

## DEPARTMENT OF THE INTERIOR

### The President's Proposal:

- Fulfills commitments to
  - fully fund the Land and Water Conservation Fund;
  - eliminate the backlog of repairs in our National Parks by 2006; and
  - replace and repair Bureau of Indian Affairs schools and improve the quality of education for American Indian children.
- Launches the Cooperative Conservation Initiative to protect and conserve the environment through partnerships;
- Supports, at record levels, major upgrades to our National Wildlife Refuges;
- Fully funds Indian trust reform efforts in the Office of the Special Trustee and the Bureau of Indian Affairs;
- Significantly advances the protection of threatened and endangered species and their habitat through cooperation and partnerships; and
- Encourages the establishment of a Royalties Conservation Fund to devote royalties from energy production to land conservation and the reduction of maintenance backlogs on public lands.

### Department of the Interior

Gale Norton, Secretary

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**Number of Employees:** 69,718

**2002 Spending:** \$10.3 billion

**Organization:** Eight bureaus: National Park Service, Bureau of Land Management, Fish and Wildlife Service, Bureau of Indian Affairs, Minerals Management Service, Office of Surface Mining, U.S. Geological Survey, and Bureau of Reclamation.

The Department of the Interior (DOI) manages over 507 million acres of land (roughly one-fifth of the land area of the United States), 700 million acres of subsurface minerals, and the nation's Outer Continental Shelf. DOI protects much of the nation's natural and cultural resources, including providing for their responsible use, and serves as the largest supplier and manager of water in the 17 western states. DOI is responsible for meeting many of the government's trust responsibilities to Indian tribes and affiliated island communities. The agency also disseminates U.S. earth science information and research findings to the public.

## Overview

The nation's vast lands, waters, minerals, fish and wildlife, and other natural and cultural resources provide both social and economic benefits to our population. Careful management of these resources is required to ensure they are used in an environmentally responsible manner.

DOI's activities largely fall within four broad categories:

- Conservation (such as wilderness protection, habitat conservation, and historic preservation);
- Recreation (such as hiking, hunting, bird-watching, and camping);
- Energy and Other Resource Development (such as development of oil, gas, coal, and other minerals, as well as cattle grazing and timber production); and
- American Indian programs (including Indian education and trust fund management).

Major units include the 385 National Parks, 538 National Wildlife Refuges, 70 National Fish Hatcheries, 406 hydroelectric facilities and reservoirs, and 264 million acres of Bureau of Land Management (BLM)-administered public lands. DOI also manages trust funds and assets for more than 300 of the 558 American Indian tribes.

Improving management and performance is a common theme throughout the 2003 President's Budget. This chapter explains how the 2003 Budget will help improve management and performance within DOI. It begins with a status report on select DOI programs and identifies strong and weak performers. A short section on congressional earmarks discusses how these unrequested mandates have a tendency to detract from agency performance. The chapter then discusses how the President's Budget helps to address performance issues in key DOI programs. The programs discussed are separated into the four main categories that reflect the main thrust of the agency's work as identified above. The chapter concludes by identifying how DOI will address the specific government-wide management and performance initiatives included in the President's Management Agenda.

### Status Report on Select Programs

The Administration is reviewing programs throughout the federal government to identify strong and weak performers. The budget seeks to redirect funds from lesser performing programs to higher priority or more effective ones. In limited cases, the answer to fixing less effective or ineffective programs is increased funding (e.g., increases for national park maintenance). In such cases, plans are underway to improve program performance. In other cases, an effective program—like the National Wildlife Refuge System—gets rewarded with additional funding offset by a reduction in funds from ineffective programs, such as the National Fish Hatchery System. The accompanying table illustrates specific programs that have been rated by the Administration, most of which are discussed in this chapter.

Program	Assessment	Explanation
National Wildlife Refuge System	<b>Effective</b>	Effectively prioritizes identified needs; better performance measures are still needed.
Offshore Minerals Management	<b>Effective</b>	Leases for offshore development are awarded competitively and managed efficiently.
Wildland Fire Management	<b>Unknown</b>	Lacks clear direction and adequate performance measures; program objectives have become muddled.
National Park Service Maintenance and Construction	<b>Unknown</b>	Lacks clear implementation plan and schedule for tracking facility maintenance progress.
National Fish Hatchery System	<b>Ineffective</b>	Lacks clear direction and adequate performance measures. State or private programs may be more effective.
Bureau of Indian Affairs School Performance	<b>Ineffective</b>	Academic performance of many students at BIA schools is far below public school counterparts.

### Congressional Earmarks

DOI has, or is developing, systematic methods for determining priority projects for funding. For instance, the Fish and Wildlife Service (FWS) has established its Refuge Operations Needs System to monitor, manage, and prioritize operational staffing, resource conservation, and public use needs on refuges. The President's Budget largely reflects the results of such analysis.

Unfortunately, congressional earmarks divert funds from these high priority and effective programs. For example, in 2002, DOI received funding for 284 unrequested projects, totaling \$323 million. Of this amount, \$154 million in earmarks were for construction and land acquisition projects alone, representing 24 percent of all funding in these two categories (see accompanying table). While the Congress reduced its earmarking in 2002 of construction and land acquisition projects, more still needs to be done.

<b>Congressional Earmarks DOI Construction and Land Acquisition Projects</b>			
	<b>Number</b>	<b>BA in millions of dollars</b>	<b>Percent of Total</b>
2001.....	105	180	36
2002.....	101	154	24

Over the past 10 years, more than 40 percent of National Park Service (NPS) construction project funding was earmarked for lower priorities, at a time when national parks were struggling with a deferred maintenance backlog. Important projects that will be further deferred in 2002 due to earmarks include utilities and campground upgrades in Acadia National Park, preservation work on the Lincoln Memorial, and rehabilitation of the park headquarters building at Yellowstone National Park. For

some unrequested projects, park construction funds are not even spent on park facilities—they are simply passed through to others; such is the case with the state-owned Palace of the Governors in New Mexico.

The following sections discuss how the Administration is working to improve the performance of DOI's programs, in part by redirecting earmarked funds to more effective uses.

## **Conservation**



With one million visitors each year, BLM's Red Rock National Conservation Area near Las Vegas, Nevada is one of the many unparalleled sites managed by DOI.

DOI plays a key role in protecting and preserving some of the nation's most remarkable natural areas and is responsible for conserving and protecting threatened and endangered species. The President is committed to the conservation and stewardship of our lands, watersheds, and other natural resources.

To that end, this budget addresses a long-ignored problem by refocusing environmental stewardship on achieving results. For example, in 2003:

- FWS will restore 125,000 acres of wildlife habitat on refuges; help prevent three species from being added to the Endangered Species list; work to remove five more species from the list; and increase wildlife refuge visitation to 40 million visits.
- NPS will restore over 13,500 acres of targeted parklands that have been disturbed by development; contain or restore 102,600 acres of land impacted by invasive plants; and rehabilitate 270 park historic structures, bringing the total amount of park historic structures in good condition up to 46 percent.
- BLM will conduct 50,000 acres of proactive resource inventories; restore and protect 230 "at-risk" cultural and paleontologic sites; implement water quality improvement projects in 14 watersheds within priority areas; remediate 60 abandoned mines; and plug or reclaim 15 orphan wells.

- The U.S. Geological Survey (USGS) will expand data collection and management with 15 new terrestrial and aquatic biodiversity studies to inform land and resource management; add two more decision support systems for ecosystem restoration in the Everglades; and develop a new web-based information system to inform local urban development decisions in coastal areas.
- The Bureau of Reclamation (BOR) will provide approximately 2.5 million acre feet of water to conserve threatened or endangered species and preserve, restore, or establish over 9,776 acres of wetlands habitat and 15 miles of instream or riparian habitat to offset project impacts.

The agency will increasingly rely on these and other performance measures to guide conservation and resource management on DOI lands. In many cases, performance measures for DOI programs are scarce or inadequate, however, the agency has accepted the difficult task of better defining and tracking relevant indicators.

For example, performance measures for the Wildland Fire Management program have traditionally focused on achieving all-out fire suppression goals, regardless of effectiveness or the impact on long-term ecological health. DOI is working to improve its measures for this program, with a significant focus on cost effectiveness and integration of the various parts of the fire program. (See the Department of Agriculture (USDA) chapter for further discussion of the DOI/USDA Wildland Fire Program.)

Complementing this renewed emphasis on performance is an increased focus on utilizing partnerships. By partnering with states, local governments, conservation organizations, tribes, and interested private parties, DOI can leverage non-federal resources to achieve more conservation for each federal dollar spent. The federal government has a broad array of tools and programs to fulfill its conservation responsibilities, including the Land and Water Conservation Fund, the National Wildlife Refuge System, and the Endangered Species Act. The following sections discuss, in greater detail, a number of these important programs and initiatives and how the Administration is emphasizing partnerships within these programs.

