CHAPTER 4
Mandatory & Discretionary Funds

Commercial Mussel Farmers in Maine
The Coastal Zone Management Fund (CZMF), created in 1990, consists of loan repayments from the former Coastal Energy Impact Program. Loans under this program were made prior to 1992, but balances were not transferred to the General Fund in accordance with the Federal Credit Reform Act of 1990 (FCRA), even though the account effectively serves as a liquidating account. To resolve this inconsistency, the Budget proposes to cancel all balances in the Coastal Zone Management Fund, make future payments to the Fund subject to FCRA, and eliminate the annual transfer from this account to the Operations, Research, and Facilities account.

In FY 2011, NOAA proposes the following new legislative language: All balances in the Coastal Zone Management Fund, whether unobligated or unavailable, are hereby permanently cancelled, and notwithstanding Section 308(b) of the Coastal Zone Management Act of 1972, as amended (16 U.S.C. 1456a), any future payments to the Fund made pursuant to sections 307 (16 U.S.C. 1456) and 308 (16 U.S.C. 1456a) of the Coastal Zone Management Act of 1972, as amended, shall, in this fiscal year and any future fiscal years, be treated in accordance with the Federal Credit Reform Act of 1990, as amended.

Congress authorized the Coastal Impact Assistance Program (CIAP) in 2001 to assist states in mitigating the impacts from Outer Continental Shelf (OCS) oil and gas production. Congress appropriated $150,000,000 in FY 2001 to seven coastal states: Alaska, California, Texas, Louisiana, Mississippi, Alabama, and Florida, to implement this program. Funds were expended according to Coastal Impact Assistance Plans developed by the states. NOAA was charged with implementing this program at the federal level. FY 2001 was the only year NOAA received an appropriation for these activities; however, NOAA continues to receive deobligations from this grant program, which are deposited in this account.

The Fishermen’s Contingency Fund (FCF) program minimizes financial losses of the fishing industry caused by competing uses of the Outer Continental Shelf (OCS) and provides for timely resolution of claims by vessel owners. The Fishermen’s Contingency Fund is authorized under Section 402 of Title IV of the Outer Continental Shelf Lands Act Amendments of 1978. NOAA compensates U.S. commercial fishermen for damage or loss of fishing gear, vessels, and resulting economic loss caused by obstructions related to oil
and gas exploration, development, and production in any area of the Outer Continental Shelf. The funds used to provide this compensation are derived from fees collected by the Secretary of the Interior from the holders of leases, exploration permits, easements, or rights-of-way in areas of the Outer Continental Shelf. The FCF account is funded solely through user fees. Disbursements can be made only to the extent authorized in appropriation acts. In FY 2011 NMFS requests budget authority of $350,000 for the payment of claims filed by fisherman. These funds should be sufficient to cover the estimated amount of claims for FY 2011.

FOREIGN FISHING OBSERVER FUND

The Foreign Fishing Observer Fund (FFOF) is financed through fees collected from owners and operators of foreign fishing vessels fishing within the Exclusive Economic Zone (EEZ) of the United States (fishing in the EEZ requires a permit issued under the Magnuson-Stevens Fishery Conservation and Management Act). The FFOF reimburses NOAA for costs incurred from placing observers aboard foreign fishing vessels. The observer program is conducted primarily through contracts with the private sector. NOAA/NMFS places these observers aboard foreign fishing vessels to monitor compliance with U.S. fishery laws and to collect fishery management data. Amounts available in the Fund can be disbursed only to the extent and in amounts provided in appropriation acts. In FY 1985, Congress approved the establishment of a supplemental observer program. The program provided that foreign vessels without federally-funded observers are required to obtain the services of private contractors certified by the Secretary of Commerce. In FY 2011 NOAA is requesting cancellation of $350,000 from unobligated balances, as it does not anticipate foreign fishing in the U.S. EEZ requiring funds from this account.

