request level, if it feels it needs greater resources.
- All permanent and indefinite appropriations and trust funds will not be subject to priority analysis. Best estimates will be used and displayed for all priority levels.

The following programs will be segregated from the remainder of Bureau and Office programs (i.e., not be traded off with other activities in a particular Bureau) and displayed separately under the priority analysis:

- All permanent, indefinite and trust funds
- BLM's OCS and coal leasing programs
- USGS's Conservation Division activities

Outlays should also be estimated for each appropriation.

Table II. This table will display the same stub items as Table I. Its purpose, however, is to display the effects of the three priority expenditure levels for FY 1979, in terms of current services as presently defined by OMB. A sample Table II is to be found as Enclosure B.

Table III. This table will display the same stub items as Tables I and II, in order to display end of year permanent personnel levels. Every effort should be made, as urged by the Secretary, to keep permanent personnel increases for highest priority programs to a bare minimum through redistribution of current staff, or use of other alternatives. A sample Table III is attached as Enclosure C.

2. Program Memorandum

Each Bureau and Office Head will prepare a memorandum to the Secretary (which should be kept as brief and concise as possible) providing an overview of his program goals, plans, priorities and financial proposals as provided in the Financial Priority Analysis Table, and the problems or issues he believes require resolution in the 1978 budget process.

Specifically, the memorandum should cover:

- the major programmatic problems requiring budgetary resolution,
- highlights of the 1978 program goals and plans, including an explanation of how priorities were established among programs at the various priority levels,
- an indication of problems foreseen if resources are not provided above the FY 1977 budget level,
- an identification of the major issues requiring resolution in the 1978 budget process and any authorizing legislation that must be proposed in conjunction with the 1978 budget,
- a statement summarizing how he plans to keep permanent personnel increases to a minimum and what problems, if any, he foresees as a result.

Bureau and Office Heads should make special efforts to address those programs singled out for special analysis in the Secretary's memorandum (e.g., USGS Conservation Division, BIA programs outside the tribal band, Bureau of Mines' aluminum pilot plant and oil shale R&D, Wildlife Refuge System).

3. Appendices

A. Budget Detail Sheets

Budget detail sheets will again be required for each activity and sub-activity plus any new programs listed on the financial priority analysis table. For program items entitled "other" on the financial priority analysis table, the budget detail sheet should break down this category into meaningful items. This year, however, the budget detail sheet is designed to elicit program information in a much briefer format than last year's. Each budget detail sheet should be no longer than 1-1½ pages and should not be construed or used as a justification format. The purpose of the detail sheets' is to provide brief information for program review and comparison. Budget detail sheets in excess of 1-1½ pages could therefore be counter-productive. A sample detail budget sheet is attached as Enclosure D.

B. Bureau of Reclamation Construction Appendix

See Enclosure E for instructions.

C. As needed, other appendices on items such as energy programs, mines safety, and construction will be requested.

4. Review of Instructions

Shortly after distribution of these instructions, PDB will schedule meetings with Assistant Secretary and Bureau and Office staffs in order to discuss these instructions and answer questions.


5. Distribution of Program Strategy Papers

Bureau and Office Program Strategy Papers, forwarded through the respective Assistant Secretaries, are to be transmitted to the Assistant Secretary--Program Development and Budget by May 15, 1976. Each Bureau and Office is responsible for the following distribution of its Program Strategy Papers:

- 25 copies to the Assistant Secretary--Program Development and Budget
- 2 copies to each program Assistant Secretary
- 1 copy to each program Bureau and the Office of Water Research and Technology
- 2 copies each to the Solicitor, Assistant Secretary--Management, the Assistant Secretary--Congressional and Legislative Affairs, and the Legislative Counsel.

The Assistant Secretary--Program Development and Budget will forward copies to the Secretary and Under Secretary.

C. JULY 1975 OMB
ALLOWANCE LETTER



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 30 1975


Honorable Kent Frizzell
Acting Secretary of the Interior
Washington, D.C. 20240

Dear Mr. Frizzell:

This letter provides Presidential policy guidance for the preparation of your fiscal year 1977 Budget submission. It also provides dollar planning targets to be used in preparing your budget estimates.

The President's review of the fiscal and economic outlook for 1977 has confirmed the need for a balanced program that is designed to support economic growth without aggravating inflationary pressures. At the same time, the sharp growth in relatively uncontrollable programs in recent years continues to present major difficulties in managing the budget. The President expects you to develop plans for the operation of your department in such a way that your budget submission is consistent with the enclosed targets. We must continue to seek offsetting reductions to any proposals involving new programs or higher activity levels; marginal and ineffective programs must be identified and eliminated wherever possible. All travel should be held to a minimum and non-essential travel should be eliminated; overseas travel, and attendance at conventions, conferences, and similar meetings should be restricted to that essential to the accomplishment of agency missions.

The enclosed targets for budget authority and outlays for your department are provided for guidance in the development of your budget request. These amounts have been determined with consideration for the requirements of your department, the anticipated availability of resources, and in accordance with the President's priorities. Accordingly, the President expects your 1977 budget recommendations to be held to totals at or below the target figures.