### **Land and Water Conservation Fund**

The Land and Water Conservation Fund (LWCF) was established in 1965 to support natural resource conservation and outdoor recreation at the federal, state, and local levels. LWCF funding in recent years has focused on acquiring land. This past year, however, the LWCF funded two of the President's priorities, both of which recognize that federal acquisition is not always the best or only way to conserve land and other natural resources. These programs—Landowner Incentive Grants and Private Stewardship Grants—provide new ways to cooperate with private landowners to enhance habitat for imperiled species and encourage conservation efforts on private lands.

#### **Partnering for Conservation through Better Science**

The Department's National Biological Information Infrastructure (NBII) increases access to data and information on the nation's biological resources in order to promote the use of science as a basis for determining local, regional, and national conservation strategies. The NBII website ([www.nbii.gov](http://www.nbii.gov)) links the diverse, high-quality biological databases, information products, and analytical tools maintained by this growing network. Federal funding of \$6 million in 2003 is expected to be matched many times over by the more than 200 partners in the NBII network. The amount of data accessible on the NBII site will more than double by 2003.

**Innovation in Conservation**

Conservation easements can benefit fish and wildlife as well as agriculture. David Mannix of the Mannix Brothers Ranch in Montana put it best when he said, "Agriculture and wildlife have much in common in that agriculture needs open space to stay in business and wildlife need open space to stay alive." The Fish and Wildlife Service purchase of easements from the Mannix Brothers Ranch provided the money necessary for expansion of their ranch, allowing future generations to stay on the land. Since the land remains in private ownership, local property taxes still flow to the local government, creating a winning scenario for fish, wildlife, agriculture, and the local community.

Conservation easements represent another tool in the effort to protect and conserve land. Easements provide flexibility for landowners who are interested in conserving their land but want to retain ownership (see accompanying box). In some cases, conservation easements can also be more cost effective than outright land purchases. For example, two recently acquired conservation easements at the Fish and Wildlife Service's Dakota Tallgrass Prairie Wildlife Management Area in North and South Dakota were less expensive than outright purchase of the land by 43 percent and 78 percent, respectively.

As promised, the President's Budget fully funds LWCF at over \$900 million to promote conservation in a variety of ways. This includes the programs funded out of LWCF last year, plus an additional four conservation programs designated to receive funding through the LWCF:

Existing LWCF Programs	Added LWCF Programs
<ul style="list-style-type: none"> <li>• Federal land acquisition</li> <li>• LWCF State Grants</li> <li>• State and Tribal Wildlife Grants</li> <li>• Landowner Incentive Grants</li> <li>• Private Stewardship Grants</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperative Endangered Species Conservation Fund</li> <li>• North American Wetlands Conservation Fund</li> <li>• Forest Legacy Program<sup>1</sup></li> <li>• Forest Stewardship Program<sup>1</sup></li> </ul> <p><sup>1</sup>Programs within USDA's Forest Service.</p>

Each of these programs has a different emphasis, but they all recognize that partnerships encourage the stewardship of our natural resources and can be more powerful and effective than traditional land acquisition or litigation. For example, a dollar spent acquiring land through the North American Wetlands Conservation Fund could leverage anywhere from one to seven dollars in additional funding from partners.

Especially important among these programs is \$200 million for LWCF state grants, including \$50 million as part of the Cooperative Conservation Initiative discussed below. States often have a better sense than the federal government of areas that are locally or regionally important, so the President is proposing a 39 percent increase in these grants—the highest funding level since 1980.

## **Conservation Tax Credit**

The President's Budget also includes an incentive for private, voluntary land protection through a 50-percent capital gains tax exclusion. Private landowners who voluntarily sell land or water to a government agency or qualified conservation organization for conservation purposes are eligible for the exclusion. This incentive is another example of a cost effective, non-regulatory, market-based approach to conservation.

## **Cooperative Conservation Initiative**

We are all stewards of the land. Yet problems arise when national leaders dictate decisions from afar, rather than building partnerships with the states, local governments, and local citizens who are closest to the land and best know the problems and how to fix them.

Partnerships achieve more conservation for the same investment. An excellent example of this approach is the Cooperative Conservation Initiative (CCI). To leverage funds and promote conservation, the CCI allocates \$100 million in matching funds for natural resource conservation projects. Projects can range from working with The Nature Conservancy to remove invasive species from Channel Islands National Park, to working with local communities to reclaim abandoned mine sites on public lands. Half of these funds would be allocated through cost-shared programs between non-federal partners and DOI's NPS, FWS, and BLM. The other half would be distributed to states as part of the LWCF state grant program. However, as with other LWCF programs, all of the funds have a common goal: to get more conservation results by working in concert with the people who know the land.

## **NPS Natural Resource Challenge**

This initiative establishes a framework for measuring the Park Service's performance in preserving natural resource conditions in national parks. The Natural Resource Challenge is designed to collect and inventory baseline data on park resources and then identify and monitor the "vital signs"—such as nitrogen levels in streams or populations of waterbirds—that most effectively show changes in those resources. With an increase of \$18 million in 2003, 52 parks will have monitoring programs to measure park resource health, and NPS will establish vital sign measures in 12 of 32 monitoring networks. Additionally, NPS will complete all resource inventories by 2008, two years earlier than previously planned.

## **National Wildlife Refuges**

In 1903, President Theodore Roosevelt wrote a new chapter in conservation when he set aside land to protect pelicans and other birds on what is now called the Pelican Island National Wildlife Refuge in Florida. Some 95 million acres later, the 538 refuges in the National Wildlife Refuge System (NWRS) stand out as outstanding examples of efforts to effectively balance species conservation with public access.

But the NWRS is not without its problems. Due to poor prioritization of funding in the past and continuous expansion over many years, the refuge system has developed a backlog of unmet operations and maintenance needs. To address this backlog, the Fish and Wildlife Service has developed a well-prioritized list of these needs. These needs reflect an untapped potential for improving species protection and habitat restoration as well as enhancing public use opportunities.

The refuge system's centennial offers an excellent opportunity to highlight this effective program and improve the refuge system's performance. The President's Budget proposes an increase of \$52 million for the highest priority operations, maintenance, and planning needs and provides an additional \$5 million for challenge cost share programs on wildlife refuges through the CCI. In future years, the Royalties Conservation Fund proposed in the National Energy Policy would provide additional funds to help reduce maintenance backlogs for refuges as well as other federal lands.

The increase for refuges in the President's 2003 Budget will fund a variety of activities, such as monitoring and protecting listed species of the barrier beach ecosystem at Chincoteague National Wildlife Refuge in Virginia, and constructing viewing decks at Balcones Canyonlands National Wildlife Refuge near Austin, Texas to better observe endangered songbirds, such as the Golden-cheeked warbler. These and other projects in the President's Budget will help ensure that, in 2003, the top priority needs of the refuge system are met, 125,000 acres of habitat are restored, and the system is capable of handling the projected 40 million visitors.

## Endangered Species

The Department of the Interior is also charged with conserving threatened and endangered species and their habitat. Preventing species from becoming endangered as defined by the Endangered Species Act (ESA), improving the status of listed species, and taking recovered species off the list are key measurements of the success of the program. In 2001, DOI's efforts helped to keep five species from being listed; stabilized or improved 320 of 616 species listed for a decade or more; and removed the Aleutian Canada Goose from the ESA list of "threatened" species.

The 2003 President's Budget provides \$126 million for the FWS' Endangered Species program. This funding supports the direct efforts of FWS to implement the ESA. The budget also includes \$25

On March 14, 2003, Americans across the nation will celebrate the Centennial anniversary of the National Wildlife Refuge System – a milestone in the history of fish and wildlife conservation in America.



Protecting songbirds, such as this endangered Golden-cheeked warbler, is part of the Department's mission.

million for DOI to help carry out the “reasonable and prudent alternative” of the Columbia River Basin biological opinion.

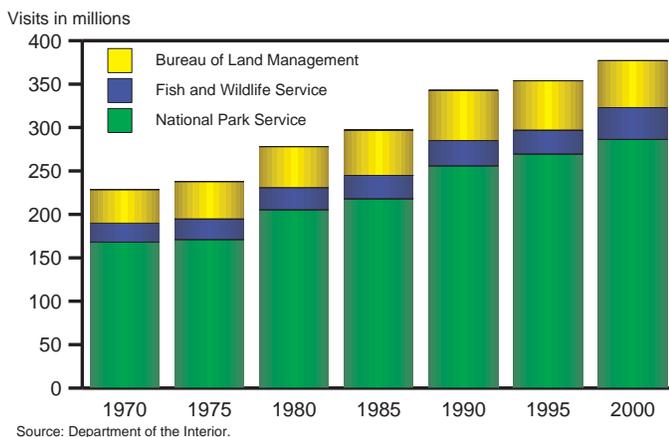
The Administration’s main focus on imperiled species, however, involves working with partners to prevent listings in the first place and to recover those already listed. The budget provides over \$200 million for such activities through various grant programs, including the Cooperative Endangered Species Conservation Fund and the State and Tribal Wildlife, Landowner Incentive, and Private Stewardship grant programs—the latter two of which are Presidential initiatives. These and other programs emphasize working with and encouraging states and landowners to protect a variety of species and their habitat, thereby garnering matching funds and support of these conservation efforts.