FISHERIES FINANCE PROGRAM ACCOUNT

The Fisheries Finance Program (FFP) Account is a national loan program that makes long-term fixed-rate financing available to U.S. citizens who otherwise qualify for financing or refinancing of the construction, reconstruction, reconditioning, and, in some cases, the purchasing of fishing vessels, shoreside processing, aquaculture, and mariculture facilities. The FFP operates under the authority of Title XI of the Merchant Marine Act of 1936, as amended; Section 303(a) of the Sustainable Fisheries Act amendments to the Magnuson-Stevens Act; and, from time to time FFP-specific legislation. NMFS requests no increase for the FFP because these loans have a negative subsidy rate and no appropriated funds are required. However specific loan ceilings for each type of loan authority within the FFP must be included in appropriation language or other bill language regardless of the need for cash appropriations. The FY 2011 budget proposal requests loan authority of $12 million for Individual Fishing Quota Loans and $59 million for FFP traditional loans as authorized by the Merchant Marine Act. Three major benefits will result from this action. First, the IFQ loan program is part of the Northwest Halibut and Sablefish and the Bering Sea and Aleutian Islands Crab limited entry fisheries management program that continues to stabilize these fisheries. The increase from $8 million to $12 million will support the implementation of the crab IFQ loan required by the management plan approved by the North Pacific Fisheries Management Council. Second, FFP traditional lending is harvesting-capacity-neutral and supports qualified established U.S. seafood companies operating in a sustainable fisheries environment. Last, FFP lending to marine aquaculture facilities contributes to the development of a promising avenue of seafood production and greater economic sustainability from U.S. ocean resources.
PROMOTE AND DEVELOP AMERICAN FISHERY PRODUCTS & RESEARCH PERTAINING TO AMERICAN FISHERIES FUND

The American Fisheries Promotion Act of 1980 authorized a grants program for fisheries research and development projects funded by Department of Agriculture duties on fishery-related products. Thirty percent of these duties support the Promote and Develop American Fishery Products & Research Pertaining to American Fisheries Fund. The FY 2011 budget estimate is $113.4 million. Of this amount, $8.8 million will be used for the grants program to promote industry development through competitively awarded external grants (Saltonstall-Kennedy) for innovative research and development of projects in the fishing industry and for NOAA research efforts that complement the external program. NOAA will transfer the remaining $104.6 million to offset marine fishery resource programs in the Operations, Research, and Facilities account in FY 2011.

PACIFIC COASTAL SALMON RECOVERY FUND

The Pacific Coastal Salmon Recovery Fund (PCSRF) was established by NMFS in FY 2000 to address the listings of Pacific salmon and steelhead populations under the ESA and the impacts of the Pacific Salmon Treaty Agreement between the United States and Canada. Under the PCSRF, NMFS manages a program to provide funding to states and tribes of the Pacific Coast region (Washington, Oregon, California, Idaho, Nevada, and Alaska) to implement projects that restore and protect salmonid populations and their habitats. Through FY 2009, over $800 million has been provided to thousands of projects throughout the region that have made important contributions to improve the status of ESA-listed species, preventing extinctions and helping to protect currently healthy populations. In addition to the PCSRF federal funds, states provide significant matching funds through their grant allocation processes. Furthermore, the federal and state matching funds are supplemented by private and local contributions at the project level, including additional funding, volunteer time, and other in-kind donations. The FY 2011 President’s Request includes $65,000,000 for this account.

In FY 2011, NOAA proposes a change in appropriations language to ensure Federally-recognized tribes in the state of Alaska can apply directly to the PCSRF for funds. NOAA also requests an increase of $15,000,000 and 0 FTEs. The additional FY11 funds will continue to supplement state and federal programs and promote the development of federal-state-tribal-local partnerships in salmon conservation efforts.

