



DEPARTMENT-WIDE PROGRAMS

Overview — 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 of the Interior and help to achieve key strategic goals.

The Payment in Lieu of Taxes program supports the activities and functions of the Department's land management bureaus by funding payments to local governments in jurisdictions where Federal lands are located. The payments assist these local jurisdictions to offset costs that they incur in association with maintaining infrastructure that supports Federal lands within their boundaries. Through the Central Hazardous Materials Fund, Interior remediates hazardous substances on Interior lands, working collaboratively with bureaus and offices to approach these activities in a consistent and coordinated fashion. 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.

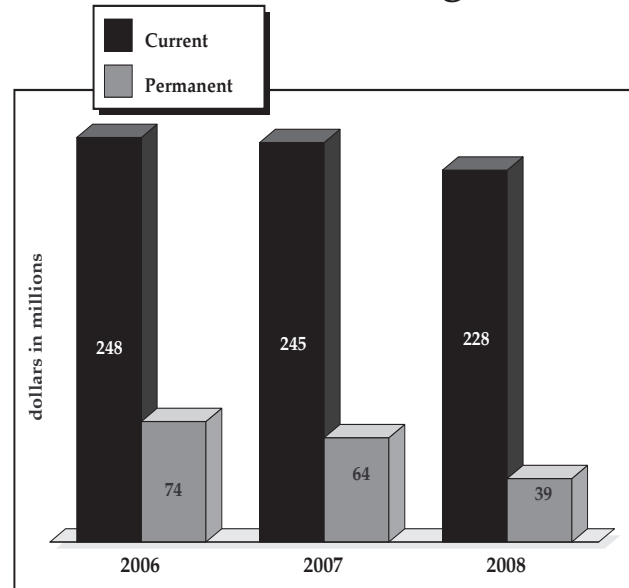
The Department's Working Capital Fund is a revolving fund that finances centralized administrative and business services in lieu of operating duplicative systems and processes in each bureau and office. The Working Capital Fund also provides the mechanism for services that are provided to other Federal agencies in business areas such as payroll. The Department's Franchise Fund finances acquisition services that are provided to Interior customers and other Federal agencies.

Payments in Lieu of Taxes

Mission — The Payments in Lieu of Taxes program makes payments to counties to help offset the costs of services and infrastructure incurred by local jurisdictions where certain Federal lands are located.

Program Overview — The PILT payments are made to local governments in counties, townships, and other jurisdictions where certain Federal lands are located within their boundaries. The program is based on the

DWP Funding



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 the funds for only 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, counties reported a total of \$275.4 million in revenue payments. The computation of PILT payments adjusts for prior year revenue payments.

Budget Overview — The 2008 budget proposes \$190.0 million for PILT, which is \$42.5 million below the 2007 continuing resolution and \$8.0 million below the 2007 President's budget. In addition to the changes described below, the request includes a \$34.5 million decrease to

restore the priorities of the 2007 President's budget that are not included at the 2007 continuing resolution level, including program enhancements and reduction proposals included in the 2007 President's budget.

The 2008 budget request funds PILT at \$190.0 million including \$189.6 million for payments and \$400,000 for program administration.

Fixed Costs — There are no fixed costs requested for this program.

Central Hazardous Materials Fund

Mission — The mission of the Central Hazardous Materials Fund is to protect the public health and ensure the safety of the users of the Department's lands and facilities; conduct hazardous materials cleanup activities and the subsequent maintenance and monitoring of the remedial actions in a manner consistent with the National Contingency Plan and with bureau land use and management plan objectives; and pursue aggressive cost recovery and cost-sharing actions with the parties responsible for contaminating Federal lands.

Program Overview — The CHF enhances the protection of Interior's interests, lands, resources, and facilities through its multi-bureau clean-up efforts, as well as by working closely with other agencies (e.g., the Environmental Protection Agency, State, and tribal governments) that manage the response to, remediation and reuse of contaminated sites located on Interior managed lands. The Program also integrates the Department's interests in both remediation and environmental restoration of contaminated sites by incorporating the Department's natural resource management concerns into Superfund remediation actions. The CHF coordinates its remedial activities with the Natural Resource Damage Assessment program.

Budget Overview — The 2008 budget proposes \$10.0 million for the Central Hazardous Materials Fund, which is \$2.7 million above the 2007 continuing resolution and \$31,000 above the President's budget. In addition to the changes described below, the request includes a \$2.6 million increase to restore the priorities of the 2007 President's budget that are not included at the 2007 continuing resolution level, including fixed costs, and implementing other program enhancements and reduction proposals included in the 2007 President's budget.

The budget funds the continued 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. The annual

financial audit process is based on the system's capability to improve the Department's ability to maintain an inventory of sites, which are owned and operated by multiple bureaus throughout Interior.

Fixed Costs — Fixed costs for this program total \$31,000, all of which are funded.

Natural Resource Damage Assessment and Restoration Program

Mission — The mission of the Natural Resource Damage Assessment and Restoration program is to restore natural resources injured as a result of oil spills or hazardous substance releases into the environment. In partnership with other affected State, tribal, and Federal co-trustee agencies, damage assessments provide the basis for determining the restoration needs that address the public's loss and use of these resources.