In 2003, the President’s Budget will help prevent three species from becoming listed under the ESA, maintain or improve the status of roughly 376 listed species, and remove five species from the ESA list because of recovery efforts. Species that may be taken off the list include the Tinian monarch flycatcher, the Gulf coast population of the brown pelican, and the Douglas County (WA) population of the Columbian white-tailed deer.

## Recreation

Protecting and preserving land and open space provides more than just environmental benefits: it benefits our economy as well. Outdoor recreation has become big business in the United States, and the public lands provide countless opportunities for many Americans to engage in healthy, wholesome activities. Every year, more and more Americans turn to DOI’s public lands for a sense of peace and solitude in an increasingly crowded and fast-paced world, and recent events have only heightened this need. Much of the general public’s exposure to the Department of the Interior comes by way of visits to national parks, wildlife refuges, and other public lands. The number of visits is a rough measure of recreational use of DOI lands.

### Recreation Visits on DOI Lands



Visitation to DOI sites is steadily increasing. While over 90 percent of visitors to DOI’s public lands rated their experience as good or very good, the quality of visits can be further improved.

In particular, national park facilities are buckling under the weight of heavy use, while funding is stretched by the continuous addition of new parks. Our national parks have a backlog of billions of dollars in deferred maintenance, as evidenced by the broken toilets, washed out trails, and crumbling roads

found in many parks. Eliminating this backlog will improve the quality of visits and encourage more visits while protecting natural resources.

Recreation and user fees have greatly helped to reduce backlogs in national parks and other public lands, now that agencies can retain fee receipts and spend them on priority needs. The amount of fee receipts available to agencies has gone from less than \$15 million in 1996 to nearly \$200 million in 2000, principally due to the Recreation Fee Demonstration program, which the budget proposes to make permanent.



Fort Yellowstone jail is slowly crumbling from lack of maintenance. Water intrusion and subsequent freezing and thawing have caused half of this historic structure to erode.

### **National Park Service Maintenance Backlog**

The President's Budget will make visiting our national treasures better than ever. First, the President committed to eliminating the current deferred maintenance backlog in national parks by 2006. This budget keeps that promise on track. NPS funding for facility maintenance and construction is at an all-time high (over \$660 million, compared to \$354 million as recently as 1996). In the future, the proposed Royalties Conservation Fund would also provide funds to reduce the maintenance backlog in our national parks.

But more money does not always mean the parks will get fixed faster. Therefore, the President's proposal also takes the first step to identify and prioritize what needs fixing and figure out a way to measure progress for getting the job done. The Service will complete initial assessments of park facility conditions by the end of 2003. As assessments are completed, NPS will compile a Facility Condition Index to evaluate the status of facilities and, starting with the 2004 Budget, measure agency performance in improving those conditions.

## **Energy and Other Resource Development**

In addition to scenic vistas, wildlife habitat, and recreation, our public lands also provide critical resources such as oil, coal, minerals, and timber for the general welfare of our nation. DOI manages these natural resources for a strong economy, while balancing these needs with the need for a healthy environment.

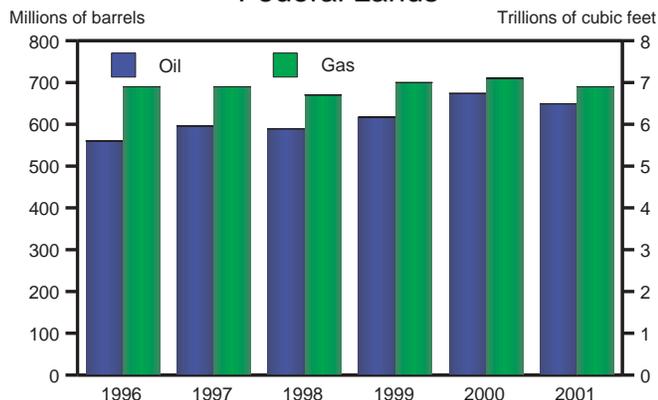
### **Oil and Natural Gas**

The United States currently consumes about 19 million barrels of oil a day and almost 7 billion barrels every year, of which over half is imported. Of the oil and gas that is domestically produced, 29 percent and 35 percent is produced on federal lands, respectively. However, over the last five years, production on federal lands has leveled off.

The National Energy Policy proposes to expand and diversify our nation's energy supplies. Diversity is important not only for energy security, but also for national security. To carry out

the National Energy Policy, DOI's Minerals Management Service (MMS) and BLM are issuing or proposing leases on federal offshore (Outer Continental Shelf) and onshore tracts with known or probable petroleum deposits and where safe and environmentally sound mineral development can occur, consistent with current drilling moratoria. After review of the bids submitted to ensure fair market value, the company with the highest bid wins the lease and is encouraged to develop the resource as quickly as possible or risk losing the lease.

### Oil and Natural Gas Production On Federal Lands



Source: Department of the Interior. Includes offshore and onshore production.

To ensure environmentally sound OCS oil and gas development, the MMS seeks to limit oil spilled to 10 barrels spilled per million barrels produced. In 2000, the actual oil spill rate was 5.35 barrels per million barrels produced. MMS estimates naturally occurring oil seeps introduce 150 to 175 times more oil into U.S. marine waters than do OCS oil and gas activities.

DOI is carrying out the National Energy Policy by:

- working with the Congress to authorize exploration and, if resources are discovered, environmentally responsible development of the most promising reserve areas within the coastal plain of the Arctic National Wildlife Refuge;
- moving forward with Outer Continental Shelf oil and natural gas leasing and approving exploration and development on predictable schedules;
- considering additional oil and natural gas development in the National Petroleum Reserve-Alaska (NPR-A), which the Congress established in 1976;
- promoting enhanced oil and natural gas recovery from existing wells through new technology; and
- implementing economic incentives for offshore oil and natural gas development.

### Renewable Resources

DOI also manages the use of renewable resources such as rangeland forage, timber, and renewable energy sources such as hydroelectric, wind, solar, biomass, and geothermal power. The Bureau of Land Management administers over 21,000 grazing allotments, covering 161 million acres of public rangeland, and manages over 49 million acres of forested land for multiple uses, including supply of timber and other forest products. For several years, BLM has struggled with a grazing permit backlog resulting from insufficient planning and a spike in the number of expiring permits. In 2003, BLM will process approximately 1,500 expiring grazing permits, allowing the backlog to be completely eliminated by 2004.

The Bureau of Reclamation operates 58 hydroelectric plants that produce over 10 percent (or 42 billion kWh) of the electricity in 17 states, while the Bureau of Land Management administers geothermal leases in several high resource areas such as Nevada and Southern California. The National Energy Policy places a high priority on developing alternative energy sources that may reduce our dependence on foreign oil and eventually replace fossil fuels. Working closely with the Department of Energy, DOI is doing its part to evaluate and remove unnecessary impediments to the development of alternative energy on DOI lands, while ensuring that the environment is protected in the process. The two departments recently held a joint renewable energy summit to discuss opportunities to expand the use of renewable energy on our public lands. (See the Department of Energy chapter for additional discussion of renewable energy issues).



With development costs declining, wind farms—like this one on BLM land near Palm Springs, California—increasingly offer a clean, affordable alternative to fossil fuels.

## Coal

As America's most abundant fuel source, coal is expected to remain the dominant fuel in meeting increasing electricity demand through 2020. Recognizing this, the National Energy Policy also calls for increased domestic coal production. New clean coal technologies show that air pollution can be reduced and energy efficiency increased. DOI plays a large role in domestic coal production. In 1999, coal mined on lands controlled by DOI's BLM accounted for about 35 percent of domestic coal production. However, unnecessary delays in lease application processing can be costly to businesses and may even result in missed opportunities. Currently, the average processing time for a coal lease application is 18 months. DOI is examining ways to expedite permits and other actions necessary for energy-related project approvals. The agency is also actively working to resolve disputes between coal and natural gas producers in one of the country's largest coal-producing regions, the Powder River Basin in Wyoming and Montana.

## American Indian Programs

DOI is responsible for fulfilling the federal government's trust responsibilities to Native Americans and promoting self-determination on behalf of tribal governments, American Indians, and Alaska Natives.

## Enhancing Educational Opportunities for American Indian Children

Through treaty requirements and federal statutes, the federal government has a responsibility to ensure American Indian children have access to quality educational opportunities through specific Indian education programs. The Bureau of Indian Affairs (BIA) operates, either directly or through tribal grants and contracts, 185 schools serving more than 48,000 students (approximately 10 percent of all Indian students in the country in elementary and secondary schools) in 23 states. While there have been some success stories, such as the Gila Crossing Day School, a recent General Accounting Office study found that “the academic achievement of many BIA

students...is far below the performance of students in public schools.” The President’s 2003 Budget places new emphasis on improving academic performance at BIA schools and continues the 2002 initiative to eliminate the school maintenance and repair backlog.