MEDICARE ELIGIBLE RETIREE HEALTH CARE FUND

The FY 2003 Department of Defense Authorization Act requires all uniformed services, including NOAA, to participate in an accrual fund for Medicare-eligible retirees. Payments into this accrual fund will cover the future health care benefits of present, active-duty NOAA officers and their dependents and annuitants. NOAA requests an increase of 0 FTE and $2,000 for a total of $1,936,000 for accrual contributions for future health care benefits for current NOAA Commissioned Corps officers. The accrual fund pays for healthcare benefits for Medicare-eligible retired officers, dependents, and annuitants. Accrual fund contributions were first mandated in FY 2003 Department of Defense legislation.
## OTHER DISCRETIONARY FUNDS

<table>
<thead>
<tr>
<th>(Dollars in Thousands)</th>
<th>FY 2009 Enacted</th>
<th>FY 2010 Enacted</th>
<th>FY 2011 Request</th>
<th>INCREASE (DECREASE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisheries Finance Program Account</td>
<td>495</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Promote and Develop American Fisheries</td>
<td>(79,000)</td>
<td>(104,600)</td>
<td>(104,600)</td>
<td>0</td>
</tr>
<tr>
<td>Pacific Coastal Salmon Recovery Fund</td>
<td>80,000</td>
<td>80,000</td>
<td>65,000</td>
<td>(15,000)</td>
</tr>
<tr>
<td>Medicare Eligible Retiree Health Care Fund</td>
<td>1,674</td>
<td>1,822</td>
<td>1,936</td>
<td>114</td>
</tr>
<tr>
<td><strong>Total Other Discretionary Funds (Budget Authority - BA)</strong></td>
<td><strong>$3,169</strong></td>
<td><strong>$22,778</strong></td>
<td><strong>$37,664</strong></td>
<td><strong>($14,886)</strong></td>
</tr>
<tr>
<td><strong>Total FTE</strong></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

### Budget Trends FY 2005-2011

![Budget Trends Chart]

**ORF**: Operations, Research, and Facilities
Mandatory Funds

COASTAL ZONE MANAGEMENT FUND

The Coastal Zone Management Fund (CZMF) was established under the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) to receive loan repayments from the Coastal Energy Impact Program.

In FY 2011, NOAA proposes the following new legislative language: All balances in the Coastal Zone Management Fund, whether unobligated or unavailable, are hereby permanently cancelled, and notwithstanding Section 308(b) of the Coastal Zone Management Act of 1972, as amended (16 U.S.C. 1456a), any future payments to the Fund made pursuant to sections 307 (16 U.S.C. 1456) and 308 (16 U.S.C. 1456a) of the Coastal Zone Management Act of 1972, as amended, shall, in this fiscal year and any future fiscal years, be treated in accordance with the Federal Credit Reform Act of 1990, as amended.

DAMAGE ASSESSMENT & RESTORATION REVOLVING FUND

The Damage Assessment and Restoration Revolving Fund (DARRF) was established in 1990 to facilitate oil and hazardous material spill response, damage assessment, and restoration activities for damages to natural resources for which NOAA serves as trustee. The Fund receives proceeds from claims against responsible parties, as determined through court settlements or agreements. In FY 1999 and prior years, funds were transferred to the ORF account for the purposes of damage assessment and restoration. Beginning in FY 2000, funds were expended in DARRF and treated as mandatory budget authority.

DARRF facilitates and sustains: (1) natural resource damage assessment while the Departments of Commerce and Justice seek full reimbursement from potentially responsible parties, and (2) restoration, replacement, or acquisition of the equivalent of injured or lost natural resources, including resources of National Marine Sanctuaries and National Estuarine Research Reserves, tidal wetlands, and other habitats for which NOAA is trustee. These program functions are conducted jointly within NOAA by the Office of General Counsel, the National Ocean Service, and the National Marine Fisheries Service.

