

DEPARTMENT OF THE INTERIOR

AT A GLANCE:

2006 Discretionary Budget Authority: \$10.6 billion
(Decrease from 2005: 1 percent)

Major Programs:

- Bureau of Indian Affairs
- Bureau of Land Management
- Bureau of Reclamation
- Fish and Wildlife Service
- National Park Service
- U.S. Geological Survey



MEETING PRESIDENTIAL GOALS

Promoting Economic Opportunity and Ownership

- Developing the Nation's energy resources efficiently and responsibly to reduce the Nation's reliance on energy imports.
- Supporting local economies through recreation on Federal lands.
- Helping local economies find self-sustaining ways to manage historical properties and promote heritage tourism through the Preserve America Initiative.
- Including local communities in stewardship and decision-making on Federal lands through the Cooperative Conservation Initiative.

Supporting a Compassionate Society

- Supporting the replacement and renovation of Indian schools to create a safe learning environment for Indian schoolchildren.

Making Government More Effective

- Assessing the condition of National Park Service facilities and setting performance goals to prioritize repair and replacement projects.
- Expediting the removal of existing Abandoned Mine Land dangers within 25 years.
- Enabling the sale of public lands in Nevada while ensuring taxpayers are compensated fairly.
- Shifting certain costs of the Pick-Sloan Missouri Basin Program to power customers.

MEETING PRESIDENTIAL GOALS—Continued

- Proposing or modifying fees related to land and mineral use to shift \$27 million in costs to those directly benefiting from the resources.
- Terminating \$90 million in State recreation grants that support activities that are not Federal responsibilities.

Agency-specific Goals

- Reforming and reorganizing tribal trust programs and activities to provide greater accountability to the beneficiaries.
- Promoting outcome-based performance by setting goals of establishing healthy, sustainable fish and wildlife populations.
- Improving water management and restoring ecosystems in California's Central Valley through the collaborative California Bay-Delta program.
- Preventing water crises and reducing conflict over water in the West through the Water 2025 program.

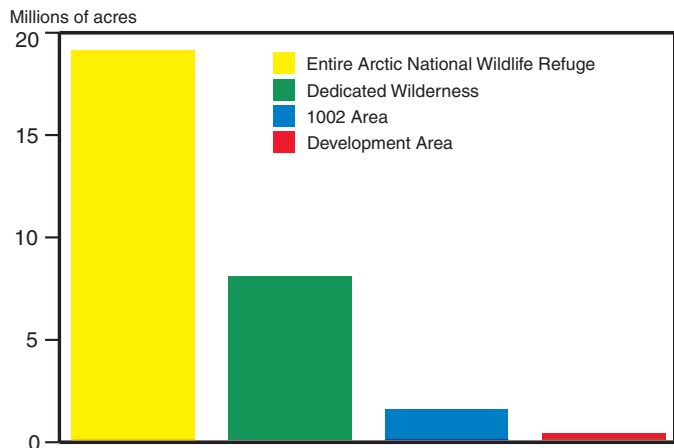
PROMOTING ECONOMIC OPPORTUNITY AND OWNERSHIP

The Arctic National Wildlife Refuge (ANWR)

Reducing the Nation's dependence on foreign energy sources is a top Administration priority. The United States imports approximately half of its daily oil consumption of 20 million barrels. Although the United States produces almost all of the natural gas it uses, it will have to import more natural gas in the future because of growing demand and restrictions on developing energy resources on public lands.

The Administration supports authorizing the limited exploration of the region with the most promising oil reserves—commonly referred to as the “1002 Area”—within ANWR, using the strictest environmental standards. The Department of the Interior (DOI) estimates that the 1002 Area holds between 5.7 billion and 16 billion barrels of recoverable reserves, or, at peak production, up to one million barrels per day of new domestic oil supply. In addition, the development footprint from production would only cover about one-tenth of one percent of the 1002 Area. (See accompanying chart.)

Oil and Gas Development Area in ANWR



Source: Department of the Interior.

Note: For presentation purposes, the Development Area is shown oversized so that it is visible on the chart.

Outdoor Recreation on Public Lands

Millions of people each year visit our national parks, forests, refuges, and public lands. These areas offer unparalleled outdoor recreational opportunities, ranging from exploring mangrove thickets at Ten Thousand Islands National Wildlife Refuge in Florida to hiking on the Appalachian National Scenic Trail. DOI manages an array of natural and cultural wonders, including 388 national parks or park units, 546 national wildlife refuges, and 261 million acres of public land administered by the Bureau of Land Management (BLM).