Gila Crossing Day School in Laveen, AZ, serving 241 students in grades K through 6, is a success story for tribally operated schools. Gila Crossing’s reforms include: standards-based math, after-school tutoring, guided reading, and an extended school year.

Over a period of three school years, student proficiency in math skills jumped from 33 percent to 63 percent, while language skills proficiency soared from 26 percent to 90 percent. Enrollment increased by 73 percent, while daily attendance also increased from 89 percent to 97 percent.

### *Academic Performance at BIA Schools*

The President proposes to use competition to improve the worst performing BIA-operated schools and to enhance the opportunities for American Indian children to succeed in learning. The accompanying table illustrates the dramatic differences between student performance at BIA schools and public schools in the critical skills of reading, writing, and math in the grades tested. While external factors do contribute to poor academic performance, the time has come to reevaluate BIA’s role in the education of American Indian children. Following tribal consultations, the BIA will solicit private entities to manage those schools that the tribes do not elect to contract themselves through self-determination grants.

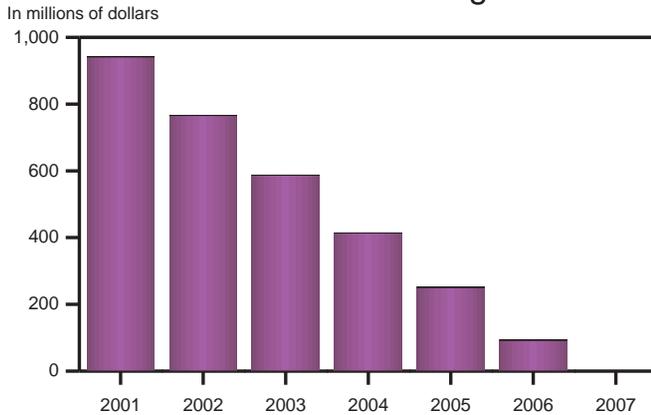
AVERAGE STUDENT PERFORMANCE					
State Assessment Tests in 1999-2000 School Year					
State	BIA Schools		Public Schools		Measure <sup>1</sup>
	Low	High	Low	High	
North Dakota.....	25	33	64	71	Percentile Range
South Dakota .....	25	28	60	67	Percentile Range
Arizona.....	—	27	15	71	Percent

Source: General Accounting Office Report O1-934

<sup>1</sup>North and South Dakota use average national percentile rankings while Arizona uses four categories—Falls Far Below, Approaches, Meets, or Exceeds. For Arizona, only students meeting or exceeding standards are represented here.

**School Maintenance and Repair Backlog**

Eliminating the BIA School Maintenance Backlog



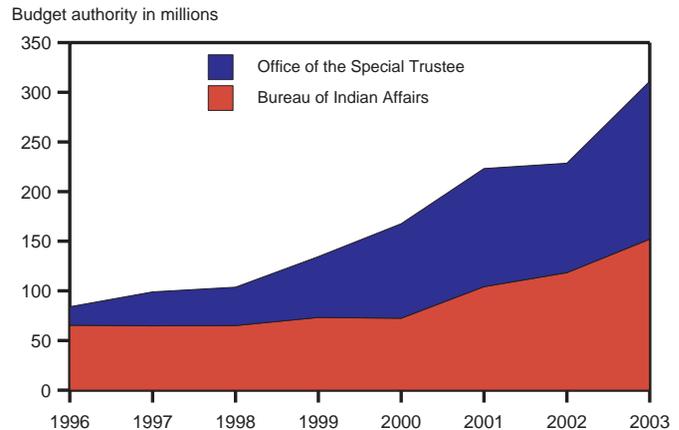
In 2001, the backlog of BIA school maintenance and repair work was pegged at about \$942 million. The President is committed to eliminating the backlog by the end of 2006. The 2003 Budget provides a second installment (\$164 million) for school maintenance and repairs. When it is not feasible to repair an existing school, the entire facility will be replaced. The budget also provides \$120 million to build six replacement schools, leaving only three schools on the BIA’s current priority replacement list.

**Indian Trust Fund Management**

The President’s 2003 Budget provides a significant increase of \$84 million to remedy deficiencies in trust programs and meet the mandates of a U.S. District Court in the *Cobell v. Norton* case. For decades, Indian trust funds have lacked modern accounting systems, reliable management systems, and effective financial control systems. In December 1999, a federal judge ordered the agency to correct the breaches of trust responsibilities and file progress reports on trust reforms. Secretary Norton has undertaken actions to strengthen DOI’s trust reform efforts.

BIA manages 56 million acres of Indian trust lands owned by tribes and their members. Over 110,000 oil, gas, timber, and other leases generate about \$1.1 billion in annual income for the Indian landowners. The Office of the Special Trustee for American Indians (OST) is responsible for the distribution of \$800 million each year to 1,400 tribal trust accounts and \$300 million each year to about 285,000 individual trust accounts. The OST budget includes \$161 million, a \$49 million increase, to implement modern land title, leasing, and accounting systems; address probate backlogs and improve risk management analyses; consolidate fractionated ownership of trust lands; and undertake other related trust management improvements, such as improving information technology (IT) security. BIA's budget includes \$153 million, a \$35 million increase, to further expand trust program operations and services at headquarters, regional, and tribal levels. DOI is continuing to make changes to its trust reform strategy, organization and management, and improvement projects in response to recent court reports and independent consultant reviews.

### Funding for Indian Trust Reforms



### Strengthening Management

Consistent with the President's Management Agenda, DOI intends to improve management and performance in 2003. One of the first steps is to address the government-wide management and performance initiatives identified in this agenda.

As DOI's performance measures reflect, it is charged with diverse responsibilities. The agency acts as steward for vast amounts of federal land, collects billions in oil and gas leasing revenues, serves as the trustee for Native Americans and Territorial Island communities, and contributes to a vast array of scientific disciplines.

Because of its large geographic domain and varied missions, DOI's bureaus have tended to go their own way—creating many management challenges for DOI as a department. Although DOI has centralized some management systems such as time and attendance, financial accounting, and contracting, the agency does not have standardized performance measures or program cost definitions. DOI plans to centralize more of its administrative operations to gain cost savings and increase the use of common standards. DOI will also develop an integrated financial and performance system, and will revise its strategic plan so that it is based on priority management goals and measures, rather than a loose collection of bureau plans.

The following table provides a snapshot of DOI's 2001 status for each of the five government-wide management initiatives along with descriptions of each initiative and the steps DOI is taking to improve in these areas.

Initiative	2001 Status
<p><b>Human Capital</b>—DOI, like most other federal agencies, faces human capital-related challenges such as an aging workforce with retirements expected in critical skill areas. For example, DOI's Fish and Wildlife Service expects 40 percent of its 201 law enforcement officers to retire by the end of 2005. The agency will develop a comprehensive five-year plan to coherently guide human capital management decisions to address these challenges. The plan will identify specific organizational changes to address competitive sourcing, skill-mix changes, streamlining and other management objectives. In addition, DOI will pursue co-location of BLM and USDA Forest Service field offices and conduct a Regional Office study for the FWS to help assess potential areas where it can become more citizen-centered.</p>	●
<p><b>Competitive Sourcing</b>—To meet the Administration's goal of completing public-private or direct conversion competition of federal employees performing commercial functions, DOI plans to compete or directly convert no fewer than 1,015 positions (five percent) in 2002. An additional 2,320 positions (10 percent) will be competed or directly converted in 2003 for a total of 3,335 positions, or 15 percent of the agency's commercial activities workforce. To provide guidance, assistance, and oversight of this effort, the Department is launching a Center for Competitive Sourcing Excellence in 2002 and has designated a senior coordinator for this initiative. DOI's plan has been offered as a model for other agencies to use in the development of their competition plans.</p>	●
<p><b>Financial Management</b>—Due to problems with its tribal trust accounting, DOI cannot provide assurances that its trust management systems and internal controls meet federal standards. All other DOI components, however, do meet these standards, and the department did receive a clean audit opinion. DOI has developed a High Level Implementation Plan to complete the trust accounting systems and implement the internal controls required to correct its trust accounting weaknesses. Additionally, DOI will finish an enterprise architecture study to launch a new financial system enabling it to better integrate performance and budget information.</p>	●

