

**STATEMENT OF R. THOMAS WEIMER  
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DEPARTMENT OF THE INTERIOR  
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON INTERIOR,  
ENVIRONMENT AND RELATED AGENCIES**

**March 28, 2007**

Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity to testify today on the fiscal year 2008 budget request for the Office of the Secretary. I welcome the Subcommittee's interest in the programs funded in the Office of the Secretary and look forward to our collaboration on the 2008 budget.

With its multi-faceted mission, the Department of the Interior touches the lives of all Americans. Interior manages one of every five acres of land in the United States, providing opportunities for recreation, wildlife conservation, and resource use.

Nearly every American lives within a one-hour drive of lands or waters managed by the Interior Department. These lands host many of our Nation's unique natural, cultural, and historic resources. With 390 national park units and 547 wildlife refuges, Interior is America's leading conservation agency.

Interior also helps to power the Nation's economy and assure that Americans have water, energy, and other resources. Some 31 million people in the West rely on drinking water provided through water systems managed by Interior. Interior irrigation systems deliver water to farmers that generate over half of the Nation's produce. Energy generated from Interior-managed lands and waters comprise almost one-third of the Nation's domestic production.

The Department fulfills special responsibilities to Native Americans as manager of the largest land trust in the world—over ten million acres owned by individual Indians and 46 million acres held in trust for Indian Tribes.

The Secretary of the Interior oversees these activities and responsibilities. With a budget that is roughly nine-tenths of one percent of Interior's total \$10.7 billion budget, the Office of the Secretary provides the leadership and executive direction for the Interior Department.

The Secretary of the Interior is the Administration's leading policy maker and spokesperson for the conservation and management of land, water, and other natural resources; the provision of scientific and other information about resources; and honoring special responsibilities and commitments to American Indians, Alaska natives, and affiliated Island communities.

In addition, the Office of the Secretary manages Department-wide programs including the Payments in Lieu of Taxes program, the Central Hazardous Materials Fund, the Natural Resource Damage Assessment and Restoration program, and centralized administrative and business services that are funded through the Working Capital Fund and the Franchise Fund.

## OFFICE OF THE SECRETARY

The Secretary's immediate office consists of the Secretary, Deputy Secretary, and a staff of experienced senior officials who provide overall policy direction and coordination for the Department's major initiatives. The Office is responsible for coordination of multi-bureau and multi-agency legislative requirements and program implementation involving land and water settlements, energy programs, trust reform, water management and coordination, healthy forests, cooperative conservation, Everglades restoration, and many other issues. This Office also manages Presidential and Secretarial initiatives and high profile issues, including Take Pride in America, the Indian Arts and Crafts Board, and invasive species.

The Office of the Secretary provides leadership on cooperative conservation and partnership management. Working with the bureaus, the Office guides the development of adaptive management, facilitates work with other conservation agencies across the Federal government sharing best practices for conservation, and promotes the use of alternative dispute resolution to reduce legal and administrative barriers to partnering, and focuses on solutions such as Service First, that enable Interior programs to work effectively and efficiently. The Office guides interagency cooperative conservation efforts, particularly to build the capacity for collaborating and partnering within the Federal conservation workforce, manages an interagency web site ([cooperativeconservation.gov](http://cooperativeconservation.gov)), and serves as a clearinghouse for cooperative conservation information.

Senior staff in the Office of the Secretary are responsible for communications with Congress, governors, county commissioners, elected officials, and associations to find ways to resolve issues through cooperation and partnerships. In addition, the Office is responsible for maintaining working relationships with external constituent groups nationwide and providing timely and effective communications to congressional members, staff, and committees.

The Office of the Secretary also houses the four programmatic Assistant Secretaries: the Assistant Secretary for Fish and Wildlife and Parks; the Assistant Secretary for Land and Minerals Management; the Assistant Secretary for Water and Science; and the Assistant Secretary for Indian Affairs. These officials and their offices provide guidance, oversight and ensure consistency in the application of policies, regulations, procedures, and processes in the bureaus and programs that they oversee.

As the Assistant Secretary for Policy, Management and Budget, I have responsibilities for all of the Department's administrative and business-related activities including finance, information resources, procurement and property management, human resources, civil rights, occupational health and safety, and budget. I also manage staff offices that provide support in areas including environmental protection, Indian probate, and the Department's hearings and appeals functions.

I also oversee the centralized business and administrative programs in the National Business Center, which is primarily funded through the Working Capital Fund and the Franchise Fund. The NBC is the result of the consolidation of three major business centers that were formerly housed in the Office of the Secretary, Bureau of Reclamation, and the U.S. Geological Survey. As a result of the consolidation, the Department has been able to achieve significant improvements in the effectiveness and efficiency of services and systems. The National

Business Center provides services to other Federal agencies in order to achieve economies of scale. Over the last three years the Department has realized savings of \$2 million in payroll costs, which were refunded to Interior bureaus, as a result of economies of scale resulting from NBC's role as one of five Federal payroll service providers.