The American Recreation Coalition estimates that outdoor recreation generates \$250 billion of economic activity annually. Americans pursuing recreation opportunities on Federal lands support

Preserve America

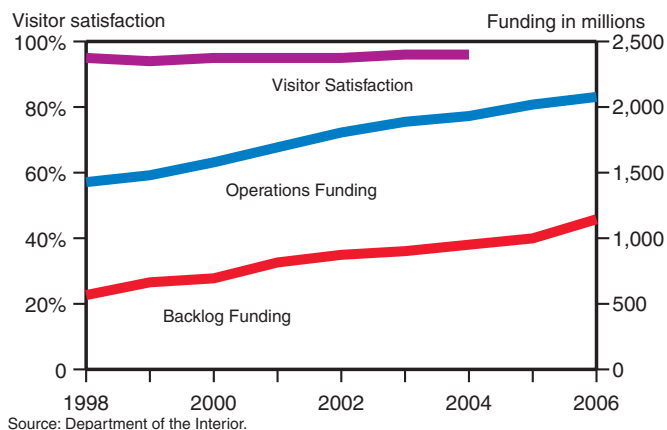
American history comes alive in historic buildings, cultural sites, and communities that celebrate their historic settings. Thousands of historic and cultural sites are the pride of local communities everywhere. Many of these communities have the opportunity to use historical sites to promote heritage tourism and economic development. The President's Preserve America initiative provides \$12.5 million in 2006 for upfront planning and associated assistance to communities looking for ways to preserve their local heritage in a self-sustaining manner. For example, Virginia City, Montana, attracts visitors with one of the best-preserved gold mining towns in the West. As Americans travel, they seek to reconnect with our Nation's rich history and diverse culture; the Preserve America initiative will help communities meet this growing demand for heritage tourism.

PROMOTING ECONOMIC OPPORTUNITY AND OWNERSHIP—Continued

travel-related industries, equipment makers and suppliers, and many “gateway communities” adjacent to public lands, from Bar Harbor, Maine to Moab, Utah. Access to these Federal lands does more than just generate tourist dollars; it also attracts new investments and industries and fosters healthier and more active communities.

To better serve these visitors and protect the resources that attract them, the 2006 Budget continues to support operational funding for Interior’s land management agencies. Operational funding for parks, refuges, and public lands will be 20 percent higher than in 2001. The result of this support has been consistently satisfied visitors. Every year since 1998, about 95 percent of park visitors have rated the overall quality of services in national parks as good or very good. In addition, 97 percent of visitors to BLM public lands in 2003, and 90 percent of visitors to wildlife refuges in 2002, were satisfied with their experience.

National Park Service Funding and Visitor Satisfaction



The humpback chub and other native fish in Grand Canyon National Park struggle to compete with trout previously brought to the area by humans. To help the native fish recover, NPS is working with partners to remove non-native fish from Colorado River tributaries. The Arizona Game and Fish Department, Glen Canyon Dam Adaptive Management Program, the Navajo nation, and other partners have matched Federal funds almost three to one, helping to restore another key link in the national park’s ecosystem.

Cooperative Conservation Initiative

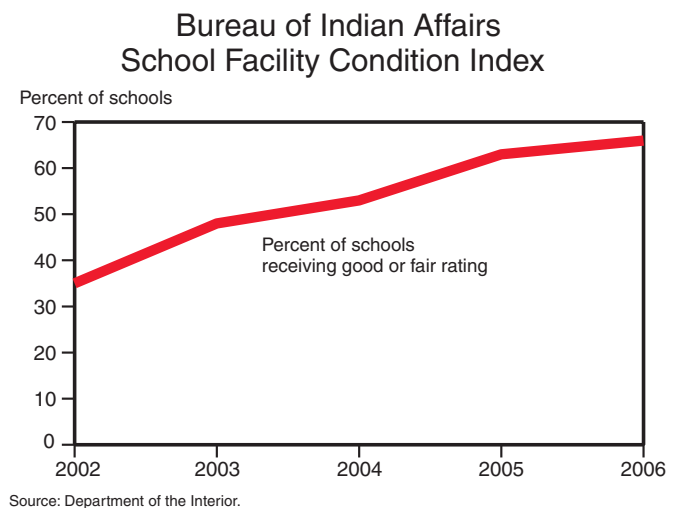
The Administration wants to promote conservation and stewardship of our Nation’s lands and other natural resources. Local involvement is critical to enduring, successful, effective and long-lasting conservation results and was emphasized in the President’s recent Executive Order on the Facilitation of Cooperative Conservation, E.O. 13352. The Department’s Cooperative Conservation Initiative (CCI) consists of a variety of volunteer, partnership, and cost-share conservation programs in the Fish and Wildlife Service (FWS), Bureau of Land Management (BLM), and the National Park Service (NPS). The CCI embodies the purpose of the Executive Order by promoting collaborative actions that support the use, enhancement, and enjoyment of natural resources. In addition, the CCI allocates \$126 million in Federal matching funds for resource conservation and restoration projects, ranging from FWS coastal habitat restoration to BLM grazing management improvements and wetlands restoration. The use of matching funds improves cooperative relationships with local stakeholders and increases the impact of conservation efforts. As partners invest time, money, and energy into projects, the CCI gives landowners and communities a stake in local conservation efforts.

