

RECLAMATION

Managing Water in the West

Reclamation Fund

As of FY 2021 President's Budget



U.S. Department of the Interior
Bureau of Reclamation

Reclamation Fund

What Is It?

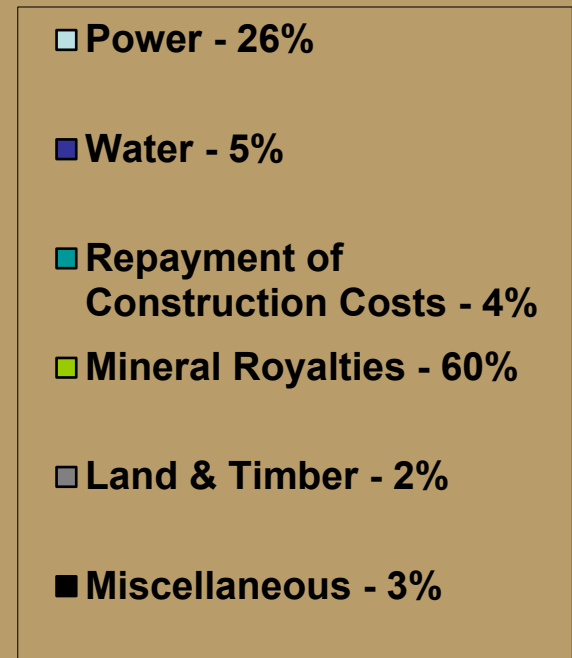
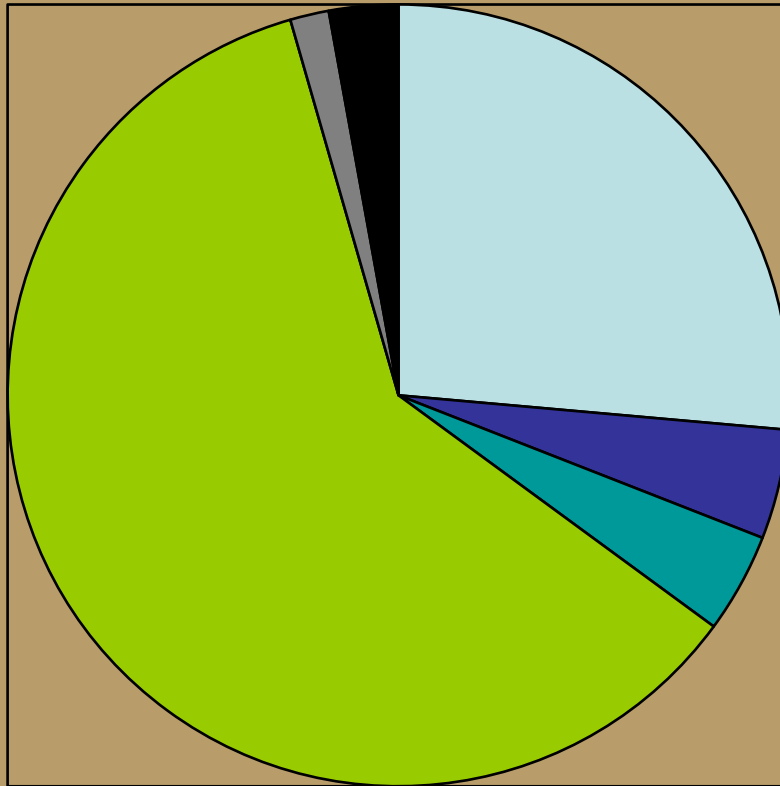
RECLAMATION

Reclamation Fund – What is It?

- **The Reclamation Fund is a Special Fund in Treasury established by The Reclamation Act of 1902 (43 U.S.C. 391).**
- **Initially established as a revolving fund, in 1914 Congress required that all spending from the fund be subject to the annual appropriations process.**
- **Deposits to the Fund include repayments and other revenues from water resource development, including hydropower; and certain receipts from sales, leases, and rentals of Federal lands in the 17 Western States.**

RECLAMATION

Reclamation Fund Receipts (Through FY 2019)



Reclamation Fund

How Does It Work?

RECLAMATION

Reclamation Fund – How Does it Work?

