

Looking Forward: Our Challenges

Challenge 1: Increased Use of Our Facilities and Aging Infrastructure

Increasingly, the management of lands and resources under Interior's stewardship involves ecological, scientific, economic, and social factors that extend well beyond any single agency's or bureau's boundaries. Population shifts toward the West, the South, and the coasts are bringing rapid growth—new people in new places, with new houses, roads, schools, stores, and other buildings. This urbanization can fragment wildlife and waterfowl habitat and impact cultural and heritage resources. Interior maintains more than 40,000 buildings, 4,200 bridges and tunnels, 126,000 miles of highways and roads, and 4,500 historic trails.

Challenge 2: Increased Demand for Energy and Water

The demand for energy keeps growing, along with the demand for non-energy minerals, forage, and forest products. Water shortages are already a way of life, particularly in the arid West, and are certain to get worse. Increased demands are further compounded during periods of drought. Interior must continue to find creative new ways to store and deliver water to those we serve to help meet demands, while prudently managing and accounting for millions of dollars appropriated for our water conservation projects.

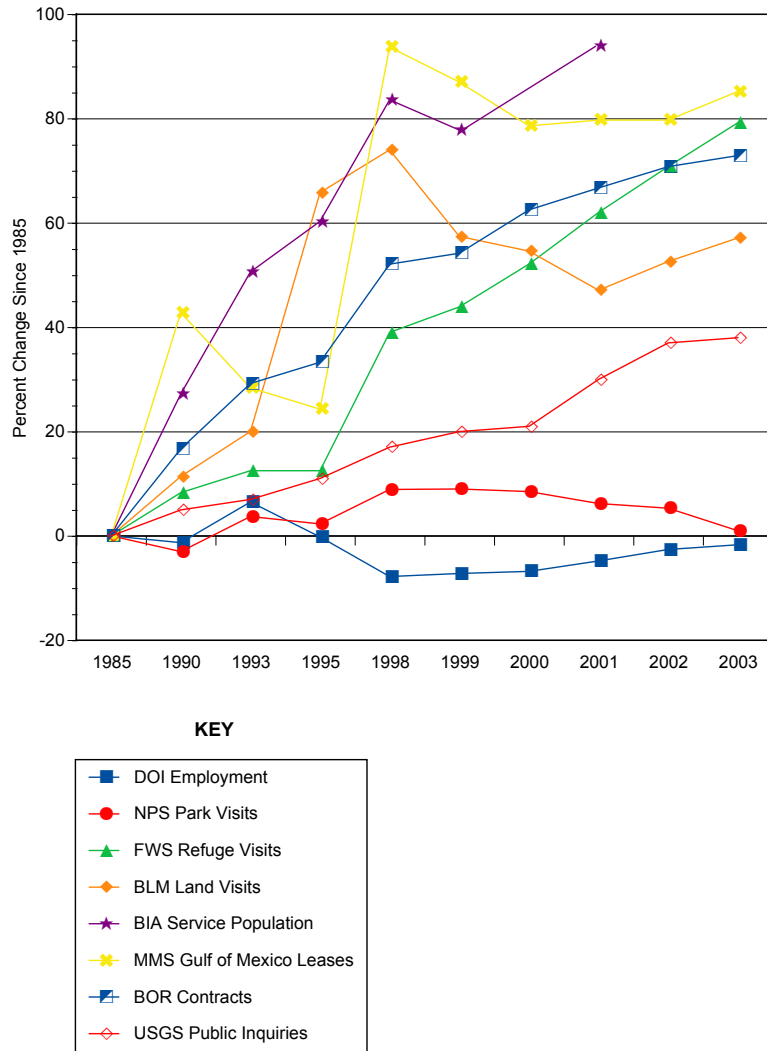
Challenge 3: Natural and Manmade Hazards

A growing number of communities are at risk from natural hazards, the perils of coastal storms and other processes, and capricious forces of nature that can cause wildfires of devastating proportion. Global trading patterns and connections bring invasive species into our farms and natural areas, devastating habitat and exacerbating fire threats. Our increasing role in homeland security, law enforcement, and emergency management responsibilities to protect people; natural, cultural, and heritage resources; dams; and icons and monuments from intentional criminal acts is significant and demands our continued vigilance. Working with our partners in Federal, State, Tribal, and local law enforcement, security, intelligence, and emergency management is essential in carrying out our responsibilities.