SUPPORTING A COMPASSIONATE SOCIETY

Supporting Indian Schools

Quality education is critical for the future of tribal governments and individual Indians. The Bureau of Indian Affairs (BIA) serves approximately 48,000 students and resident-only boarders (about seven percent of all Native American children) in 184 elementary and secondary schools and dormitories located in 23 States. In April 2004, the President signed Executive Order 13336, which establishes an Interagency Working Group, including representatives from the Departments of Education and the Interior, to assist American Indian and Alaska Native students in meeting the challenging academic standards of the No Child Left Behind Act of 2001 in a manner that is consistent with tribal traditions, languages, and cultures. In 2006, BIA will continue aggressively implementing this law through its partnership with the Department of Education, and through its efforts to establish leadership programs and rehabilitate additional reservation schools.

In 2000, the President committed to spend nearly \$1 billion to address the then-backlog of Indian school construction projects. The Administration has met this commitment, and has provided more funding for BIA school construction and repairs in just four years than the previous Administration did in eight years. In 2001, only 35 percent of BIA schools were in good or fair condition. With the efforts funded in the 2006 Budget, over 65 percent of all schools, or almost double the amount in 2001, will be in good or fair condition. The overall Facility Condition Index (FCI), a tool for assessing the condition of a building, will have improved from a poor rating (0.266) to a fair rating (0.101), keeping BIA on target to reach its FCI goal of .10 in 2008.



The new Wingate Elementary School is a K–8th grade facility located southeast of Gallup, New Mexico. The school can accommodate more than 825 students, including boarding students housed in brand new dorm facilities. The campus design embodies the elements important to the Navajo culture. An elementary and middle school connected by an administration wing with media center and a hogan-shaped Navajo culture room are the major components of the school. In keeping with Navajo tradition, all entrances to the buildings face east. The school is scheduled to be occupied in February 2005.

MAKING GOVERNMENT MORE EFFECTIVE

Maintaining our National Parks

Over the past four years, NPS has developed a way to measure its performance in maintaining national park facilities. This measurement framework enables the Park Service to prioritize funding and demonstrate results more effectively. Using its new management system and regular facility assessments, NPS has developed a Facility Condition Index (FCI) to show results. This industry standard provides the starting point for determining what investments are needed to achieve acceptable conditions and how to measure progress towards reaching that goal.

With passage of the 2006 Budget and the Administration's surface transportation reauthorization bill, national parks will have received \$4.9 billion over five years for maintenance and construction, which is a 40-percent increase in annual funding from 2001 to 2006. With the funds expected through 2009, NPS assets such as park buildings will be brought to acceptable condition overall, as measured by the FCI average. Park roads, however, remain a concern, underscoring the need to increase park roads funding, as proposed in the Administration's surface transportation authorization bill.



Mount Rainier National Park proposes major investments in 2006 to improve visitor services.

Abandoned Mine Land (AML) Restoration

The Congress passed the 1977 Surface Mining Control and Reclamation Act (SMCRA) to reclaim abandoned coal mine lands. The AML program pays for the reclamation through coal fees, which expire in June 2005. More than \$3 billion in unfinished health and safety work remains, potentially affecting more than 3.5 million Americans who live less than one mile from abandoned coal mines.

A 2004 Program Assessment Rating Tool (PART) assessment found the Office of Surface Mining effectively manages the program and coordinates with coal-mining States, although the program's design hinders the timely cleanup of abandoned coal mine lands. SMCRA's funding allocation formula distributes grants to eligible States and Tribes even if they have no high priority sites remaining.