Generally, the estimates for your department should reflect no increase in Federal employment from current levels. Increases in employment are appropriate only when a significant rise in program level is contemplated and full account has been taken of productivity savings and internal reallocation possibilities.

I will meet with you soon regarding Presidential and departmental objectives, and your department's budget estimates should reflect and support achievement of the major objectives. Your budget estimates should reflect full consideration of the Administration's civil rights goals, and of the resources needed for agency systems to identify, develop, and utilize career executives.

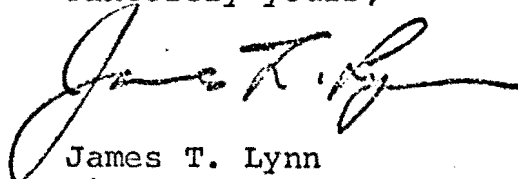
Where the planning targets include amounts for special foreign currency program appropriations, these are specifically set forth. Additional amounts for this purpose may be included in your budget submission even though the target amounts are thereby exceeded--since such additional amounts are offset elsewhere. However, reductions in these special appropriations will result in reduction of your planning target by the same amount.

The initial submission of many of the materials for the budget (as indicated in Section 15.1 (a) of Circular No. A-11) is again required in September. The precise date and composition of this initial submission of budget materials will be communicated to your department by members of my staff. It is essential that this initial submission be carefully prepared and all of it be on time (whether or not congressional action on current appropriation requests has been completed), in order to provide sufficient time for orderly and careful consideration of the issues and prompt transmittal of the Budget to the Congress.

Many factors, including the requirements of the Congressional Budget Act of 1974 (P.L. 93-344), are increasing the size and complexity of the annual budget submission. To assure a comprehensive review of all budget materials, complete submissions for printing and data processing purposes must be received no later than November 15.

I wish to stress the importance of developing and submitting your legislative proposals for the next session of the Congress in conjunction with your budget requests, as prescribed in Section 6 of OMB Circular No. A-19. Those proposals that involve budget authority and outlays for fiscal year 1977 must be reflected in your budget submission, including your five-year projections, to assist the President in establishing overall budget and program plans for 1977 and the years ahead. You are also reminded that Section 607 of the Congressional Budget Act requires that (1) any request for legislation authorizing new budget authority to continue a program or activity for a fiscal year must be submitted to the Congress not later than May 15 of the year preceding the year in which such fiscal year begins, and (2) any request for legislation authorizing new budget authority for a new program or activity that is to continue for more than one fiscal year must be submitted for at least two fiscal years. Accordingly, it is important that your September submission specifically identify all items requiring legislative support.

Sincerely yours,



James T. Lynn
Director

Enclosure

July 1975

DEPARTMENT OF THE INTERIOR

1977
(\$ in millions)

Budget planning targets

Gross budget authority (target) 3,748
Offsetting deductions -1,438

Net budget authority 2,310

Special foreign currency appropriations
included above (2)

Gross outlays (target) 1/ 3,624
Offsetting deductions -1,438

Net outlays 2,186

Special foreign currency appropriations
included above (1)

1/ Includes -\$19 million outlays for the Bonneville
Power Administration.

D. INTERIOR F. Y. 1977
ALLOWANCE LETTERS



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

August 22, 1975

Memorandum

To: Assistant Secretaries
Commissioner of Indian Affairs
Director, Office of Territorial Affairs

From: Acting Secretary

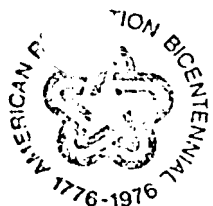
Subject: Fiscal Year 1977 Budget Allocation

As you know, OMB authorized a Departmental allocation of \$3.750 billion. The Departmental request to OMB will exceed that allocation by \$228 million. In an effort to justify, and therefore be able to retain, these additional dollars, a vigorous and well-coordinated effort will be necessary in our presentation to OMB this fall. As I am sure you are aware, there will be a direct correlation between the pain level within the Department and the degree to which OMB grants this over-target request.

All of the appeals to the proposed 1977 budget I submitted to you on August 11, 1975 have been concluded. I feel the appeal process was worthwhile and, although we were unable to accommodate all of the appeals, we have been able to accommodate some of them. For example, I have granted all Category 1 appeals and granted the following Category 2 appeals:

Assistant Secretary--Land & Water Resources	+\$3.1 million
Assistant Secretary--Fish & Wildlife & Parks	+\$8.7 million
Assistant Secretary--Energy & Minerals	+\$6.0 million
Bureau of Indian Affairs	+\$3.6 million
Office of the Secretary	+\$5.0 million


In an effort to expedite the development of Indian construction programs, I have granted the appeal for \$2 million and am instructing the BIA to reprogram within its total allocation an additional \$3 million for irrigation construction.