PROMOTE AND DEVELOP AMERICAN FISHERY PRODUCTS & RESEARCH PERTAINING TO AMERICAN FISHERIES FUND

The American Fisheries Promotion Act of 1980 authorized a grants program for fisheries research and development projects funded by Department of Agriculture duties on fishery-related products. Thirty percent of these duties
support the Promote and Develop American Fishery Products & Research Pertaining to American Fisheries Fund. The FY 2011 budget estimate is $113.4 million. Of this amount, $8.8 million will be used for the grants program to promote industry development through competitively awarded external grants (Saltonstall-Kennedy) for innovative research and development of projects in the fishing industry and for NOAA research efforts that complement the external program. NOAA will transfer the remaining $104.6 million to offset marine fishery resource programs in the Operations, Research, and Facilities account in FY 2011.

**FISHERIES FINANCE PROGRAM ACCOUNT**

All Fisheries Finance Program Account (FFP) Account authority is subject to the Federal Credit Reform Act of 1990 (FCRA) (2 U.S.C. 661). The FCRA requires estimated loan costs (FCRA cost) be appropriated in cash at the time Congress authorizes annual credit ceilings. FFP Account loan activity demonstrates that the FCRA subsidy is negative. Statutory authority is found in 46 U.S.C. 1274 and 16 U.S.C. 1801 et seq. FFP Account lending guidelines are found at Title 50, Code of Federal Regulations (CFR), Part 253, subpart B; and tempered by NOAA’s sustainable fisheries policy and by the practical considerations of a program that has been self-sustaining throughout its credit history.

**ENVIRONMENTAL IMPROVEMENT & RESTORATION FUND**

The Environmental Improvement and Restoration Fund (EIRF) was established by Title IV of P.L. 105-83, the Department of the Interior and Related Agencies Appropriations Act, 1998, to fund marine research activities in the North Pacific. Twenty percent of the interest earned from this fund is made available to the Department of Commerce. The Fund issues grants to Federal, State, and private or foreign organizations or individuals to conduct research activities on or relating to fisheries or marine ecosystems in the North Pacific Ocean, Bering Sea, and Arctic Ocean. Research priorities and grant requests are reviewed and approved by the North Pacific Research Board, with emphasis placed on cooperative research efforts designed to address pressing fishery management or marine ecosystem information needs. This program supports the NOAA strategic plan goal to sustain healthy coasts.

**LIMITED ACCESS SYSTEM ADMINISTRATION FUND**

Under the authority of the Magnuson-Stevens Fishery Conservation and Management Act, Section 304(d) (2)(A), NMFS must collect a fee to recover the incremental costs of managing and enforcing a Limited Access Privilege Program (LAPP). Fees shall not exceed 3 percent of the ex-vessel value of fish harvested under any such program, and shall be collected at either the time of the landing, filing of a landing report, or sale of such fish during a fishing season or in the last quarter of the calendar year in which the fish is harvested. Of the funds collected for the Halibut and Sablefish Individual Fishing Quota, 75 percent of fees collected are to be made available for management and enforcement and 25 percent for appropriation to support the North Pacific Individual Fishing Quota loan program. Also, in establishing a LAPP, a Regional Council can consider, and may provide, if appropriate, an auction system or other program to collect royalties for the initial or any subsequent distribution of allocations. If an auction system is developed, revenues from these royalties are deposited in the Limited Access System Administration Fund.

**MARINE MAMMAL UNUSUAL MORTALITY EVENT FUND**

Marine Mammal Protection Act Section 405 (16 USC 1421d) establishes the Marine Mammal Unusual Mortality Event Fund. The fund: “shall be available only for use by the Secretary of Commerce, in consultation with the Secretary of the Interior, to compensate persons for special costs incurred in acting in accordance with the contingency plan issued under section 1421c(b) of this title or under the direction of
an Onsite Coordinator for an unusual mortality event; for reimbursing any stranding network participant for costs incurred in preparing and transporting tissues collected with respect to an unusual mortality event for the Tissue Bank; and for care and maintenance of marine mammal seized under section 1374(c)(2)(D).”

According to the MMPA, deposits can be made into Fund by the following: “amounts appropriated to the Fund; other amounts appropriated to the Secretary with respect to unusual mortality events; and amounts received by the United States in the form of gifts, devises, and bequests under subsection (d) of this section.”