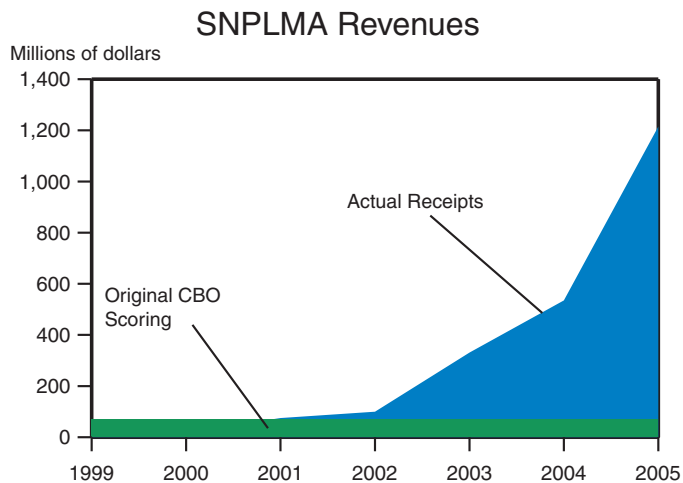
AML Goals and Accomplishments

	Current Program	Budget Proposal
Acres Reclaimed Annually	6,900	8,200
Years to Eliminate Health and Safety Problems	47	25
Corrects SMCRA Allocation Problem	No	Yes

This delays clean-up in some areas and contributes to poor water quality and other health and safety problems.

The Administration proposes to extend the coal fee and to modify SMCRA in a way that both corrects the diversion of dollars away from the most serious problems and pays the certified States and Tribes only their share of AML fund balances over 10 years.

Southern Nevada Public Land Management Act (SNPLMA)



Source: Department of the Interior and the Congressional Budget Office.

Note: Data through 2004 are actuals. Projected peak in 2005 is due in part to a lag in receipt of payments from 2004 land sales.

SNPLMA, passed in 1998, sets aside funds from the sale of public lands around Las Vegas for specific uses in Nevada. Under SNPLMA, 15 percent of revenues are provided directly to State and local entities, and the remainder of the proceeds are devoted to both Federal and local projects in Nevada without further consideration by the Congress. This situation reduces accountability in the programs funded by public land sales.

The program was established with the understanding that a substantial portion of the revenues generated would be spent to acquire and conserve other lands around Nevada. In fact, a 2006 PART review found that as SNPLMA land sale receipts have risen dramatically in the last few years, the

available funding has outpaced land acquisition needs, and these excess funds are increasingly being diverted to other activities. Only eight percent of funds approved for the latest round of projects are dedicated to land acquisition. Meanwhile, 67 percent of these funds have been dedicated to purely local projects, which do not reflect the highest priorities of the Nation. For example, \$16 million of land sale receipts were earmarked for the first phase of a recreational shooting range outside Las Vegas.

When SNPLMA was originally passed, the Congressional Budget Office (CBO) estimated that proceeds from land sales under the bill would be roughly \$70 million per year; receipts will be 17 times that level in 2005. The 2006 Budget proposes to amend SNPLMA to redirect 70 percent of all receipts to the Treasury, where land sale receipts have historically been deposited. This proposal serves the general taxpaying public while still providing roughly four times the level of spending in Nevada than originally anticipated in 1998. The proposal would not change the amount of revenue currently provided to State and local entities, only the portion dedicated to Federal spending in Nevada.

Pick-Sloan Missouri Basin Program

The Administration proposes to redistribute costs of this multi-State project to power customers who are using the dams and power plants, originally built during the 1950s and 1960s, in part to support irrigation. Much of the planned irrigation is technically impractical or economically unjustified, and will never be developed. Approximately \$500 million of unpaid construction and operation costs could be recovered from power customers who benefit from the finished facilities.

MAKING GOVERNMENT MORE EFFECTIVE—Continued

Recovering Costs for Energy Permitting

To ensure the Government receives fair compensation for the use of the Nation's land and minerals, the Budget proposes and modifies several fees related to mineral development, including expanded permit processing fees for onshore minerals and a new permitting fee for Outer Continental Shelf (OCS) leases. In addition, OCS rental rates, which have not increased in 10 years, will rise with the rate of inflation. These fees support the Administration's efforts to charge for Government services where the direct beneficiary can be identified. This will shift the costs from taxpayers and allow DOI to better process lease or permit applications as demand increases. The proposed fees are expected to generate approximately \$27 million in 2006, thereby reducing the cost to taxpayers for operating these programs.