Major business lines that NBC manages include financial management, payroll and personnel, aircraft services, procurement and electronic commerce, career development and on-line training, information technology, property management, and appraisal services. The NBC operates activities in locations across the country with the largest concentration of NBC employees in Denver and Washington, D.C.

### **MANAGEMENT EXCELLENCE**

The strategic plan is the Department's blueprint, guiding efforts to improve performance and accountability throughout all programs. Recently revised for 2007 – 2012, the plan links the Department's diverse activities into four common mission areas: Resource Protection, Resource Use, Recreation, and Serving Communities. A fifth area, Management Excellence, provides the framework for improved business practices, processes, and tools and a highly skilled and trained workforce.

Interior's unified strategic plan is built on a foundation of management excellence. In pursuit of management excellence, the Department seeks to improve results with the following strategies:

- Recruiting and retaining the right people with the right skills.
- Strategic management: integrating budget and performance.
- Structuring services for better performance.
- Managing information.
- Tracking our finances.

### **SUMMARY OF THE 2008 BUDGET REQUEST**

The 2008 budget requests \$101.4 million for Salaries and Expenses. Maintenance of core capabilities in the Office of the Secretary is essential in the face of the dramatic growth in program responsibilities. The breadth of responsibilities related to oversight of the Department's diverse and geographically dispersed programs and activities has increased in recent years as a result of new legislation and the Department's focus on collaboration and partnerships.

For example, the enactment of the Energy Policy Act of 2005 and the Gulf of Mexico Security Act of 2006 significantly broadened responsibilities for energy programs in multiple bureaus. The Energy Policy Act assigned a central role to Interior in 86 sections of the Energy Policy Act, including expansion of renewable energy programs in MMS, and initiation of an oil shale research and development program in BLM.

As the Nation's principal Federal conservation agency, the Department continues to serve as the guardian of many unique cultural and historic sites, while providing extensive recreational opportunities for the public, and fulfilling the Federal government's trust and other responsibilities to American Indians, Alaska natives and affiliated island communities. The

Office of the Secretary coordinates these activities across bureaus and with other Federal, State and local entities and provides leadership in priority areas including oceans, wetlands, healthy forests, and resolving water issues in the West.

In addition to expanded mission oversight responsibilities, in recent years the Office of the Secretary has experienced significant growth in the breadth and scope of programs under its immediate purview, including:

- Consolidation of real estate appraisers from the Department's land management bureaus and Bureau of Reclamation.
- Expanded responsibilities for information technology security, records management, Privacy Act and FOIA requirements.
- Development of enterprise solutions that replace outdated, bureau legacy systems such as the Enterprise Network for network support and the Financial and Business Management System.
- Centralization of administrative and business services from three separate administrative service centers.
- Creation of the Office of Historical Accounting and the Office of Collaborative Action and Dispute Resolution.
- Reassignment of the Indian Arts and Crafts Board from Indian Affairs and the indirect cost function and single audit function from the Office of Inspector General.
- Creation of a Deputy Assistant Secretary level law enforcement coordinating function.
- Reassignment of Department-wide programs, including Payments in Lieu of Taxes and the Central Hazardous Materials Fund from the Bureau of Land Management and the Natural Resources Damage Assessment and Restoration program from the Fish and Wildlife Service.

Supporting these diverse and complex programs, the Office of the Secretary budget for 2008 is \$14.9 million below the level funded by the 2007 Joint Resolution. This change is largely attributable to the shift of funding for the Financial and Business Management System to the Working Capital Fund.

The other changes to the Salaries and Expenses account include fixed costs for 2007 and 2008 and modest program changes that are primarily for nondiscretionary increases in purchased services. The fixed cost change request for 2008 is \$5.1 million. Funding for fixed costs is critical to maintain operations in the Office of the Secretary, as it is salary intensive with nearly 70 percent of the funding committed to retention of staff.

The program changes proposed in the 2008 budget, include:

- A shift of \$22.4 million from the Salaries and Expenses Account to the Working Capital Fund for the Financial and Business Management System. The FBMS is an enterprise-level integrated administrative management system that will replace the Department's existing administrative systems. As this system is designed to support and benefit bureaus and offices Department-wide, the 2008 budget proposes to fund FBMS in the Working Capital Fund, consistent with the Department's approach to funding other enterprise investments.

- An increase of \$219,000 to pay increased Working Capital Fund charges to the Office of the Secretary. This is the Office of the Secretary's portion of the 2008 increase for FBMS deployment.
- A reduction of \$573,000 and three FTE due to the transfer of the Contract Board of Appeals function to the General Services Administration. This action is required by the 2006 Department of Defense Authorization Act, which directed the consolidation of all government contract appeals boards into one government-wide entity.
- The transfer of \$144,000 and one FTE from the Fish and Wildlife Service to the Office of Financial Management. The FWS submission includes an offsetting decrease in funding and FTE reflecting this transfer.