In addition to this, a contingency allowance of \$25 million is being carried within the Departmental total as a reserve for Coal, OCS, and Onshore Leasing. Every effort will be made to arrive at an appropriate level for the concerned bureaus before the OMB budget submission.

In an effort to allow the bureaus to facilitate the printing process of the OMB submission due September 15, 1975, details on the line item appeals have already been verbally passed on to the concerned bureaus.


Kent Frizzell



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

AUG 26 1975

Memorandum

To: Assistant Secretaries
Commissioner of Indian Affairs
Director, Office of Territorial Affairs

From: Assistant Secretary--Program Development & Budget

Subject: Fiscal Year 1977 Budget Allocation

The enclosed attachments are an addendum to Acting Secretary Frizzell's Fiscal Year 1977 Budget Allocation memorandum of August 22, 1975. Attachment 1 is an itemized listing of the Acting Secretary's decisions on appeals. Attachment 2 contains the financial tables implementing those decisions with appropriate budget authority and outlay adjustments.

Royston C. Hughes
Royston C. Hughes

Attachments

APPEAL DECISIONS

FISCAL YEAR 1977 PLANNING CEILINGS

GENERAL

Except as noted in decisions below, the planning ceilings and instructions included in the Acting Secretary's August 11, 1975 memorandum stand.

OFFICE OF THE SECRETARY

Appeal Requested: \$5,000,000
Appeal Decision: \$5,000,000

FISH WILDLIFE AND PARKS

Bureau of Outdoor Recreation
LWCF

Appeal Requested: -\$19,900,000 for NPS acquisition
Appeal Decision: -\$19,900,000 for NPS acquisition

FISH AND WILDLIFE SERVICE

Migratory Bird Enforcement

Appeal Requested: \$300,000
Appeal Decision: \$300,000

Construction

Appeal Requested: \$200,000
Appeal Decision: \$200,000

Migratory Bird Conservation Account

Appeal Requested: \$3,000,000 loan advance
Appeal Decision: \$0

Federal Aid (D/J and P/R funds)

Appeal Requested: \$8,700,000
Appeal Decision: \$8,700,000

NATIONAL PARK SERVICE

Construction

Appeal Requested: \$15,000,000
Appeal Decision: \$15,000,000

Historic Grants

Appeal Requested: \$4,400,000
Appeal Decision: \$4,400,000

ENERGY AND MINERALS

GEOLOGICAL SURVEY

Conservation of Lands and Minerals

Appeal Requested: \$7,200,000 to \$27,700,000
Appeal Decision: Deferred

Energy Resource Surveys

Appeal Requested: \$9,000,000
Appeal Decision: 0

Critical Minerals

Appeal Requested: \$7,000,000
Appeal Decision: 0

Wilderness Mineral Resource Appraisal

Appeal Requested: \$2,800,000
Appeal Decision: \$1,000,000

Earthquake and Volcano Hazards

Appeal Requested: \$7,500,000
Appeal Decision: 0

National Water Data Exchange

Appeal Requested: \$ 500,000
Appeal Decision: 0

Federal/State Water Resources Co-op Program

Appeal Requested: \$2,000,000
Appeal Decision: \$2,000,000

Earth Sciences Applications

Appeal Requested: \$ 400,000
Appeal Decision: 0

Coal Hydrology

Appeal Requested: - \$2,000,000
Appeal Decision: - \$2,000,000

MINING ENFORCEMENT AND SAFETY ADMINISTRATION

Technical Support

Appeal Requested: \$2,000,000
Appeal Decision: \$2,000,000

BUREAU OF MINES

Metal & Nonmetal Health and Safety Research

Appeal Requested: \$2,300,000
Appeal Decision: \$1,000,000

Wilderness and Related Programs

Appeal Requested: \$2,500,000
Appeal Decision: \$1,000,000

Metallurgy Energy-Related Projects

Appeal Requested: \$1,800,000
Appeal Decision: 0

College Park Facility

Appeal Requested: \$ 250,000
Appeal Decision: 0

Critical Minerals Assessment

Appeal Requested: \$5,000,000
Appeal Decision 0

Mined Land Demonstrations - Bituminous Area

Appeal Requested: \$4,300,000
Appeal Decision: \$1,000,000

LAND AND WATER RESOURCES

BUREAU OF LAND MANAGEMENT

Maintenance

Appeal Requested: -\$1,000,000
Appeal Decision: -\$1,000,000

Range Improvement Fund

Appeal Requested: -\$ 600,000
Appeal Decision: -\$ 600,000

Construction

Appeal Requested: \$4,500,000
Appeal Decision: \$2,600,000

Watershed Management

Appeal Requested: \$ 800,000
Appeal Decision: 0

Lands and Realty

Appeal Requested: \$1,000,000
Appeal Decision: \$ 600,000

Fire Protection

Appeal Requested: \$ 600,000
Appeal Decision: 0

Cadastral Survey

Appeal Requested: \$ 500,000
Appeal Decision: \$ 500,000

General Administration

Appeal Requested: \$1,200,000
Appeal Decision: 0

Recreation Management

Appeal Requested: \$2,200,000
Appeal Decision: \$1,000,000

BUREAU OF INDIAN AFFAIRS

Indian Loan Guaranty and Insurance Fund

Appeal Requested: \$20,000,000
Appeal Decision: \$ 1,600,000

This amount is for administration and technical assistance services.