State Recreation Grants

The 2006 Budget terminates funding for Land and Water Conservation Fund State recreation grants. These grants support improvements to State and local parks that are more appropriately funded through State funding or bonds than Federal resources. A PART review found the current program could not measure performance or demonstrate results.

Update on the President's Management Agenda

The table below provides an update on DOI's implementation of the President's Management Agenda as of December 31, 2004.

	Human Capital	Competitive Sourcing	Financial Performance	E-Government	Budget and Performance Integration
Status					
Progress					
DOI has made progress in many areas. The Department developed and received provisional certification for a new five-level Senior Executive Service performance management system, incorporated diversity strategies into bureau workforce plans, and began to incorporate goals into performance plans of all employees. Competitive sourcing reviews project savings of \$3 million annually for at least five years, and, to date, only one permanent Interior employee of the 5,032 reviewed has been involuntarily separated. In financial performance, however, DOI continues to face challenges in Indian trust reform. DOI also must continue efforts to implement the new Financial and Business Management System. In addition, Interior certified and accredited over 80 percent of its information technology systems (up from 10 percent in 2003); received the E-Gov Institute's Excellence in Enterprise Architecture Award for leadership in government transformation; and matured its Investment Review Board. Finally, the Department expanded implementation of Activity Based Costing and continued tracking the costs of achieving performance goals.					

Initiative	Status	Progress
Real Property Asset Management		
Interior has completed comprehensive condition assessments for most assets and is on schedule to finish them all by the end of 2006. DOI now uses a Facility Condition Index to monitor asset conditions and determine funding priorities.		

AGENCY-SPECIFIC GOALS

Reforming Management of Indian Trust Responsibilities

DOI has responsibility for the investment of, and disbursement and reporting to individual Indians and Tribes on, financial assets generated from leasing and other commercial activities on Indian lands. DOI developed a Comprehensive Trust Management Plan to guide trust reform, undertook a reengineering effort, and adopted a targeted strategic plan as part of its efforts to improve performance and provide greater accountability to its beneficiaries.

A key step to reform is the American Indian Probate Reform Act of 2004, which the President signed into law in October 2004. The Act provides a clearer method to pass down individual Indian land ownership from one generation to the next; creates a uniform Federal Indian probate code; and facilitates the consolidation of Indian land ownership to restore economic viability to the land. The 2006 Budget includes funding to help eliminate a backlog of 23,000 probate cases, as well as to process the projected 4,500 new probate cases that will occur each year. This will help to make sure that no new cases are added to the current backlog. The Administration continues to support the Indian Land Consolidation Program as an additional way to help address the fractionation of individual Indian land interests. The 2006 Budget proposes \$34.5 million for the program. In addition, the Budget includes \$135 million for the Office of Historical Trust Accounting to continue an accounting in accordance with the five-year plan filed with the U.S. District Court. This amount may be revised as legal issues pending before the Courts are resolved.

Reforming Tribal Priority Allocation Funding

Tribal Priority Allocation (TPA) funds provide basic tribal services, such as Tribal Courts, social services, adult vocational training, child welfare, and natural resources management. TPA gives Tribes the opportunity to further Indian self-determination by establishing their own priorities and moving Federal funds among programs.

Indian Tribes are becoming more business-oriented and are seeking more control over their lands and economic and cultural decisions. In addition, BIA is helping to expedite key energy and mineral resource development opportunities through the timely processing of joint-venture development and lease agreements.

The Administration believes TPA could be improved by targeting funding to the areas of greatest need. The funding process used today is a formula allocation based on historical funding levels established in the early 1970s, and has remained essentially unchanged. To improve program accountability, DOI will consult with Tribes on how best to focus program funds on areas of need, considering the incentive effects of any such reallocation. The Administration will continue to support Tribes that continue to strive for self-determination with funding and technical support.

