



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

JAN 13 1997

Memorandum

To: John Rogers, Acting Director
U.S. Fish and Wildlife Service

From: Brooks Yeager, Deputy Assistant Secretary
Policy, Management and Budget

Subject: Project Allocations from the Natural Resource Damage
Assessment and Restoration (NRDAR) Fund (FY 1997-01)

The Deputy Assistant Secretaries Advisory Group on Environmental Policy and Compliance has agreed on the project allocations from the NRDAR Fund listed below. In addition, policy decisions have been adopted in regard to use of interest and returned assessment costs accumulating in the Fund, and a set aside account has been created for use by Bureau of Reclamation (Bu Rec) during FY 97, as discussed further below.

The NRDAR Fund was established in the Fish and Wildlife Service (FWS) budget in accordance with the 1992 Department of the Interior and Related Agencies Appropriations Act, P.L. 102-154. I hereby request that you make available, for work on the designated sites, the amounts indicated in the attached table FY 1997 NRDAR Fund Project Allocation: FY 1997 - 01 (attachment 1).

The FY 1997 NRDAR Fund appropriation for assessment projects is \$3.166 million, and combined with other sums available in the Fund, provides \$3,923,238, adequate to support this allocation and other commitments of Fund moneys discussed below (attachment 2). Two policy initiatives have been adopted that affect sums available in the Fund. The policies involve use of certain accrued interest and returned assessment costs, and are detailed in proposals (attachments 3 and 4) recommended by the Departmental NRDAR Fund Task Force. The policies adopted provide that these two additional categories of funds be made available for general allocation for assessment projects.

Interest - To date, no policy has been in effect on use of interest accruing to sums paid into the Fund for past and future assessment costs. The balance of such interest presently in the Fund, totaling about \$198,000, will be made available for general allocation for projects, as will future interest accruing on past and future damage assessment receipts. Interest on receipts for restoration activities accrue also, but are only available for application to the specific restoration project.

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Attachment 3 - Policy on Accrued Interest

Interest - Receipts for past and future damage assessments and restoration activities are deposited into the NRDAR Fund, where they are invested and earn interest. To date, no policy had been established on the use of the accrued interest. It simply accumulates in the Fund and is reinvested, but has not been attributed to specific sources or projects. Discussion as to the disposition of these funds has centered on whether such interest should be made available to support damage assessment projects, or if it should be retained and used on specific restoration projects. The former would provide a source of funds to help fund future damage assessments, particularly in this time of declining appropriations. However, there may exist a legal requirement that interest attributed to receipts earmarked for specific restoration projects should be applied to those projects.

Considering these two viewpoints, it is proposed that interest on receipts collected for past damage assessment work, and those earmarked for future damage assessments, be rolled back into the NRDAR Fund and reallocated for current assessment needs. Interest from restoration receipts would be applied on a site-specific basis, meaning each restoration project would receive the interest on funds deposited into the NRDAR Fund for that restoration. (Restoration receipts account for over 80 percent of the total funds in the NRDAR Receipts account.) Although to date accrued interest has not been attributed to specific sources of funds, the FWS Division of Finance has developed a methodology for crediting appropriate interest to restoration projects, both retroactively and prospectively, and has calculated the aggregate amount of interest on past and future damage assessment receipts.

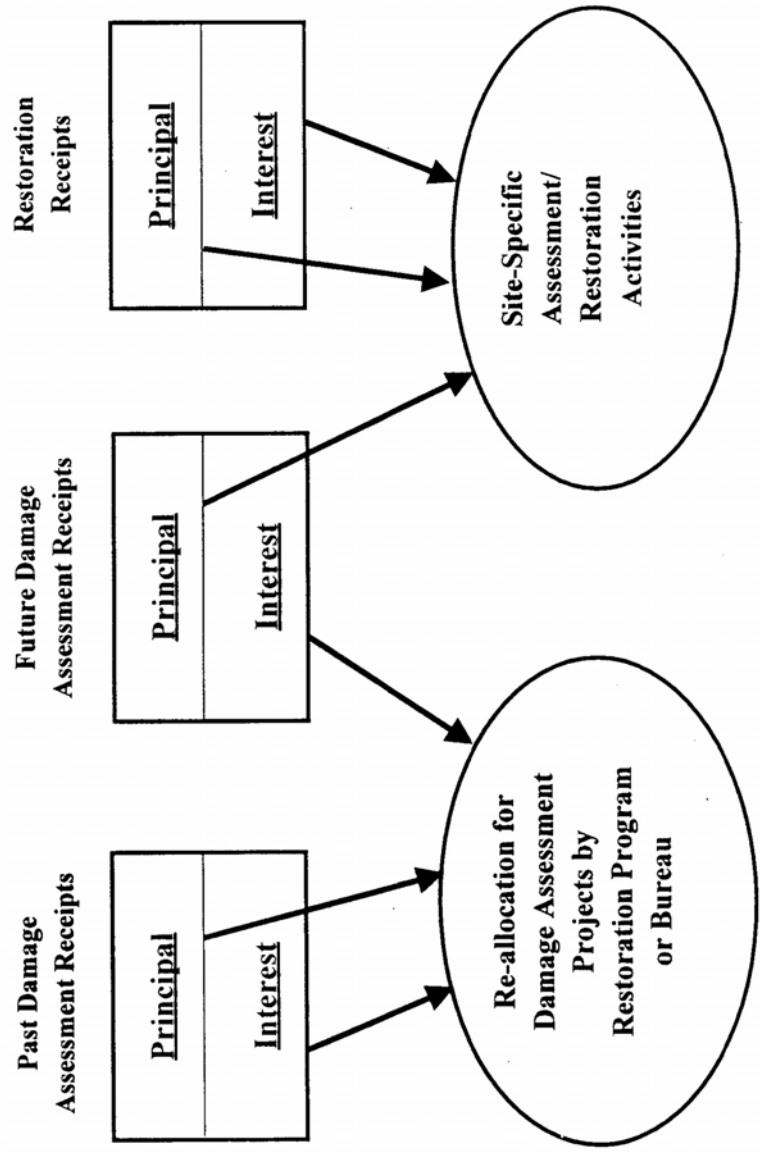
Such an arrangement will satisfy any requirements regarding restoration funding, while still providing additional funds for reallocation to assessment projects, thus helping to maintain the revolving nature of the NRDAR Fund. If adopted in FY 97, this proposed policy change would initially provide approximately \$198,000 (based on accumulated interest through FY 96 on receipts for past and future damage assessments) of additional funds that would be made available for reallocation to damage assessment projects. As additional interest accrues in the future, such funds would also be available for general allocation for projects.

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**U.S. Department of the Interior
Natural Resource Damage Assessment and Restoration Program**

NRDAR Fund Interest Policy

(Per DAS decision 1-13-97)



RECOVERED BUREAU PAST ASSESSMENT COSTS

Policy Revised – Memo dated 8-23-2000

Amends previous policy requiring that 100% of past costs originally funded with bureau or office base funds must be used for other assessment projects

- Bureau and offices may now use up to 20% of such recoveries for non-project specific activities – provided those activities support overall damage assessment and restoration program activities
- A minimum of 80% must still be used on site-specific damage assessment activities
- On projects where a bureau has used both DOI NRDAR Program funds and bureau or office base funds, the DOI Program gets paid back in full first