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

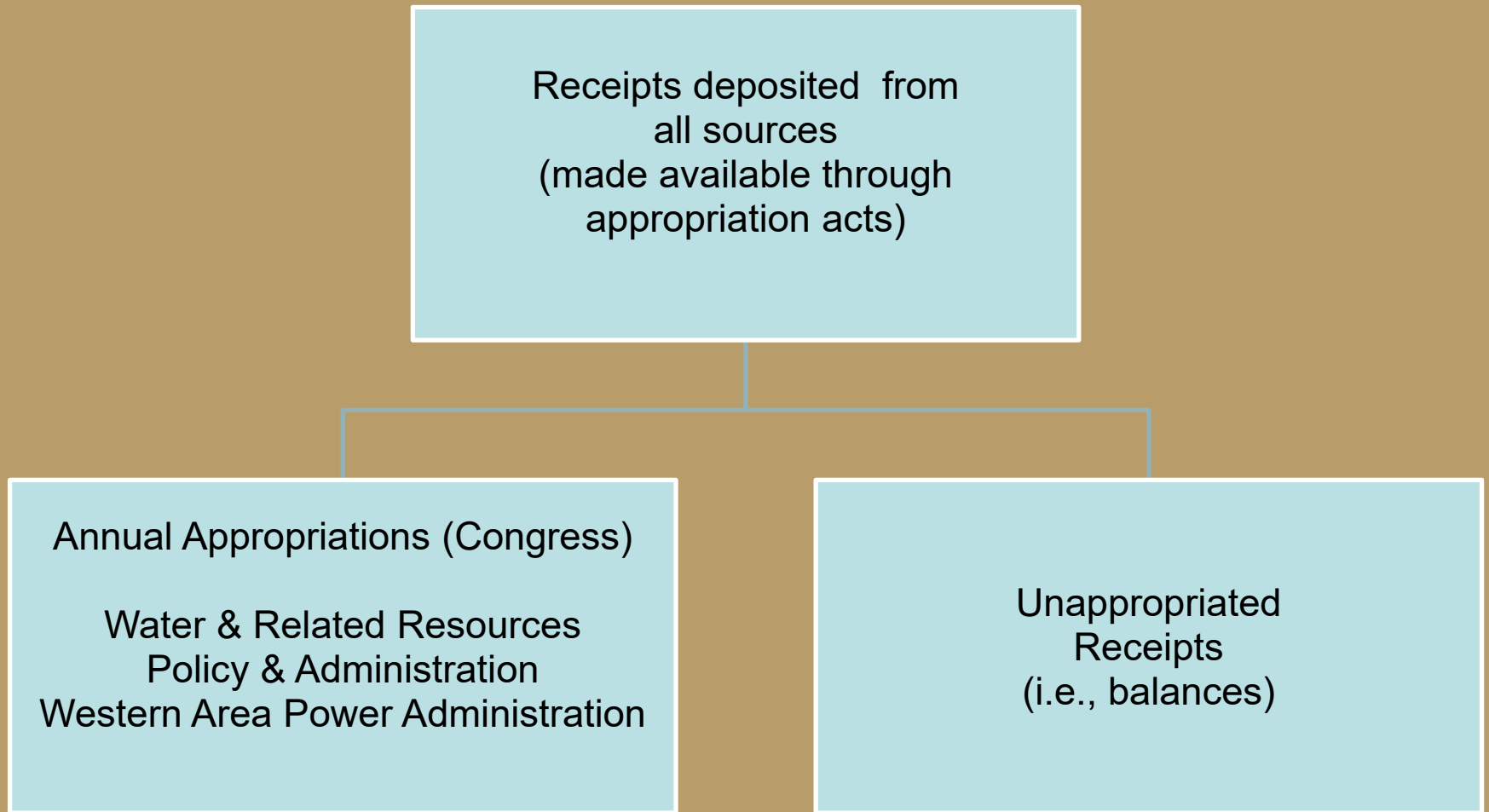
RECLAMATION

Reclamation Fund – How Does it Work?

- **Program activities that can be financed are those that directly benefit the 17 Western states and are for the purposes authorized under “Reclamation Law.”**
- **Congress explicitly authorized certain projects to be funded from the General Fund beginning with the Boulder Canyon Project (Hoover Dam) in 1928 due to insufficient balances in the Reclamation Fund.**
- **Public Law 95-91 transferred power marketing functions to the Department of Energy (DOE). Starting in FY1978, funds have been appropriated from Reclamation Fund to DOE, Western Area Power Administration (WAPA).**

RECLAMATION

Reclamation Fund Flow Chart



Reclamation Fund

Why Are Balances Growing?

