



## Chapter 13 Stewardship Investments

Stewardship investments are substantial investments made by the Federal government for the benefit of the nation and are reported in the Required Supplementary Stewardship Information (RSSI) section of bureau reports and the consolidated Performance and Accountability Report (PAR). Stewardship Investments are the vehicle by which agencies may communicate the long-term benefits of these programs and expenses. Stewardship investment categories reported are: (1) investment in research and development; (2) investment in human capital; and, (3) investment in non-federal physical property. Costs reported for stewardship investments should be on an accrual proprietary basis, not obligations or expenditures.

**General Information:** Reporting for investments in research and development and human capital must include performance results. If performance results are discussed in the Management Discussion and Analysis (MD&A) section of the Bureau's annual report, a reference can be made instead of repeating the results. If performance results are not included in the MD&A section of the Bureau's annual report, the results are to be reported as part of the Stewardship Investment information.

While bureaus have latitude in determining the format of RSSI data in bureau reports, the data included in the PAR must appear in bureau reports. The Investment portion of the report should include descriptive, explanatory, and highlight information that would be of interest to the public. This narrative is an excellent opportunity for the bureaus to highlight significant impacts and changes.

**Investment in Research and Development.** Investment in Research and Development are costs incurred to support the search for new or refined knowledge and ideas and for the application and use of such knowledge and ideas for the development of new or improved products and processes (Statement of Federal Financial Accounting Standard (SFFAS) 8, *Supplementary Stewardship Reporting*, Chapter 7, Paragraph 96). A narrative description of major Research and Development programs is to be included in the Investment in Research and Development portion of the Performance and Accountability Report. The types of research and development are:

- Basic – systematic study to gain knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications toward processes or products in mind;
- Applied – systematic study to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met; and,
- Developmental – systematic use of the knowledge and understanding gained from research for the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes.

Bureaus should report the full cost of the investment made for the current year and the



preceding four years. Outputs and outcomes with readily apparent relationships to the investment should be discussed in the narrative section. “Output” is a tabulation, calculation, or recording of activity or effort that can be expressed in a quantitative and qualitative manner. An output should also possess a logical connection between the reported measures and the program’s purpose. “Outcome” is an assessment of the results of a program compared to its intended purpose along the following lines:

- Basic research – an identification of any major new discoveries that were made during the year;
- Applied research – an identification of any major new applications that were developed during the year; and,
- Developmental research – the progress of major developmental projects including the results with respect to projects completed or otherwise terminated during the year and the status of projects that will continue.

The information provided concerning outcomes should provide, in concise form, a plausible basis for judging the extent to which the program is achieving its purpose.

**Investment in Human Capital.** Investment in Human Capital includes education and training programs financed by the Federal government for the benefit of the public and are intended to increase or maintain economic productive capacity. Investment in human capital excludes education and training expenses for Federal employees (Statement of Federal Financial Accounting Standard (SFFAS) 8, *Supplementary Stewardship Reporting*, Chapter 6, Paragraph 89). Bureaus should include the full cost of the investment for the current and preceding four years.

Outputs and outcomes with readily apparent relationships to the human capital investments are reported in the narrative section of Investment in Human Capital. An example of an output/outcome would be the number of students enrolled versus the number of students who graduated in the BIA schools, or any other data indicating the effectiveness of the program in achieving its intended purpose.

Job Corps programs are no longer reported by the Department of the Interior or its bureaus due to the 2007 revisions contained in OMB Circular A-136, *Form and Content of PAR*, Revised July 2006. Monies received from the Department of Labor for this program are Parent/Child (Interior is the child) and only the parent reports on the funds.

**Investment in Nonfederal Physical Property.** Investment in Nonfederal Physical Property are expenses incurred by the Federal government for the purchase, construction, or major renovation of physical property owned by or given to state and local governments or Insular Areas.

Minimum reporting includes the following (Statement of Federal Financial Accounting Standard (SFFAS) 8, *Supplementary Stewardship Reporting*, Chapter 5, Paragraph 87): “annual investment, including a description of federally-owned physical property



transferred to state and local governments.” Bureaus should describe major programs involving Federal investments, including descriptions of programs or policies under which non-cash assets are transferred to state and local governments for the current year and the preceding four years. Information shall be at a meaningful category or level such as:

- Dams and other water structures;
- Land;
- Roads and bridges;
- Schools and public buildings; and,
- Not classified (not included in the above).

In some cases, a Federal agency provides States and local governments grants that may be used for multiple purposes, including the purchase of non-federal physical property, and the grantee is not required to provide information back to the agency on the exact usage of those dollars. In this situation, if substantial grant dollars are used for the acquisition of non-federal physical property, the agency will present the Investment in Non-Federal Physical Property information. If feasible, a portion of the total grant dollars shall be allocated to the Investment in Non-Federal Physical Property on the basis of an estimate of the proportionate funding of the various grant objectives. If allocation is not feasible, the investment shall be reported on the basis of the predominant use of the grant. In either case, the agency should include textual information which permit the reader to understand the nature of the grants and the long-term benefits to the nation of the grant program.

**See Appendix K, Guidance for the Preparation of FY 2007 Required Supplementary Information (RSI) and Required Supplementary Stewardship Information (RSSI), for additional information on Investment reporting.**

**Reference Documents:**

SFFAS #8 ([www.fasab.gov/pdf/files/sffas-8.pdf](http://www.fasab.gov/pdf/files/sffas-8.pdf))