Challenge 4: Increased Demand for Service and Human Resources

The American people continue to expect more from their public servants (Figure 1-15). Citizens also increasingly expect to be involved at every step of the decision process. They call for better business management practices, improved efficiency, financial integrity, and mission accountability. However, there are costs for developing systems that improve business practices. In optimizing the use of funding, coming up with resources to fund such improvements can be challenging. Besides meeting and reconciling those demands, Interior personnel must compete for financial and workforce resources and cope with the complications of fast-changing technology. The retirement of the baby boomers is producing new labor force dynamics, shifting to a younger workforce with different values, standards, and expectations.

FIGURE 1-15
Demand for Services
(Percent Change Since 1985)



Interior's Response to Future Challenges

Unity, focus, efficiency, and flexibility will all be needed to meet the accelerating challenges of the years ahead. Secretary Norton's vision for effective performance—the 4 C's: Cooperation, Consultation and Communication, in the service of Conservation—reflect Interior's goal of involving others, including communities, partners, customers, contractors, volunteers, and the interested public, in carrying out our mission by improving our programs, processes, plans, and practices.

Partnership and Volunteers

Partnerships are critical for Departmental success, and will continue to help us meet future challenges. In FY 2004, we continued to strengthen our relationships with our large network of volunteers, as well as creating alliances across intra- and interagency borders to address such critical issues as wildland fire and homeland security. These enhanced partnerships leverage funding, help us identify strategies that make sense on the ground to the wide variety of stakeholders having an interest in our programs, and create an environment of communication, consultation, and cooperation. Partnerships benefit not only the resources we manage but also the people we serve. For example, the value of in-kind contributions of our volunteer corps in helping us complete programmatic goals was estimated at about \$153 million in 2004. Partnerships such as the High Plains Partnership—a public/private initiative across the 11-State High Plains region—help conserve declining species and habitats on private lands. A cooperative effort between Interior's Fish and Wildlife Service, the Department of Agriculture, State fish and wildlife agencies, private conservation organizations, and private landowners would leverage funds over the next two years to restore, enhance, and protect 2 million acres of land. It will ultimately reduce the potential for listing candidate species, help us to recover or downlist species, and preclude the need to list grassland species in decline.

Other initiatives managed by Interior, including the Central Utah Project, with its \$46.3 million 2005 budget, help Interior conserve and provide water to a thirsty West. The Central Utah Project Completion Act authorizes funding for fish, wildlife, and recreation mitigation and conservation activities; estab-

lishes the Utah Reclamation Mitigation and Conservation Commission to oversee implementation of those activities; and authorizes funding for Ute Indian rights settlement. Accomplishments in 2004 ranged from river restoration work to the implementation of water conservation measures that conserved thousands of acre-feet of water.

Strong Science Conducted with Integrity

Strong science and scholarship will remain the foundation of our work. In FY 2004, we continued to improve the timeliness, accuracy, usability, and accessibility of science available for political leaders, policymakers, and the public. By stressing the connection between the Department's scientists across bureau lines, we strengthened a culture of collegiality, with rigorous internal and external peer review to ensure the highest quality science. A new code of Scientific Ethics will be in place across Interior in 2005 to help ensure scientific integrity on the part of Interior scientists.

Improved Business Practices Through Technology and Management Tools

Successful management is vital to our success, which is why it serves as a pillar of our Strategic Plan, supporting the four mission areas of Resource Use, Resource Protection, Recreation, and Serving Communities. Only with a steady stream of innovative new processes and programs throughout the Department can we create the continual improvements in effectiveness and efficiency that the public legitimately demands. The Secretary's key business principles—customer value, accountability, modernization, and integration—now serve as our end outcome goals for Management Excellence. Progress measured toward realizing these outcomes, combined with our progress in accomplishing the President's Management Agenda, will continue to help guide the individual and collective management decisions and direction needed to meet the challenges of tomorrow.