RECLAMATION

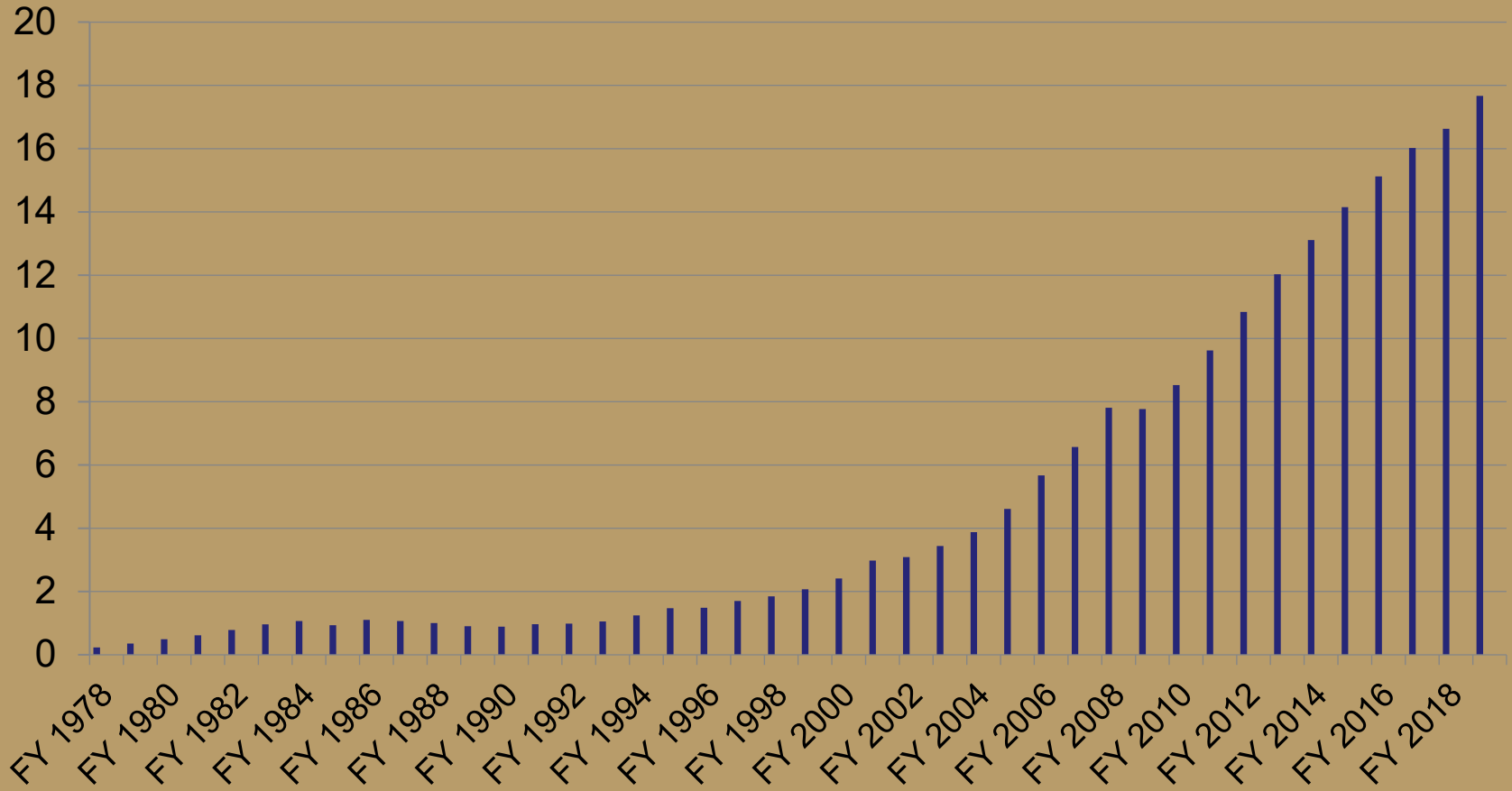
Reclamation Fund – Why are Balances Growing?

- **Receipts are increasing. Receipts from the Office of Natural Resources Revenue (formerly Minerals Management Service) for onshore mineral leasing authorized by the Mineral Leasing Act are the main contributor for the increase.**
- **Discretionary funding levels are constrained. Annual appropriations for Reclamation have been flat while appropriations for Western Area Power Administration (WAPA) have decreased.**
- **The increase in receipts and decline in appropriations has resulted in the increase in the balances, which is a current trend.**

Reclamation Fund – Why are Balances Growing?

- **Some projects are funded out of the General Fund, either by law or solicitor's opinion. This means less funding is appropriated from the Reclamation Fund thus increasing balances.**
- **Examples of current projects funded out of the General Fund are the Central Arizona Project, Animas La-Plata, Colorado River Basin Salinity Control, Columbia and Snake River Salmon Recovery, a portion of the Mni Wiconi Rural Water Project, and Native American Affairs.**

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



Reclamation Fund Balances - Estimates (\$s in Billions)

	<u>FY 2019 Actual</u>	<u>FY 2020 Enacted</u>	<u>FY 2021 Estimate</u>
BALANCE, Start of Year	16.6	17.6	17.9
RECEIPTS	2.3	1.7	1.7
APPROPRIATIONS	-1.3	-1.4	-0.9
BALANCE, End of Year	17.6	17.9	18.7

RECLAMATION

Recent Developments

- **P.L. 111-11, Subtitle B Part II established the Reclamation Water Settlements Fund in the Treasury.**
- **For each of FY 2020 through FY 2029 states that Treasury shall deposit \$120 million (if available) of funds that would otherwise be deposited in the Reclamation Fund.**
- **Authorizes direct (i.e., mandatory) spending for FY 2020 through FY 2034 for the Navajo–Gallup Water Supply Project, Other New Mexico Settlements, Montana Settlements, and Arizona Settlement.**
- **Claims Resolution Act of 2010 (P.L. 111-291).**