The 2008 budget funds program increases that were requested in the 2007 President's budget and not funded in the 2007 Joint Resolution. Those include:

- An increase of \$127,700 for the Office of Environmental Policy and Compliance. The Office supports the Department's leadership in efforts to respond to emergencies that impact natural resources including oil spills and hazardous substance releases. This increase would allow the Office to maintain its regional staffing as funding provided by the Environmental Protection Agency is anticipated to decline from 2007 levels, which are already below the levels funded in 2006.
- To comply with the requirements of the Energy Policy Act of 2005, the Department needs to establish a hearings section in the Office of Hearings and Appeals. An increase of \$400,000 is requested to fund an administrative judge and attorney and to fund the necessary costs related to hearing proceedings.
- An increase of \$1.4 million is requested for increased costs for acquiring personnel and accounting services, postage, space and the working capital fund bill.

### **DEPARTMENT-WIDE PROGRAMS**

Department-wide programs support bureaus and offices through the execution of activities that are broad in scope and impact. These programs complement the many diverse activities of the Department and help to achieve key strategic goals.

The Natural Resource Damage Assessment and Restoration program coordinates the Department's restoration efforts for resources that are injured as a result of oil spills or hazardous substance releases where endangered species or migratory birds are impacted. A separate budget is submitted for the Restoration program.

### **PAYMENTS IN LIEU OF TAXES**

The Department's Payment in Lieu of Taxes program makes payments to local governments in counties, townships, and other jurisdictions where certain Federal lands are located within their boundaries. The program is based on the concept that local governments incur costs associated with maintaining infrastructure on Federal lands within their boundaries but are unable to collect taxes on these lands. These payments are made for lands administered by Interior agencies

including BLM, NPS, and FWS, as well as for land administered by other agencies such as the U.S. Forest Service and the U.S. Army Corps of Engineers.

Unlike other Federal payments that require local governments to use funds for specified activities, PILT payments may be used for any governmental purpose. Since the inception of the PILT program in 1976, over \$3.8 billion in payments have been made. Local governments receive other benefits from Federal lands within their borders, including direct payments from economic uses of the public lands. In 2006 a total of \$4.3 billion was provided to States and local governments in revenue sharing and grants. The computation of PILT payments adjusts for prior year revenue payments made directly to counties and other local jurisdictions that are not used for schools. For 2006, counties reported \$275.4 million in these revenue payments.

The 2008 budget proposes \$190.0 million for PILT, \$42.5 million below the 2007 Joint Resolution. The 2008 budget request includes \$189.6 million for payments and \$400,000 for program administration. The request is in line with historical funding levels.

### **CENTRAL HAZARDOUS MATERIALS FUND**

Department-wide cleanup activities are conducted under the auspices of the Central Hazardous Materials Fund. The Fund provides a coordinated, consistent approach to remediate sites impacted by hazardous substances. The 2008 budget proposes \$10.0 million for the Central Hazardous Materials Fund, which is \$239,000 above the 2007 level of \$9.7 million. The increase over 2007 includes fixed costs of \$48,000 and program changes of \$191,000.

The \$191,000 program increase that was requested in the 2007 budget funds development of the Department's environmental management information system, which will facilitate the tracking and monitoring of hazardous materials sites and compliance with cleanup requirements. This system is an important component of the Interior Department's cleanup program and the annual financial audit process based on its capability to improve the Department's ability to maintain an inventory of sites, which are owned and operated by multiple bureaus throughout Interior.

### **WORKING CAPITAL FUND**

The Department's Working Capital Fund provides centralized services and systems to Interior bureaus and offices and to other customers. In lieu of maintaining duplicative systems and staffs in each bureau and office, the Department uses the WCF, a revolving fund, to finance centralized functions that provide payroll, finance and accounting, information technology, and other support services. The Working Capital Fund bills bureaus and offices for the costs of these services based on an annual budget that is formulated with the input of the Working Capital Fund Consortium, an oversight entity that is comprised of representatives of each Interior bureau and office.

Funds are collected from bureaus and offices via the centralized and direct billings. Centralized billing is used whenever the product or service being provided is not severable or it is inefficient to bill for the exact amount of product or service being procured. Customers are billed each year using a pre-established basis that is adjusted annually to reflect cost changes. Direct billing is

used whenever the product or service provided is severable and is sold through either a time and materials or fixed price reimbursable support agreement or similar contractual arrangement.

The 2008 budget proposes \$202.9 million for the centralized billing component of the Department's Working Capital Fund, which is \$28.6 million above the 2007 level. The budget proposes \$397.1 million for the direct billing component of the Working Capital Fund. This is \$10.9 million below the 2007 level.

Beginning in 2008, the Financial and Business Management System is budgeted in the Working Capital Fund consistent with other enterprise investments. Through 2007, funding for deployment of the system was requested in the Office of the Secretary – Salary and Expenses Account. The 2008 budget request for FBMS is \$52.1 million, including \$40.4 million requested in the WCF and \$11.7 million in franchise funding and charge card rebates. This reflects an increase of \$16.0 million and redirection of \$2.2 million from completed enterprise investments funded through the WCF. There are no fixed costs requested for the Working Capital Fund

This concludes my written testimony for the Office of the Secretary. I will be pleased to answer any questions the Committee may have concerning this request.