Effective Fish and Wildlife Service Programs

The Migratory Bird Management and the National Fish Hatchery programs of FWS exemplify the Department's efforts to improve program performance and become more results-based. The Migratory Bird Management program developed new goals during the 2006 PART process, including a new measure that examines the percent of migratory birds that are at healthy and sustainable levels. This outcome-oriented goal, along with targeted annual measures, will help



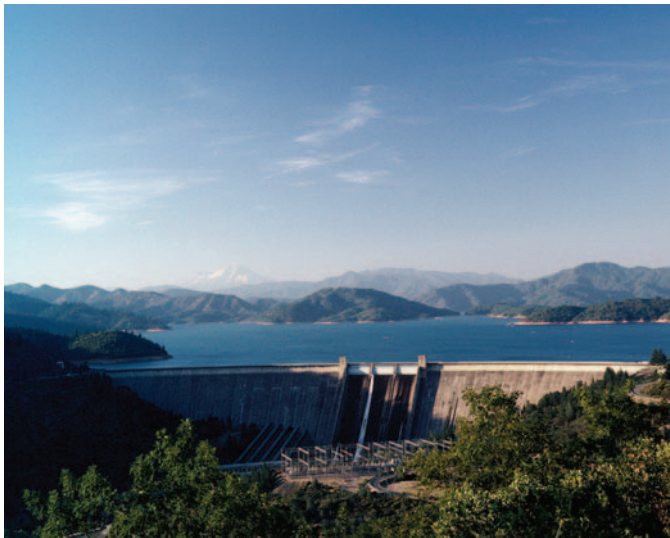
Salmon eggs: a result of the FWS Fish Hatchery Program.

ensure the program achieves what is expected: healthy, sustainable migratory bird populations. The President's 2006 Budget proposes an increase of \$5.7 million to help achieve this and other program goals. Similarly, the Budget includes an increase of \$2.3 million for National Fish Hatchery operations to increase the percent of threatened and endangered aquatic species populations that become self-sustaining in the wild; the number of priority recovery tasks implemented for listed or threatened species; and the number of restoration tasks implemented for native aquatic species.



Whooping Cranes at Arkansas National Wildlife Refuge.

California Bay-Delta Restoration



As part of the new CALFED partnership, people who benefit from projects, such as potentially raising Shasta Dam, would share in the costs along with the State and Federal governments.

The Administration requests \$35 million for the Bureau of Reclamation to fund a newly-authorized ecosystem restoration, water quality, water supply, and flood protection program known as CALFED. The overall Federal request for CALFED is over \$150 million for seven agencies. This adaptive management program in California's Central Valley and the San Francisco Bay-Delta assists California in proactively addressing conflicts over water. The program, operated in conjunction with the State of California and local entities, will ensure that all project partners pay a share of project costs according to the benefits they receive. The CALFED program has many different components; the program will be managed to ensure that progress for these components is achieved in a balanced manner.

Water 2025

Water is the scarcest resource in some of the fastest growing areas of the country. Water 2025 proactively addresses potential future water conflicts in areas of the West where such conflicts are likely to occur. The program focuses resources on high-risk areas, emphasizing improvements in water efficiency, conservation, and water markets. It promotes collaboration, improves technology, and removes institutional barriers. The 2006 Budget requests \$30 million for Water 2025, allocating competitive grant funds equally among the Bureau of Reclamation's five regions.

Department of the Interior
(In millions of dollars)

	2004 Actual	Estimate	
		2005	2006
Spending			
Discretionary Budget Authority:			
Bureau of Land Management	1,776	1,699	1,737
Minerals Management Service	171	174	167
Office of Surface Mining	296	297	299
Legislative proposal	—	—	58
Bureau of Reclamation/CUPCA	954	966	907
US Geological Survey	938	935	934
Fish and Wildlife Service	1,303	1,292	1,323
National Park Service	2,259	2,315	2,249
Bureau of Indian Affairs	2,306	2,296	2,187
Office of the Special Trustee	209	228	304
All other	485	465	478
Subtotal, excluding item below	10,696	10,667	10,643
Additional Wildland Fire Suppression	—	99	—
Total, Discretionary budget authority	10,696	10,766	10,643
<i>Memorandum: Budget authority from enacted supplementals</i>	<i>100</i>	<i>98</i>	<i>—</i>
Total, Discretionary outlays	<i>10,542</i>	<i>11,101</i>	<i>11,072</i>
Mandatory Outlays:			
Existing law	–2,599	–2,569	–1,703
Legislative proposal	—	6	–417
Total, Mandatory outlays	–2,599	–2,563	–2,120
Total, Outlays	7,943	8,538	8,952
Credit activity			
Guaranteed Loan Commitments:			
Indian guaranteed loan program	88	67	67
Total, Guaranteed loan commitments	88	67	67