Programmatic Costs Associated with Contracting

Appeal Requested: \$ 4,000,000
Appeal Decision: 0

Irrigation Construction

Appeal Requested: \$ 5,000,000
Appeal Decision: \$ 2,000,000

The full amount of the request for Irrigation Construction should be made available by reprogramming \$3.0 million from within the total allocation.



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

AUG 8 - 1975

Memorandum

To: Acting Secretary

From: Assistant Secretary--Program Development and Budget

Subject: Proposed FY 1977 Budget Formulation

Attached for your consideration are my recommendations for the Department's FY 1977 budget request to the President. As you recall, OMB has recently given the Department a planning allowance of \$3.750 billion, which represents an increase of approximately \$250 million over the President's FY 1977 budget.

I have prepared a budget allocation among the bureaus and offices in the Department which meets the OMB planning allowance of \$3.750 billion. I consider it a reasonable and equitable allocation which the Department could live with if the President so decided. However, I must point out that the allowance is consistent with a trend of meager growth in the Department's budget over the past several years which has not fully accommodated the growing responsibilities laid on the Department, the rising cost of doing business due to inflation, and the proper maintenance of capital facilities under the jurisdiction of the Department's bureaus and offices.

I would characterize the Department's budgets over the last few years as short run attempts to hold down spending as part of an overall fiscal policy to stop inflation. Each year the Department has been given a budget which it could live with for that year, and no great catastrophe has occurred. However, the long run consequences of these tight budgets mean that the quality of public services declines and new responsibilities assigned to the Department are not efficiently carried out.

It seems to me that a head of a Federal agency has two responsibilities to the President with respect to his budget. First, as a member of the Administration, the agency head should attempt to implement the fiscal policy defined by the President. Second, the agency head should make the President aware of his priority budget needs even though they may exceed the OMB allowance. In the final analysis, it is the President, through OMB, who must choose between competing agency needs. He cannot do this effectively, however, if he doesn't have the proper information regarding the real budget requirements of the agencies. I therefore think that it would be a mistake to continue to submit budgets to OMB within their tight allowances when they do not properly accommodate the longer run needs of the Department.

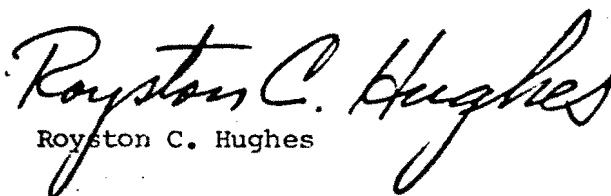
I have therefore prepared a list of budget activities, totalling an additional \$200 million, which I recommend be added to the \$3.750 billion budget allocation I have presented. I consider the total budget of \$3.950 billion, though far from accommodating the total requests of all the bureaus and offices (\$4.7 billion), as being a reasonable representation of the Department's priority budget requirements, but still within the realm of fiscal responsibility.

I further recommend that you submit the \$3.950 billion budget allocation to the Assistant Secretaries for their consideration and appeals. I have attempted to meet the Department's highest priority needs in the budget allocation. However, the program Assistant Secretaries might differ with my sense of priorities and might wish to suggest alternatives. After appeals have been submitted, I suggest that you meet with the program Assistant Secretaries to discuss their appeals. I would strongly urge the Assistant Secretaries, however, when they appeal an activity not included in the \$3.950 billion budget, that they recommend the deletion of an equal amount now included in the budget. I believe that the submission of a budget much in excess of \$3.950 billion could be strategically counter-productive.

After you have heard the appeals and have made final decisions, I recommend we submit a single budget to OMB which does not distinguish between in-target and over-target levels.

You will note that the proposed budget allocation contains a \$25 million reserve for energy and mineral leasing requirements, including coal, OCS tract evaluation, and onshore lease management. Budget requirements for coal leasing are dependent on further information regarding the effects of a new coal leasing policy. Funding for OCS tract evaluation will depend on a decision as to how large each lease sale will be during FY 1977. Onshore lease management funding will depend on a reasonable strategy for optimally meeting the highest priority responsibilities of the Conservation Division of the Geological Survey. My staff will be working with the Bureau of Land Management and the Geological Survey to determine the needs for these programs during this month. Hopefully, we can determine these requirements in time for their inclusion in the budget submission to OMB at the end of September.

Also attached are instructions for appeals presentation.