Initiative	2001 Status
<p><b>E-Government</b>—Historically, DOI has made major information technology (IT) investments without thorough analysis of realistic cost, schedule, and performance goals for new acquisitions. As a result, DOI puts large sums of public funds at high risk for failure and does not comply with either the Paperwork Reduction Act or the Clinger-Cohen Act. For example, the agency does not fully develop business cases for major IT investments and lacks an enterprise architecture to make Department-wide IT investment decisions. However, DOI is committed to improving its review and approval of IT investments centrally, and has already hired a contractor to survey DOI's IT environment and make recommendations, due in June 2002, that will guide future investment decisions. DOI's Inspector General is reviewing the Department's IT investment process as well. DOI has taken a government-wide leadership role as managing partner for an intergovernmental Recreation One-Stop project and a similar One-Stop project for geospatial information.</p>	●
<p><b>Budget/Performance Integration</b>—DOI cannot monitor with sufficient precision the cost and effectiveness of many of its programs. For example, DOI does not know how much it costs to house its park rangers or reservation school teachers. Many programs, such as wildland firefighting and national park facilities maintenance, lack measures to evaluate interim progress towards long-term outcomes. Performance measures for USGS are particularly weak. DOI's operating and financial systems are not linked, and the Department has few agency-wide performance measures for program analysis. The agency is revising its Strategic Plan to use DOI-wide measures and is pursuing activity-based costing to better track full costs.</p>	●

**Department of the Interior**  
(In millions of dollars)

	2001	Estimate	
	Actual	2002	2003
<b>Spending:</b>			
Discretionary Budget Authority:			
National Park Service.....	2,346	2,388	2,422
Bureau of Indian Affairs.....	2,168	2,245	2,269
Bureau of Land Management.....	2,109	1,911	1,875
Fish and Wildlife Service.....	1,342	1,308	1,316
U.S. Geological Survey.....	918	950	904
Bureau of Reclamation/Central Utah Project.....	835	891	867
Office of Surface Mining.....	320	311	284
Minerals Management Service.....	149	167	181
Office of Special Trustee for American Indians.....	120	112	161
All other programs.....	206	220	231
Subtotal, Discretionary budget authority adjusted <sup>1</sup> .....	10,513	10,503	10,510
Remove contingent adjustments.....	-248	-267	-274
Total, Discretionary budget authority.....	10,265	10,236	10,236
Emergency Response Fund, Budgetary Resources:			
National Park Service.....	3	57	—
Bureau of Reclamation.....	—	30	—
All other programs.....	—	2	—
Total, Emergency Response Fund, Budgetary resources.....	3	89	—
Mandatory Outlays:			
Oil and Gas Receipts from Outer Continental Shelf lands.....	-7,195	-3,806	-2,832
All other programs.....	-772	94	306
Legislative proposal (OST Trust deficiency payments).....	—	—	7
Subtotal, Mandatory outlays adjusted <sup>1</sup> .....	-7,967	-3,712	-2,519
Remove contingent adjustments.....	-8	-9	-9
Total, Mandatory outlays.....	-7,975	-3,721	-2,528
<b>Credit activity:</b>			
Direct Loan Disbursements:			
American Samoa direct loan.....	13	6	—
Bureau of Reclamation direct loans.....	25	48	9
Subtotal, Direct loan disbursements.....	38	54	9
Guaranteed Loans:			
Indian loan guaranteed program.....	52	65	55
Total, Guaranteed loans.....	52	65	55

<sup>1</sup> Adjusted to include the full share of accruing employee pensions and annuitants health benefits.  
For more information, see Chapter 14, "Preview Report," in *Analytical Perspectives*.

## DEPARTMENT OF THE INTERIOR

### The President's Proposal:

- Continues commitments to:
  - eliminate the maintenance and construction backlog in National Parks and at Bureau of Indian Affairs schools;
  - fully fund the Land and Water Conservation Fund; and
  - fund the Natural Resource Challenge to conserve park ecosystems.
- Strengthens ongoing Indian Trust reforms;
- Increases support for National Wildlife Refuges;
- Authorizes oil and gas exploration and, if discovered, development of a small portion of the Arctic National Wildlife Refuge in an environmentally responsible manner; and
- Proposes a tax credit for private, voluntary protection of land for conservation.

### The Department's Major Challenges:

- Reforming Indian Trust programs; and
- Preventing deterioration of aging infrastructure on Department of the Interior lands.

#### Department of the Interior

Gale Norton, Secretary

[www.doi.gov](http://www.doi.gov) 202-208-7351

**Number of Employees:** 70,037

**2003 Spending:** \$10.4 billion

**Major Assets:** 437 million acres of stewardship lands and 700 million acres of mineral estate.

**Organization:** Eight bureaus—National Park Service; Bureau of Land Management; Fish and Wildlife Service; Bureau of Indian Affairs; Minerals Management Service; Office of Surface Mining; U.S. Geological Survey; and Bureau of Reclamation.

The Department of the Interior (DOI) manages 507 million acres of land (roughly one-fifth of the land area of the United States), 700 million acres of subsurface minerals, and the nation's Outer Continental Shelf. DOI protects much of the nation's natural and cultural resources, and serves as the largest supplier and manager of water in 17 western states. DOI is accountable for meeting many of the government's trust responsibilities to Indian tribes and U.S.-affiliated island communities. The agency also generates and disseminates U.S. earth science information and research findings to the public. Major responsibilities include the 387 national parks, 540 national wildlife refuges, 69 national fish hatcheries,

bilities include the 387 national parks, 540 national wildlife refuges, 69 national fish hatcheries,

406 hydroelectric facilities and reservoirs, and 262 million acres of Bureau of Land Management (BLM) administered public lands.

## Overview

The nation's vast resources provide the public both social and economic benefits. Careful management of our lands and water and the creatures that inhabit them requires that they be used in an environmentally responsible manner. This chapter describes DOI's major activities and explains the Department's efforts to improve its performance and management.

DOI's main activities fall within four broad categories:

- resource protection (such as habitat conservation, environmental restoration, historic preservation, and invasive species control);
- recreation (such as providing access, opportunities and facilities for hiking, hunting, bird-watching, and camping);
- resource use (such as environmentally responsible development of oil, gas, coal, and other minerals, as well as cattle grazing, timber production and water management); and
- serving communities (such as protecting lives and property, fulfilling Indian trust responsibilities and advancing knowledge through scientific leadership).

The chapter focuses on the performance of selected DOI programs. The Administration has begun reviewing programs throughout the federal government using the Program Assessment Rating Tool (PART). The PART identifies strengths and weaknesses of programs, thus helping to inform budget, management, and policy recommendations. Several of the DOI programs evaluated using the PART are discussed in this chapter. Overall, many DOI programs lack adequate performance measures or data to demonstrate they are achieving results. DOI is addressing this issue by establishing better measures for almost all its programs and beginning to collect data on these measures. For a full presentation of all DOI PART evaluations, see the *Performance and Management Assessments* volume. The final section of this chapter reviews major management issues at the Department.

## Resource Protection

The President's Budget continues to focus on achieving results. For example, in 2004:

- The National Park Service (NPS) will establish 25 of 32 monitoring networks to track the "vital signs" that best indicate how a park's ecosystem is doing;
- BLM will treat 233,000 acres to prevent the spread of noxious weeds, and remediate 260 abandoned hardrock mines;
- The Fish and Wildlife Service (FWS) will help prevent four additional species from becoming listed under the Endangered Species Act; and
- The Bureau of Reclamation (BOR) will lead a multi-bureau coordinated effort to eradicate invasive species, including treatment of 22,000 acres of Tamarisk (a stream-bank dwelling tree that depletes water supplies), 25 miles of irrigation drainage infested with Giant Salvinia, and one river-mile infested with Hydrilla (both aquatic weeds).



The Fish and Wildlife Service and a private landowner restored this prairie pothole in Minnesota. The pothole provides resting, rearing, and breeding habitat for migratory birds. This collaborative effort led to the development of the Partners for Fish and Wildlife program.

DOI will link these performance measures and others to long-term resource protection goals as part of its new strategic plan to help ensure that conservation and resource management actions on DOI lands contribute to resource protection.

Partnerships are central to all of DOI's conservation efforts. The federal government needs to cooperate with states, local governments, and private parties to achieve conservation goals. The following sections describe how the Administration is emphasizing partnerships across various conservation programs.

### **Land and Water Conservation Fund**

When the Land and Water Conservation Fund (LWCF) was established in 1965, many thought the best way to protect natural resources was for the federal government to acquire and manage lands. We now recognize more conducive approaches for improving the health of lands and watersheds. Conservation easements, for example, can protect wildlife habitat while allowing private landowners to use their lands in a sustainable manner.

For the third year in a row, the budget carries out the President's commitment to fully fund the LWCF at \$900 million through a number of different programs that promote conservation. To complement federal land acquisition, an equivalent or better outcome can often be realized by helping others safeguard natural resources on their own land. Acting as good stewards of the current land inventory also avoids forcing new responsibilities on federal agencies at a time when they are trying to better manage what they already own. The programs funded from the LWCF have various natural resource goals, and all emphasize partnerships. Through partnerships and voluntary incentives, LWCF programs focus on maintaining or restoring public lands in coordination with other landowners. Importantly, all of these programs are consistent with LWCF's intent to "conserve, develop, and utilize such resources for the benefit and enjoyment of the American people."