At the core of our response to our future mission and management challenges is an effort to link our performance with budget data—to make budgeting decisions based on more and better information about how dollars are used and how programs might be improved to enhance results. The continuing PART evaluations, coupled with our integrated Strategic

Plan approach and our implementation of ABC/PM across Interior, all provide building blocks to link budget and performance. Already some of our bureaus are using ABC/PM to improve their work efforts by integrating ABC/PM data into workforce planning, creating more alignment between staff resources and functions to be performed.

Just three years ago, Interior—like most other Federal agencies—did not close its financial books and complete its annual audit until five months after the fiscal year. Needed improvements identified through audits, therefore, could not be undertaken until long after the problems had occurred. Accelerated annual audits will help us tackle financial management and related problems in a timely fashion. And while we have corrected or downgraded 21 of 34 material weaknesses at the bureau level from FY 2002, we have more work to do. Our ability to complete our Performance and Accountability Report by November 15, 2004, just 45 days after the close of the fiscal year, signals that we are beginning to operate with current financial and performance information, enabling us to make better decisions and more efficiently accomplish our mission. In addition, our FY 2005 budget includes a total of \$18.5 million to fund the implementation of the Financial and Business Management System (FBMS), our major enterprise management initiative that will revamp administrative processes throughout the Department while modernizing and integrating financial management, acquisition, property management, grants administration, and other subsidiary systems.

The President has pledged to bring park facilities and resources into good condition, committing \$4.9 billion over five years for park facility maintenance and construction. The Administration's FY 2005 budget request includes \$310 million to address park road maintenance needs through the proposed reauthorization of the Transportation Equity Act for the 21st Century.

Using data from annual condition assessments completed for almost all of its regular assets, the National Park Service will use its Facility Condition Index for each asset to serve as a starting point for determining the investment required and for establishing performance goals to achieve an acceptable condition over time.

Assessing Facility Condition

Using data from annual condition assessments completed for almost all of its parks, the National Park Service has developed a baseline facility condition index—an industry standard for quantifying the condition of a structure—to serve as a starting point for determining the investment needed to bring the asset to an acceptable condition over time.



As required by Executive Order 13327 (Federal Real Property Asset Management), Interior prepared a draft of its first-ever Asset Management Plan. This comprehensive plan, which was submitted in draft to OMB on September 30, 2004, fulfilled a commitment identified in the real property scorecard.

The purpose of the plan is to establish a strategy to manage and oversee Interior-owned and leased assets (including buildings, structures, linear assets, motor vehicle fleet, and office and warehouse space) to maximize their contribution toward accomplishing the Department's diverse missions. The plan's strategies will enable the Department and its bureaus to better:

- Align investments with strategic missions and business goals and outcomes;
- Ensure adherence to Federal and Department-wide investment life-cycle management principles and standards;
- Institute Department-wide objectives, goals, and performance measures;
- Analyze baseline information;

- Evaluate, prioritize, acquire, and manage owned and leased assets based on a range of current and future business, technical, and workforce issues and factors;
- Balance the value of the asset portfolio and individual assets with current and potential risks;
- Seek sound, efficient, and effective solutions to asset needs; and
- Reduce the cost of operating and maintaining assets.

Performance Accountability

The Department's new Strategic Plan represents a major step forward in the long journey toward integrating our processes and programs, reflecting both the changing realities we face and the direction we will take in the years to come. In addition to allowing us to set and measure consistent multi-agency, results-oriented goals, our new performance measurements provide the tools to make Interior more transparently accountable to citizens. They provide the means to reinforce organizational and individual accountability, with results tied to annual performance agreements of senior executives. They guide the development of the Departmental E-Government strategy, based upon analysis of shared business lines. They help us track progress related to Departmental workforce planning efforts as we develop a team that has the skills to accomplish our goals and achieve our performance targets. Backed by the Department-wide implementation of activity-based costing, they let us display the numerical relationships between our budget, strategic plan, performance results, and financial statements, further improving our ability to evaluate program management and performance.