Royston C. Hughes

Attachments

APPEALS INSTRUCTIONS

1. Each Assistant Secretary and Commissioner of Indian Affairs who desires to make appeals will submit a memorandum briefly explaining the reason for each of his appeals and why he considers them of higher priority than the items he suggests for deletion. Each appeal explanation should be numbered in order to key it to the attached table explained below.
2. The attached table is divided into two categories. Category I is for those appeals for which there is a suggested deletion of equal amount. Appeals in this category will be considered higher priority appeals. Category II is for those appeals for which there is no suggested offsetting reduction, and would therefore increase the overall budget above the \$3.950 billion level. The appeals in this category will therefore be considered as lower priority. Appeals in Category II should be listed in priority order.
3. Ten copies of appeals should be sent to the Acting Secretary through the Assistant Secretary--Program Development and Budget, by c.o.b., Thursday, August 14.

FY 1977 BUDGET ALLOCATIONS APPEALS

BUREAU OR OFFICE
(\$100,000)

	BUREAU OR OFFICE (\$100,000)			FY 1977 PDB Allocation Compared to		
	<u>FY 1976</u>	<u>FY 1977 Total Request</u>	<u>FY 1977 PDB Total Allocation</u>	<u>FY 1976</u>	<u>FY 1977 Total Request</u>	<u>Appeal Amount (+ or -)</u>
<u>Category I Appeals</u>						
Item 1 (name of activity)	4,000	7,000	5,000	+1,000	-2,000	+1,000
Item 2 (name of activity)	24,000	29,000	29,000	+5,000	same	-1,000
<u>Total Appeals, Category I</u>	<u>28,000</u>	<u>36,000</u>	<u>34,000</u>	<u>+6,000</u>	<u>-2,000</u>	<u>--</u>
<u>Category II Appeals</u>						
Item 3 (name of activity)	15,000	20,000	17,000	+2,000	-3,000	+2,000
Item 4 (name of activity)	8,000	10,000	9,000	+1,000	-1,000	+1,000
<u>Total Appeals, Category II</u>	<u>23,000</u>	<u>30,000</u>	<u>26,000</u>	<u>+3,000</u>	<u>-4,000</u>	<u>+3,000</u>

DEPARTMENT OF THE INTERIOR

PROPOSED FY 1977 BUDGET ALLOCATION
(Budget Authority and Road Obligations in \$ Millions)

	1976	1977				
		May Request		Proposed Allocation		
		In-Target	Over-Target	In-Target	Over-Target	Total
BLM	442	382	423	388.2	+12.3	400.5
Burec	592	680	939	743.2	+57.0	800.2
OWRT	18	20	36	20.1	+4.7	24.8
AS--LWR	(1,052)	(1,082)	(1,398)	(1,141.2)	(+74.0)	(1,225.5)
NPS	321	355	468	355.0	+14.0	369.0
FWS	214	220	300	237.0	+1.0	238.0
BOR	336	336	499	336.1	+30.0	366.1
AS--FWP	(871)	(911)	(1,267)	(928.1)	(+45.0)	(973.1)
GS	268	280	350	285.3	+20.0	305.3
es	191	195	307	205.4	+15.1	220.5
MESA	80	86	113	92.4	+6.0	98.4
BPA	--	--	--	--	--	--
APA	2	2	2	2.3	--	2.3
SEPA	1	1	1	1.1	--	1.1
SWPA	7	9	10	9.8	--	9.8
AS--EM	(549)	(573)	(783)	(596.3)	(+41.1)	(637.4)
BIA	904	910	1,030	926.0	+37.0	963.0
OTA	133	145	161	132.1	16.2	148.3
Solicitor	12	13	13	13.0		13.0
Secretary	37	38	38	33.0		33.0
Mined Area Protection	20	20	20	0		0
1, OCS & Onshore Leasing						
serve (GS/BLM)	--	--	--	25.0	--	25.0
SUB-TOTAL	3,578	3,692	4,709	3,805.0	+213.3	4,018.3
Less; Road CA used	-81 ^{1/}	--	--	-55.0 ^{2/}	-13.3 ^{3/}	-68.3 ^{4/}
Total Budget Authority	3,497	3,692	4,709	3,750.0	+200.0	3,950.0

1/ BLM=4, NPS=10, BIA=67

2/ BLM=5, NPS=10, BIA=40

3/ BLM=4.3, NPS=9.0

4/ BLM=9.3, NPS=19.0, BIA=40.0

BUREAU OF LAND MANAGEMENT.

FY 1977 BUDGET REQUEST

	<u>FY 1976</u>	<u>FY 1977</u>		<u>Total Request</u>
		<u>In-Target(+)</u>	<u>Over-Target(+)</u>	
Range & Watershed				
Budget Authority(\$M)	25.2	1.5	9.2	35.9
Positions	745	58	159	962
Onshore Energy & Minerals				
Budget Authority(\$M)	17.8	2.7	0	20.5
Positions	632	156	19	807
OCS Leasing				
Budget Authority(\$M)	58.3	2.1	0	60.4
Positions	243	0	0	243
Land & Realty Management & Cadastral Surveys				
Budget Authority(\$M)	48.2	5.5	2.7	56.4
Positions	1353	187	57	1602
Permanent Appropriations				
Budget Authority(\$M)	197.5	-83.2	-	114.3
Positions	1	0	0	1
All Other				
Budget Authority(\$M)	91.2	15.2	29.3	135.7
Positions	1710	502	266	2473
TOTAL				
Budget Authority(\$M)	338,2 ^{1/}	-56.2	41.2	423.2
Positions	4684	903	501	6088

All workload increases for energy leasing programs were provided within the in-target ceiling. Major over-target increases were allocated to wildlife, watershed, and range programs. These over-target increases are for improvement of the soil and vegetative cover on Natural Resource Lands and are the major elements of LWR's Secretarial Initiative.