### **Cooperative Conservation Initiative**

Many good ideas arise from local initiatives. The Cooperative Conservation Initiative (CCI) will tap into these ideas to foster conservation through the creativity of the American people. The CCI allocates \$113 million in matching funds for resource conservation projects. Projects will be selected on the basis of innovation, results, and the involvement of local communities. Projects could include BLM working with a neighbor to improve streambeds, or NPS and gateway communities jointly removing non-native plants from national parks. The benefits multiply both through matching funds from partners and from their investment of time and energy. The CCI does more than just provide a financial incentive for agencies and localities to share responsibility for conservation. It lays the foundation—project by project—for conservation through consultation, cooperation and communication.

### **Endangered Species and Wildlife**

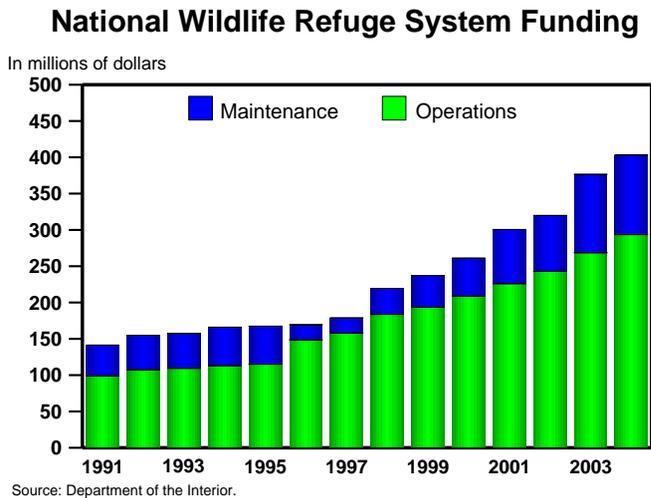
The Endangered Species Act (ESA) charges the Department with conserving threatened and endangered species and their habitat. The President's 2004 Budget provides \$129 million for the FWS endangered species program. The budget increases the ESA listing program by 35 percent to address a litigation-driven workload. The budget also provides a \$5 million increase for restoring and recovering salmon in the Columbia River Basin. The President's Budget will help prevent four additional species from becoming listed under ESA, and maintain or improve the status of roughly 320 listed species. We also believe the budget will achieve the target of recovering four species so that they may be removed from the ESA list.

In addition, the Administration is looking to protect a wide range of fish and wildlife by working with states and landowners. In 2004, an estimated \$822 million benefiting fish and wildlife will

be dispersed through various grant and payment programs, including \$50 million for the Landowner Incentive and Private stewardship programs to help private landowners protect and manage habitat, while continuing traditional land use activities. This total also includes a \$6 million increase for the North American Wetlands Conservation Fund.

## National Wildlife Refuge System

In last year's budget, the President supported the National Wildlife Refuge System (NWRS) and to celebrate its 100th anniversary in 2003 requested a \$57 million increase to address the highest priority operations, maintenance, and planning needs of the NWRS. The Refuge System receives more than 39 million visitors each year. This year, the President's Budget adds yet another \$26 million on top of last year's request to continue addressing high-priority needs, including invasive species, law enforcement, and building partnerships to accomplish the NWRS mission to conserve, manage and restore fish, wildlife, plants and their habitats.



## NPS Natural Resource Challenge

National parks reflect our natural, cultural and historical heritage. Yet, the National Park Service knows relatively little about how to measure the condition of its parks or monitor changes within them. The President committed to providing park managers "access to the best scientific research about the ecosystems they manage." That is the purpose of the Natural Resource Challenge.

The Challenge lays out a framework for measuring performance in preserving natural resource conditions in national parks. The NPS will collect baseline data on natural resources and then identify and monitor the "vital signs"—such as population changes in a key species—that best represent the ecosystem's overall health. With a \$9 million increase, NPS will be on track to establish, by 2004, 25 of 32 monitoring networks that include every national park with significant natural resources. This funding increase reflects good program management in completing inventories and monitoring resources, as revealed in the PART review (see the *Performance and Management Assessments* volume).

## Invasive Species

Invasive species, such as the zebra mussel and Asian long-horned beetle, cause severe ecological problems and impose significant economic costs annually. To help get the most value for each dollar, the National Invasive Species Council (NISC) developed one of the first interagency examples of a performance-based budget. NISC and its co-chair agencies, the Departments of the Interior, Agriculture, and Commerce, the Environmental Protection Agency and the Army Corps of Engineers developed common goals statements, actions, and performance measures. The budget funds \$250 million for a number of high-priority actions related to prevention, control, early detection and rapid response toward invasive species. This performance-based budget represents only a portion of federal invasive species activities, and will be expanded in the 2005 Budget process.

## National Fish Hatchery System

The Fisheries program is a critical partner with states, tribes and others in the effort to conserve the nation's fish and other aquatic resources which are among the richest and most diverse in the world. The National Fish Hatchery System

(NFHS), comprising 69 fish hatcheries, nine fish health centers, and seven fish technology centers, is a critical component of the FWS Fisheries program.

### Hatcheries Support Recovery of Species

As part of a state and federal agency partnership to recover the pallid sturgeon, the Neosho National Fish Hatchery in southwestern Missouri is raising and releasing endangered fish into the lower Missouri River pursuant to recovery objectives in its recovery plan. Once restored, the pallid sturgeon will provide an economically valuable sport fishery.

Where once the NFHS focused primarily on sport fish species, its conservation mission has expanded and now includes a more balanced approach to conserving, recovering, and managing aquatic resources and species, including restoring sustainable native fish populations and recovering threatened and endangered species. Over the past year, the Fisheries program engaged a variety of partners to help focus the federal role in conserving the nation's aquatic resources. The Administration also assessed the NFHS using the PART. Through the PART process, a draft mission statement was developed, program design flaws were identified, and key performance measures were developed. For example, one measure of success for the NFHS is the contribution hatchery fish make toward the recovery of listed species. During the PART process, a NFHS performance measure was crafted to measure the percentage of recovery plan tasks implemented. Based on NFHS's positive direction, the President's Budget includes an increase of \$5 million for operations. Another \$3 million is included to conduct condition assessments at 20 NFHS facilities (75 percent of all NFHS facilities will have condition assessments completed by the end of 2004) and to provide additional maintenance at 59 critical water management facilities to achieve performance measures.

## Conservation Tax Credit

To offer cost effective, market-based approaches to conservation, the President's Budget also includes an incentive for private, voluntary land protection through a 50 percent capital gains tax exclusion. Private landowners who voluntarily sell land or water to a government agency or qualified organization for conservation purposes are eligible to keep 50 percent of the proceeds tax free. This proposal applies to conservation easements and similar sales of partial interests in land for conservation purposes, such as development rights and agricultural conservation easements.

## Recreation

For many, getting back to nature offers peace and seclusion, as well as an opportunity to exercise. More Americans are visiting DOI lands to hike, bike, learn about history, or just get away. To facilitate planning recreational outings, the Recreation One-Stop initiative will provide a user-friendly website ([www.recreation.gov](http://www.recreation.gov)), offering a single point of access to find information, make reservations or order passes for recreational opportunities nationwide.

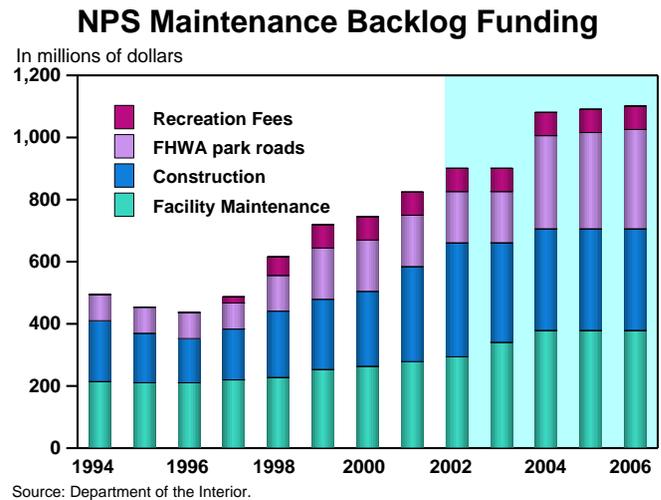
By paying recreation user fees, public land users cover some of the costs of the services they receive. Under the Recreation Fee Demonstration Authority, the Departments of Agriculture and the Interior raised close to \$200 million annually from fees. This program enjoys broad public support because all money from fees is plowed back into the lands and facilities that visitors use. The fees supplement appropriated dollars, so both users and taxpayers are helping to support stewardship. The Administration encourages the Congress to make this recreation fee authority permanent.

DOI sites are experiencing a substantial growth in visitation. Although over 90 percent of visitors rate their experience as good or very good, the increased visitation is starting to show in Interior's aging facilities. All DOI bureaus must find ways to maintain infrastructure reliably and cost-effectively.