**WESTERN PACIFIC SUSTAINABLE FISHERIES FUND**

Section 204(e) of the 2006 amendments to the Magnuson-Stevens Fishery Conservation and Management Act authorizes the establishment of the Western Pacific Sustainable Fisheries Fund. A Pacific Insular Area Fishery Agreement must be established in order to allow foreign fishing within the U.S. Exclusive Economic Zone (EEZ) in the Western Pacific. Before entering into such an Agreement, the Western Pacific Fishery Management Council must develop a Marine Conservation Plan that provides details on uses for any funds collected by the Secretary of Commerce. Marine Conservation Plans must also be developed by the Governors of the Territories of Guam and American Samoa and of the Commonwealth of the Northern Mariana Islands. Funds collected from any permit payments received for foreign fishing within the U.S. EEZ around Johnston Atoll, Kingman Reef, Palmyra Atoll, and Jarvis, Howland, Baker and Wake Islands, sometimes known as the Pacific remote island areas (PRIA), are to be deposited into the Western Pacific Sustainable Fisheries Fund.

**NOAA CORPS COMMISSIONED OFFICERS RETIREMENT**

The retirement system for the uniformed services provides a measure of financial security after release from active duty for service members and their survivors. It is an important factor in the choice of a career in the uniformed services and is mandated by Federal statutes under Title 10, United States Code. NOAA transfers retirement pay funds to the Coast Guard, which handles the payment function for retirees and annuitants. Health care funds for non-Medicare-eligible retirees, dependents, and annuitants are transferred to the U.S. Public Health Service, which administers the health care program.
## OTHER MANDATORY FUNDS

(Dollars in thousands)

<table>
<thead>
<tr>
<th>Fund</th>
<th>FY 2009 ENACTED</th>
<th>FY 2010 ENACTED</th>
<th>FY 2011 REQUEST</th>
<th>INCREASE (DECREASE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal Zone Management Fund</td>
<td>($1,500)</td>
<td>($1,500)</td>
<td>($1,500)</td>
<td>$0</td>
</tr>
<tr>
<td>Damage Assessment &amp; Restoration Revolving Fund</td>
<td>2,000</td>
<td>3,000</td>
<td>3,000</td>
<td>0</td>
</tr>
<tr>
<td>Promote and Develop American Fisheries Products</td>
<td>108,510</td>
<td>113,371</td>
<td>113,371</td>
<td>0</td>
</tr>
<tr>
<td>Fisheries Finance Program Account</td>
<td>1,996</td>
<td>5,777</td>
<td>0</td>
<td>(5,777)</td>
</tr>
<tr>
<td>Federal Ship Financing Fund</td>
<td>(773)</td>
<td>740</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Environmental Improvement &amp; Restoration Fund</td>
<td>1,198</td>
<td>506</td>
<td>3,039</td>
<td>2,533</td>
</tr>
<tr>
<td>Limited Access System Administration Fund</td>
<td>7,444</td>
<td>7,444</td>
<td>7,444</td>
<td>0</td>
</tr>
<tr>
<td>Western Pacific Sustainable Fisheries</td>
<td>650</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NOAA Corp Commissioned Officers Retirement</td>
<td>24,272</td>
<td>26,116</td>
<td>28,269</td>
<td>2,153</td>
</tr>
<tr>
<td><strong>Total Other Mandatory Funds (Budget Authority - BA)</strong></td>
<td><strong>$143,798</strong></td>
<td><strong>$153,974</strong></td>
<td><strong>$153,623</strong></td>
<td><strong>$351</strong></td>
</tr>
<tr>
<td><strong>Total FTE</strong></td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>0</td>
</tr>
</tbody>
</table>

### Budget Trends FY 2005-2011

(Dollars in thousands)

- **2005** Enacted
- **2006** Enacted
- **2007** Enacted
- **2008** Enacted
- **2009** Enacted
- **2010** Enacted
- **2011** Request

**Other Mandatory Funds**

ORF: Operations, Research, and Facilities