^{1/} Excludes \$4.2M for new obligations for roads as included in Departmental total table entitled "Proposed FY 1977 Budget Allocation Table."

BUREAU OF LAND MANAGEMENT

FY 1977 BUDGET

PDB RECOMMENDATIONS

	<u>\$M</u>	<u>TOTAL</u>
<u>IN-TARGET</u> (\$382.0 million)		
Range Management - Accelerated development of EIS's and implementation of on-site planning and structures for intensive range management, removal of wild horses.	+2.5	20.4
Range Improvement Fund - Capital improvements for public domain rangeland. Increased funds for this account accrue from grazing receipts and assume an increase in the grazing fee from 1.00/AUM in FY 1976 to 1.51/AUM in FY 1977.	+2.0	7.9
Soil and Watershed - Site specific treatment of accelerated erosion through installation of detention/retention structures, operation of stream gauges.	+1.0	9.8
Minerals Management - Provides funds to process backlog of mineral patent applications, environmental studies, and conduct an accelerated non-energy minerals leasing program.	+0.7	6.1
Other -	<u>0</u>	<u>343.8</u>
Total	+6.2	388.21/

OVER-TARGET

Planning for Multiple Use Management - Provides for completion of 5 additional management framework plans (MFP's) on 2.5 million acres, update of 7 MFP's on 11.3 million acres. MFP's precede major resource development decisions and energy areas will receive high priority.	+1.6	8.5
Public Domain Timber Management - Provides for an increase in sustained yield timber cut of approximately 20 million board feet.	+1.4	4.8
Alaska Cadastral Surveys - Allows BLM to meet target dates of 1985 for surveys for the Alaska Native Claims Settlement Act and 1995 for surveys for State selections.	+1.0	10.6

	<u>\$M</u>	<u>TOTAL</u>
Range Management - Provides for more rapid implementation of intensive management plans and capital improvements on western rangelands. The increase meets BLM's total request for this program.	+2.0	22.4
Maintenance - Maintenance of an additional 1,000 miles of roads and trails, 19 bridges, 390 undeveloped sites, 94 buildings, etc.	+2.0	8.5
Road Construction - 72 miles of road grading, 134 miles of road surfacing, 24 miles of trail construction in support of timber and recreation programs. (obligations)	+4.3	8.5
Other -	<u>0</u>	<u>337.2</u>
Total over-target recommended by PDB	+12.3	400.5 ^{1/}

N.B.

The 400.5 million total contains no increases for coal leasing. \$25 million is being held in reserve for this program (and for GS's OCS tract evaluations and onshore lease management programs) until details are worked out among PDB, BLM and GS. Hopefully, these details will be worked out shortly in order to include funding increases for these programs before submission to OMB on September 30.

^{1/}Includes new obligational program for road construction. BA will be net of these amounts (\$4.2M in-target and \$8.5M over-target) for in-target and over-target BA totals of \$384.0M and \$392.0M respectively.

BUREAU OF RECLAMATION

FY 1977 BUDGET REQUEST
(\$ Millions)

	<u>FY 1976</u>	<u>FY 1977</u>		<u>Total Request</u>
		<u>In-Target(+)</u>	<u>Over-Target(+)</u>	
Construction				
Budget Authority	403.2	+54.4	+245.7	703.3
Personnel	3,323	+181	+1,572	5,076
Operation & Maintenance				
Budget Authority	131.8	+15.9	0	147.7
Personnel	3,043	-23	0	3,020
General Investigations				
Budget Authority	20.5	0	+13.5	34.0
Personnel	562	+28	+166	756
Other Programs				
Budget Authority	36.9	+17.3	--	54.2
Personnel	<u>1,414</u>	<u>+1</u>	<u>--</u>	<u>1,415</u>
TOTAL				
Budget Authority	592.4	+87.6	+259.2	939.2
Personnel	8,342	+187	+1,738	10,267

Reclamation requested a budget level of \$939.2 million. This is \$259 million above its May in-target allocation of \$680 million. The principal increases were requested for the Construction Program, +\$246 million above target, to provide optimal funding for all projects underway and to start construction on 20 projects; the General Investigations request was +\$13 million over-target to provide optimal funding for studies underway and to start a number of new studies.