### National Park Service Maintenance Backlog

Americans invented the concept of national parks when the Congress set aside land for Yellowstone in 1872, and visitation has climbed steadily ever since. As visits grow and the number of parks increases to 387 and counting, pressure builds on park managers to maintain safe roads, good trails, and clean facilities.

When visiting Sequoia National Park in May 2001, the President remarked that "many of our parks have gone neglected" and committed to "spend \$5 billion over five years to clean up the backlog in maintenance, and make our parks more inviting and acceptable to all citizens." The accompanying chart shows how the Administration will do it. This five-year total doubles the amount in the same categories over the five years from 1994 to 1998.



Before and after road repairs at Glacier National Park in Montana. Maintenance can enhance safety and the beauty of national parks.

But it takes much more than money to eliminate the maintenance backlog—the money must be well spent. NPS needs to assess the condition of buildings and other facilities, then build a system to monitor changes, and measure performance in making repairs. This is not glamorous work. Yet, over the past two years, NPS has been developing a Facility Condition Index (a measure commonly used by private firms) to monitor facility conditions. NPS will have a service-wide baseline by the summer of 2003. Despite these good efforts, the PART review found areas where NPS management needs to improve, such as increased use of efficiency measures and capital asset plans (see the *Performance and Management Assessments* volume). NPS expects to address these areas before the next PART review and the 2005 Budget.

Americans have already made a great investment in national park roads, trails, and buildings. In 2001, for example, NPS funded and completed 200 repair and rehabilitation projects. It plans to complete over 1,100 such projects in 2002 through 2004. Park road conditions are also starting to improve for the first time since 1987.

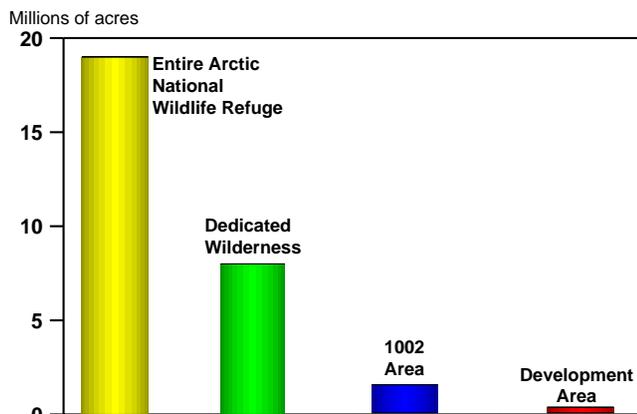
## Resource Use

Public lands contain bountiful resources for the nation, such as oil, natural gas, coal, other minerals, and timber. DOI manages these natural resources, while balancing vital economic needs with the need for scenic vistas, wildlife habitat, recreation, and a healthy environment.

### Oil and Natural Gas

The United States uses about 20 million barrels of oil daily and almost seven billion barrels each year, of which more than half is imported. Of the domestically produced oil and gas, 29 percent of the oil and 35 percent of the natural gas comes from federal lands and offshore areas.

#### Oil and Gas Development Area in ANWR



Source: Department of the Interior.

The National Energy Policy proposes to expand and diversify the country's energy supplies. Diversification is important for both energy security, and national security. DOI's Minerals Management Service (MMS) and BLM are carrying out the National Energy Policy by continuing to issue or propose leases on federal offshore (Outer Continental Shelf) and onshore tracts with known or probable petroleum deposits. Leasing is allowed only where safe and environmentally sound mineral development can occur.

DOI is also implementing the National Energy Policy by working with the Congress to authorize exploration and, if resources are

discovered, environmentally responsible development of the most promising oil and natural gas reserve areas within a small portion of the Arctic National Wildlife Refuge (ANWR), sometimes referred to as the 1002 Area. DOI estimates that recoverable oil from the 1002 area is between 5.7 and 16 billion barrels of oil, and would disturb about one-tenth of one percent of the 1002 land area.

### Coal

Coal is America's most abundant fuel source, and is expected to remain the dominant fuel in meeting increasing electricity demand through 2020. Recognizing this trend, the National Energy Policy calls for ramping up domestic coal production. New clean coal technologies show that air pollution can be and has been reduced, and energy efficiency increased. DOI plays a key role in domestic coal production. In 2002, coal mined on lands controlled by BLM accounted for about 35 percent of domestic coal production. BLM's lease application processing time currently averages 18 months. One of BLM's objectives in the coming year is to continue to improve its lease application review process.

### Renewable Resources

The BLM also administers over 18,500 grazing allotments, producing 13 million animal unit months of grazing, and manages over 49 million acres of forested land for multiple uses, including supply of timber and other forest products. For several years though, BLM has struggled with a grazing permit backlog resulting from insufficient planning and a spike in the number of expiring permits. In 2004, BLM will process approximately 1,450 expiring grazing permits and largely eliminate its grazing permit backlog.

BOR operates 58 hydroelectric plants that produce over 10 percent (or 42 billion kWh) of the electricity in 17 western states, delivers water to one out of every five western farmers for about 10

million acres of irrigated land producing 60 percent of the nation's vegetables and 25 percent of its fruits and nuts; and delivers 10 trillion gallons of municipal, residential and industrial water to over 31 million people in the west.

### Common Measures: Rural Water

The Administration developed common measures to compare the rural water activities of four federal agencies – the BOR's rural water projects, the Indian Health Service's (IHS) Sanitation Facilities Construction program, the Rural Utilities Service's (RUS) Water and Waste Disposal program, and the Environmental Protection Agency's (EPA) Drinking Water State Revolving Fund. All four agencies develop water infrastructure but their means of service delivery differ: BOR and IHS focus on construction while RUS and EPA focus on financing.

The wide variation in data reported for the two measures (water connections per million dollars invested and population served per million dollars invested) reflects many differences in the programs. These measures are imperfect, but do allow a broad assessment of program efficiency. BOR and IHS work primarily in western states with low population densities and large service areas, and are involved in large-scale infrastructure development, which contributes to their relatively lower efficiency. In contrast, the higher efficiencies for EPA and RUS reflect the focus of their resources in serving socio-economically and geographically more diverse populations. This exercise shows that while each program may serve a unique population, there is general overlap in program mission: all focus on providing a safe, reliable source of drinking water to rural communities. The Administration will further analyze these programs in the coming year to improve and streamline federal assistance for drinking water in rural areas.

Rural Water Programs	2001 Funding (in millions of dollars) <sup>1</sup>	Water Connections per Million Dollars		Population Served per Million Dollars	
		East	West	East	West
Construction Agencies:					
Bureau of Reclamation	59	none	21	none	363
Indian Health Service	76	174	212	766	933
Financing Agencies:					
Rural Utilities Service	493	841	649	1,989	1,779
Environmental Protection Agency	823	831	764	1,913	1,655

<sup>1</sup> Funding level shown does not reflect cost shares and contributions from program partners.

## Serving Communities

DOI provides scientific knowledge, information and tools to inform decision making and community-based programs. DOI is also responsible for fulfilling the federal government's trust responsibilities to American Indians and promoting self-determination on behalf of tribal governments and Alaska Natives.

### Scientific Information and Knowledge to Inform Decision Making

Scientific information is the cornerstone for the Department's natural resource and land management responsibilities, providing a sound basis for resource protection and use as well as recreation. The USGS will enhance the geospatial data available through the National Biological Information Infrastructure (NBII), by creating two new nodes and enhancing two existing nodes. NBII nodes are cooperative efforts to develop technologies, tools, and standards needed to make biological data and information more accessible. USGS will continue to expand the amount of data available on the National Water Information System Website (*NWISWeb*), a frequent destination for resource managers, emergency managers and outdoor lovers. This USGS website provides a one-stop shop for 100 years of data on stream flow, water availability and water quality presented with user

friendly charts and maps. NWISweb (<http://waterdata.usgs.gov/nwis/>) recently won an award from *Government Executive* magazine for providing citizens with useful access to government information.

## Enhancing Educational Opportunities for American Indian Children

The Bureau of Indian Affairs (BIA) operates, either directly or through tribal grants and contracts, 185 schools serving approximately 48,000 students in 23 states, or about nine percent of all Indian students across the country. The President's November 2002 National American Indian Heritage Month Proclamation reaffirms his commitment to the education of American Indian children as "essential to the future success of tribal communities." Yet a PART review of BIA school operations found that students continue to lag behind in reaching academic performance goals. In 2002, BIA kicked off a pilot program, focused on five schools in greatest need of improvement, and aimed at helping the faculty increase student academic achievement. This effort will continue and expand in 2003 and 2004. The budget also makes available a third installment (\$148 million) for eliminating the school maintenance and repair backlog. Another \$141 million has been put forward to build replacement schools for the remaining schools on the current BIA priority list, as well as additional schools placed on a new priority list.