BUREAU OF RECLAMATION

FY 1977 BUDGET

PDB RECOMMENDATIONS

<u>IN-TARGET</u> (\$680.0 million)	<u>\$M</u>	<u>TOTAL</u>
General Investigations - initiation of operational cloud seeding program for Colorado Basin	+1.5	22.0
Construction - allow for FY 1976 impact and select feature contract completions, capability funding for Colorado salinity project	+61.7	519.3
Other -	<u>0</u>	<u>201.9</u>
Total in-target allocation recommended by PDB	+63.2	743.2
 <u>OVER-TARGET</u>		
General Investigations - allow select new study starts, inflation impact, principles and standards implementation, fish and wildlife transfer funding increase	+2.3	24.3
Construction - allow contracts toward completion of all features underway and \$10M for new loan starts	+34.7	554.0
Congressional Additions - allow impact from 1976 add-ons	+20.0	20.0
Other -	<u>0</u>	<u>201.9</u>
Total over-target allocation recommended by PDB	+57.0	800.2

E. F. Y. 1977 BUDGET
TRANSMITTAL LETTER



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

SEP 17 1975

Dear Mr. Lynn:

There is hereby transmitted the Department of the Interior's Fiscal Year 1977 Budget Estimates for your review prior to President Ford's decisions on the 1977 Budget. The 1977 program we are proposing though in excess of the funding targets you have previously communicated, is both realistic and responsive to the natural resource problems confronting the Nation and our goals of improving the welfare and self-sufficiency of Indian and Territorial peoples. It is a program which I anticipate the new Secretary will be able to defend reasonably and successfully before Congress and which I believe in every significant aspect could be and would be endorsed by the President unless fiscal constraints were sufficiently severe to require Government-wide program curtailment.

Key Programmatic Decisions Reflected in the Estimates

The major policy determinants of the funding levels proposed for 1977 are briefly as follows:

1. Energy. All funding decisions for energy programs are based on individual program merit, and are not otherwise fiscally constrained in order to improve National energy self-sufficiency as rapidly as possible, consistent with Interior's appropriate public sector responsibilities.
2. Reclamation Construction. Bureau of Reclamation construction funding is consistent with the President's 1976 program, with no new project or new feature starts. Optimal funding is provided for on-going hydroelectric generation, power transmission, and Colorado River salinity control construction commitments to Mexico. Funding for virtually all other on-going construction work is provided as necessary to assure progress toward usable units, though at less than optimum rates.
3. Public Lands Management. A special effort has been made to provide increased funding to improve the Department's management of the National Park, Refuge and Resource Lands systems. Within anticipated fiscal and managerial constraints, we visualize that such improvement will be staged over several years. Too much

criticism of our management of these systems is valid, and reflects our past inability to match financial resources with the expansion of areas to be managed, increased and conflicting use pressures, higher expectations (particularly with NEPA) of sound environmental quality control, and closer public scrutiny.

4. Public Lands and Facilities Investments. Funding for land acquisition and facility construction for the various public recreation and multiple use land systems (local, State, and Federal) is held essentially level with 1976.

5. Indian Programs. Substantial funding increases are provided for realistic implementation of the Indian Self-Determination and Education Assistance Act (P.L. 93-638), with roughly level gross funding for other programs (primarily for fiscal reasons). Decreases in Alaska Native Claims payments and the Loan Guarantee Program more than offset increases in law enforcement, and other Indian programs.

6. Territorial Programs. Substantial increases are provided to fund current and likely Administration legislative initiatives for the Trust Territory and Guam and to improve the water, sewer and electric power facilities in Samoa.

7. Other Programs. Overall funding for other programs is constrained for reasons of fiscal priority, but with some selective high impact funding increases--most notably for mine safety improvement.

It should be noted that the budget estimate reserves \$15 million for expanded coal leasing. The exact amount and distribution will have to await a decision on future Federal coal leasing policy. The timing for such a decision is uncertain.

We anticipate that new land use planning or mined area protection legislation will not be enacted during fiscal year 1977 and have not budgeted for either purpose.

Funding Estimates

The Interior program proposed in these Estimates is \$3,990 million in budget authority, \$3,868 million in outlays, and \$1,066 million in offsetting deductions. These amounts compare to the planning ceilings included in your July 30, 1975, letter as follows:

(\$ in millions)

	<u>OMB Estimate</u> <u>July 30, 1975</u>	<u>Interior Estimate</u> <u>September 15, 1975</u>
Gross Budget Authority	3,748	3,990
Offsetting deductions	<u>-1,438</u>	<u>-1,086</u>
Net budget authority	2,310	2,904
Gross outlays ^{1/}	3,624	3,868
Offsetting deductions	<u>-1,438</u>	<u>-1,086</u>
Net outlays	2,186	2,782

^{1/} Includes \$19 million in outlays for the Bonneville Power Administration.

A large portion of the difference in budget authority and outlay estimates, we believe, is due to difficulties in the calculation and use of current service levels in the forward planning process. Our present fiscal year 1977 estimate for the Bureau of Reclamation is \$140 million higher than the \$660 million current services level estimated last winter. Yet, the \$800 million estimate for 1977 basically provides for a current services continuation of the 1976 program. We are working with your budget examiners to resolve problems associated with construction index changes and interpretation of current services definitions in order to forecast more closely future Bureau of Reclamation budget requirements.

A second major area of probable difference in budget estimates occurs in the case of the Bureau of Indian Affairs where your estimates may not have been intended to cover implementation of the Indian Self-Determination and Education Assistance Act (P.L. 93-638) or the conversion of road construction funds from a contract authority to a budget authority basis. Approximately \$77 million in new funding has been earmarked in our Estimates for implementation of the self-determination and education assistance programs while the road construction conversion increases budget authority by \$27 million. The latter item is essentially an accounting adjustment.

Your estimate of offsetting deductions provided for an increase of approximately \$450 million over the amount reflected in the fiscal year 1976 President's Budget. Our estimate of \$1,086 million is, we believe, more realistic and still provides for an increase of about \$100 million over the 1976 Budget. The increase is primarily from electric power sales.

Budget authority and outlay amounts included in the Interior Budget Estimates are summarized by bureau and account in the attached table.

Employment Ceilings

Overly tight employment ceilings continue to be a serious problem. Excepting mine safety and energy program staffing, Interior employment ceilings have fallen over the past two years (1974-1976). We frankly see no similar pattern for other Federal agencies and have difficulty reconciling current employment ceiling policy with our expanding management mandate. While we agree with and support the President's position on holding down Federal employment, we feel we have a responsibility to request the additional employees we believe necessary to carry out our programs in the most effective manner possible.

We consider employment ceiling allocations to be short throughout the Department. Particular problems have been encountered in staffing new Indian schools, new Bicentennial facilities, new National Parks, the growing National Refuge system, the substantially accelerated Reclamation construction program, the expanded law enforcement program on Indian reservations, and enforcement of endangered species and other wildlife regulations. The Department has been largely "getting by" by stretching non-permanent employment authorities, massive employment of temporaries, and lower quality management. We are hopeful that you will be able to provide the necessary employment ceilings so that we will be in a position to rectify these problems.

Several serious employment ceiling policy problems affecting more than effective program management need to be brought to your attention:

1. The operation of employment ceilings on those Bureau of Indian Affairs programs based on tribal priorities could undermine our policy of programming certain Indian program funds in accordance with those priorities. Since the tribes may well opt for programs requiring more Bureau of Indian Affairs employees, our failure to provide such employees would indicate that the tribal allocation ("banding") policy is not taken seriously. Indirectly, this may also adversely affect the current contracting effort.

2. Employment ceiling policy for "retrocessions," if they occur, may be an important determinant in the willingness of tribes to accept programs under contract. We already have indications from some tribes of an unwillingness to contract for programs if the Bureau of Indian Affairs would be hampered in accepting retrocessions because of employment ceilings. We have proposed an "employment ceiling bank" for handling this problem and are working with your examiners to implement the proposal.

3. The Department has not been able to counter effectively Congressional suspicions that current employment ceilings represent a new method of impoundment and otherwise restrict the implementation of Congressional intent expressed through appropriations acts and reports. This situation is currently being examined by an investigating team from the House Appropriations Committee.

Agency Objectives

The programmatic decisions reflected in the Estimates have been formulated to meet key objectives for Interior resource development, environmental quality, and Indian and Territorial programs. Specifically:

1. We will improve the national capability to effectively foresee and meet energy and materials shortages by:

- better understanding and correcting the institutional factors which create energy and materials problems;
- improving domestic energy supply security by:
 - maintaining current energy leasing schedules;
 - assuring construction of the Trans-Alaska Pipeline;
 - meeting appropriate schedules for construction of Federal hydroelectric and energy transmission facilities;
 - expediting review of and Federal action on private energy initiatives requiring Federal decisions;

- expanding future energy and materials supply options by discovering new energy and materials resources and improved technologies; and
- reducing mine-related fatalities and injuries.

2. We will improve the quality of the American environment by:

- bettering our understanding of environmental problems and their significance and causes;
- improving Interior's capability to assess the environmental impacts of Departmental development decisions;
- protecting and improving the appreciation of our National heritage including the National Parks and refuges, national resource lands, wildlife resources, wild and scenic rivers, wilderness areas and important historic and archaeological sites.

3. We will provide the means and technical assistance to Tribal and Territorial Governments for them to plan, develop and achieve their goals and objectives and thus realize self-determination by:

- assisting Indians in developing reservation infrastructures necessary for improvement of tribal social conditions and economies;
- augmenting funds for Tribal Governments to build tribal management capabilities and to assume greater management responsibility for Federal Indian programs; and
- assisting Territorial Governments to improve the economic infrastructure of the Territories and the welfare of Territorial peoples.

Assistant Secretary Hughes and his staff will be available to meet and discuss the substantive issues and our fiscal year 1977 proposals

with your staff and to supply any additional information you may require. Your favorable consideration of the programs that I have proposed in the fiscal year 1977 submission will be appreciated.

Sincerely yours,

Kent D. Duggell
Acting Secretary of the Interior

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D.C. 20503

Enclosure