As the 30<sup>th</sup> anniversary of the Indian Self-Determination Act approaches, the Administration will encourage more tribes to exercise their authority as sovereign nations by contracting services currently operated by BIA. The accompanying chart shows that the funding for self-determination and self-governance agreements has grown from 41 percent in 1994 to 49 percent in 2002.

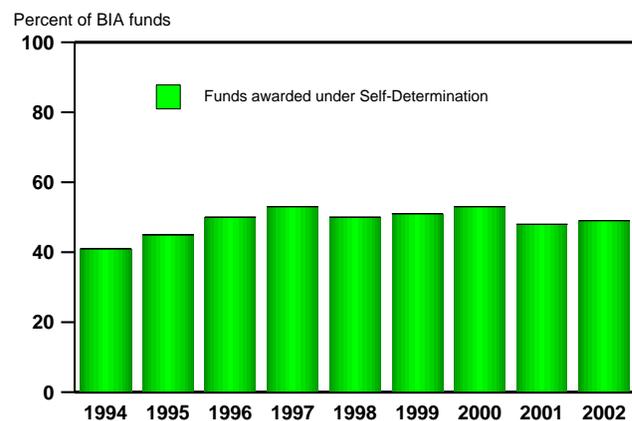
Eliminating obstacles to tribal operation of BIA schools encourages Indian self-determination. In school year 2002–2003, 121 of the 185 BIA schools are tribally run. One issue that has discouraged tribes from contracting for school operations has been the need to fund administrative overhead costs, especially in the first year. The budget proposes a separate fund providing all first-year indirect and one-time start-up costs for tribes willing to contract for a BIA-operated school.

## Indian Trust Management

The President's Budget provides \$481 million, a \$168 million increase, to correct deficiencies in trust programs and meet the mandates of a U.S. District Court in the *Cobell v. Norton* case. For decades, Indian trust funds have lacked modern and effective accounting, management, and financial control systems. The Secretary of the Interior will continue to undertake actions to strengthen DOI's trust reform strategy and customer services, including the establishment of regional trust offices and local trust officers to improve oversight and accountability.

DOI manages approximately 56 million acres of Indian trust lands owned by tribes and their members. Oil, gas, timber, and other leases generate about \$1.1 billion in annual income for the Indian landowners. The Office of the Special Trustee for American Indians (OST) is responsible for distributing about \$800 million each year among 1,400 tribal trust accounts and about \$300 million annually to 275,000 individual trust accounts. The OST budget includes \$275 million, a \$123 million increase, to implement modern land ownership and leasing systems; audit historical transactions in tribal and

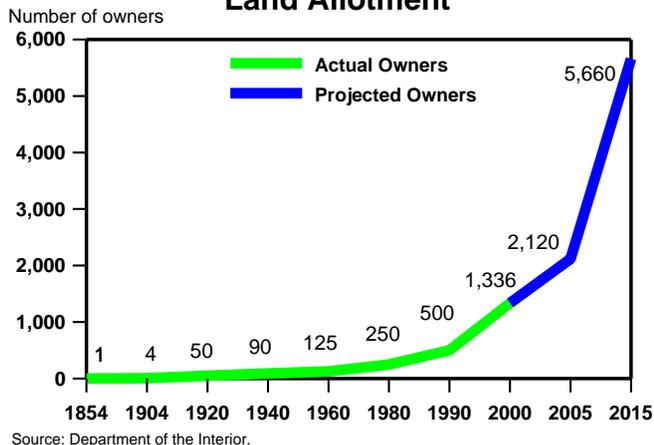
### BIA Funding for Self Determination



Source: Department of the Interior.

individual trust accounts; improve trust records management; and strengthen oversight of trust operations at regional and local levels. The BIA budget includes \$206 million, a \$45 million increase, to further modernize trust information systems, improve trust land and resources management, and consolidate fractionated ownership of trust lands.

### Increasing Fractionation of an 80 Acre Land Allotment



Source: Department of the Interior.

The 2004 Budget includes \$21 million for expanding the pilot program for purchasing small ownership interests to reduce federal trust management expenses in the future. Indian land consolidation also enhances tribal opportunities for economic and social development on reservations. Over 10 million acres of Indian trust lands are owned by individuals, with about four million ownership interests distributed among 400,000 individuals. About 1.5 million ownership interests are two percent or less. With each generation the ownership interests are split between heirs and get smaller. The federal government must manage accounts for each of these increasingly

small or “fractionated” interests which drive up costs.

### Performance Evaluation of Select Programs

Program	Rating	Explanation	Recommendation
National Park Service Facility Management	Results Not Demonstrated	Needs a better way to measure its performance in maintaining park facilities. Facility Condition Index (FCI) in place by 2003.	Establish FCI baseline and targets by June 2003. Speed up condition assessments and use of facility maintenance management systems.
DOI Wildland Fire Management	Results Not Demonstrated	Program is in transition. No data is currently available for new performance measures. Significant questions remain about the cost effectiveness of fire suppression.	Increase accountability for firefighting costs; improve the process for allocating fire preparedness resources; and ensure a proper balance between the federal government and states in sharing suppression costs.
National Fish Hatchery System	Results Not Demonstrated	Program is in transition. Mission and design issues need to be addressed. No data are currently available for new performance measures.	Adopt mission statement and develop evaluation schedule. Fund new performance measures related to recovery and fisheries management plan objectives.

Program	Rating	Explanation	Recommendation
National Park Service Natural Resource Challenge	Moderately Effective	Program will determine and monitor the "vital signs" that best indicate how a park ecosystem is doing.	By 2004, start up 25 of 32 monitoring networks that include every national park with significant natural resources.
Indian School Construction	Results Not Demonstrated	Limited flexibility to adjust funding levels for delays or changes in design. No construction cost comparison between BIA schools and state schools.	Complete an independent study of costs and size of replacement schools. Ensure Presidential commitment to eliminate 2001 school maintenance backlog is met.
Rural Water Supply Projects	Results Not Demonstrated	Lacks oversight in project development phase, inadequate local cost-share, and has significant mission overlap with other rural water programs.	Develop and submit legislation to establish program guidelines for project development and local cost-share. Devise performance measures.
Tribal Land Consolidation	Moderately Effective	Pilot program has reduced rate of growth of ownership shares on five Midwest reservations	Strategic plan needed for targeting federal acquisitions to reduce trust management costs and to enhance tribal economic development.

### Update on the President's Management Agenda

	Human Capital	Competitive Sourcing	Financial Performance	E-Government	Budget and Performance Integration
<b>Status</b>					
<b>Progress</b>					
<p>The Department faces multiple challenges in managing a number of semi-autonomous bureaus, but has shown signs of progress over the last two quarters. It has both a Human Capital strategic plan and implementation plan linked to DOI's mission and strategic goals. In E-Government, DOI drafted an initial Enterprise Architecture. To integrate budget and performance, Interior will soon release for public comment a new, department-wide strategic plan, which will replace multiple bureau-level plans. Competitive sourcing remains a challenge for an organization that has many locations with few employees. DOI is taking the initiative to find more efficient ways to review activities performed by small groups of employees. Indian Trust Fund reform remains the greatest financial management challenge. DOI has corrected eight material weaknesses this year but has several weaknesses remaining. To improve its status ratings, the Department will need to provide more evidence that its efforts are starting to show results.</p>					

**Department of the Interior**  
(In millions of dollars)

	2002 Actual	Estimate	
		2003	2004
<b>Spending</b>			
Discretionary Budget Authority:			
National Park Service <sup>1</sup> .....	2,379	2,354	2,362
Bureau of Indian Affairs .....	2,233	2,251	2,314
Bureau of Land Management .....	1,661	1,638	1,678
Fish and Wildlife Service .....	1,259	1,281	1,285
U.S. Geological Survey .....	914	867	896
Bureau of Reclamation/Central Utah Project <sup>2</sup> .....	909	851	885
Office of Surface Mining .....	306	279	281
Minerals Management Service .....	157	170	171
Office of Special Trustee for American Indians .....	99	151	275
All other programs .....	422	391	440
Total, Discretionary budget authority .....	10,339	10,233	10,587
Mandatory Outlays:			
Oil and Gas Receipts from Outer Continental Shelf lands .....	-5,024	-4,300	-3,989
All other programs .....	-210	-49	50
Legislative Proposal (Insular Affairs, Compacts of Free Association) .....	—	—	19
Total, Mandatory outlays .....	-5,234	-4,349	-3,920
<b>Credit activity:</b>			
Direct Loan Disbursements:			
American Samoa direct loan .....	3	1	1
Bureau of Reclamation direct loans .....	24	25	—
Total, Direct loan disbursements .....	27	26	1
Guaranteed loans:			
Indian guaranteed loan program .....	65	65	66
Total, Guaranteed loans .....	65	65	66

<sup>1</sup> The National Park Service total does not include \$2.5 million for Fort Baker redevelopment pursuant to P.L. 107-248.

<sup>2</sup> The Bureau of Reclamation total for 2002 does not include \$200 million for the Desert Terminal Lake transfer.