Program Overview — The Natural Resource Damage Assessment and Restoration program assesses the damages and injuries to natural resources entrusted to the Department of the Interior that are caused by oil spills or hazardous releases.

Appropriations and recoveries for damage assessments are used to fund activities that identify and quantify injury and provide the basis for compensation from responsible parties, usually through negotiated settlements. Restoration activities are then carried out or funded by the responsible parties as compensation for the injury to natural resources, and may include the replacement and protection of affected resources, acquisition of equivalent resources and services, and long-term environmental monitoring. These actions are taken on behalf of the public and in partnership with other natural resource trustees, including States, Tribes, and other Federal agencies. Responsible parties are also given an opportunity to participate in the assessment and restoration process by way of cooperative agreements.

Every damage assessment and restoration case managed by the program is conducted in collaboration with co-trustees, and all restoration plans must undergo public review and be approved by affected State and tribal governments. The Restoration program serves as a model of cooperative conservation in conducting its assessment and restoration activities through partnerships with tribal, State, and other Federal co-trustees, as well as with non-governmental conservation organizations and industry. These partners concur with Interior's emphasis on pursuing restoration as the ultimate goal of the program. The Restoration program is an integrated Departmental program, drawing upon the interdisciplinary strengths of the various bureaus and offices. A centralized program

management function minimizes redundant administrative and managerial functions in the bureaus.

In 2005, the Secretary chartered a NRDAR Advisory Committee to provide advice and recommendations on issues related to the Department of the Interior's authorities, responsibilities, and implementation of the natural resource damage statutes and regulations. The Advisory Committee continued to meet in 2006 and 2007, and will present recommendations in key policy areas in the spring of 2007. After Departmental review and evaluation of the recommendations in 2007, implementation, possibly including revision and development of guidance or regulation, will take place in 2008.

Budget Overview — The 2008 request for the Restoration program is \$45.2 million, including \$39.0 million in permanent appropriations. For current appropriations, the \$6.2 million request is \$760,000 above the 2007 continuing resolution, and \$115,000 above the 2007 President's budget. In addition to the changes described below, the request includes a \$645,000 increase to restore the priorities of the 2007 President's budget that are not included at the 2007 continuing resolution level, including funding fixed costs, and implementing other program enhancements and reduction proposals included in the 2007 President's budget. The \$6.2 million request includes \$4.0 million for damage assessment projects, \$1.7 million for program management, and \$586,000 for restoration support. The requested level of \$39.0 million for permanent appropriations represents the anticipated amount of settlement receipts to be recovered in settled damage assessment cases in 2008. These receipts are used exclusively by trustees for restoration of damaged lands and resources, or for reimbursement of past assessment costs.

Fixed Costs — Fixed costs for this program total \$115,000, all of which are funded.

Working Capital Fund

Mission — The Department's Working Capital Fund provides centralized services and systems to Interior bureaus and offices and to other customers.

Program Overview — The WCF funds centralized administrative and business services that support Interior and bureau operations. 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 billing. 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.

Budget Overview — The 2008 budget proposes \$22.2 million for the Department's Working Capital Fund, which is \$22.2 million above both the 2007 continuing resolution and the 2007 President's budget. Beginning in 2008, the Financial and Business Management System will be 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 \$40.4 million, including \$22.2 million requested in the WCF and an additional \$18.2 million that will be billed and collected through this revolving fund from bureaus and offices throughout Interior. This reflects a program increase of \$16.0 million and redirection of \$2.2 million from completed enterprise investments funded through the WCF.

Fixed Costs — There are no fixed costs requested for the Working Capital Fund.

SUMMARY OF BUREAU APPROPRIATIONS

(all dollar amounts in thousands)

Comparison of 2008 Request with 2007 Continuing Resolution:

	2007 CR		2008 Request		Change from 2007	
	FTE	Amount	FTE	Amount	FTE	Amount
Appropriations						
Payments in Lieu of Taxes	1	232,528	1	190,000	0	-42,528
Central Hazardous Materials Fund.....	2	7,287	2	9,954	0	+2,667
Natural Resource Damage Assessment	7	5,464	7	6,224	0	+760
Working Capital Fund	0	0	15	22,240	+15	+22,240
Subtotal, Appropriations.....	10	245,279	25	228,418	+15	-16,861
Permanents and Other						
Natural Resource Damage Assessment	0	64,000	0	39,000	0	-25,000
Working Capital Fund	1,249	0	1,249	0	0	0
Interior Franchise Fund.....	113	0	113	0	0	0
Subtotal, Permanents and Other.....	1,365	64,000	1,365	39,000	0	-25,000
TOTAL, DEPARTMENT-WIDE PROGRAMS.....	1,375	309,279	1,390	267,418	+15	-41,861

HIGHLIGHTS OF BUDGET CHANGES

By Appropriation Activity/Subactivity

APPROPRIATION: Payments in Lieu of Taxes

	2006 Actual	2007 CR	2008 Request	Change from 2007
TOTAL APPROPRIATION (<i>without CR</i>)....	232,528	198,000	190,000	-8,000
Impact of the Continuing Resolution...		+34,528		-34,528
TOTAL APPROPRIATION (<i>with CR</i>).....	232,528	232,528	190,000	-42,528

Highlights of Budget Changes

	<u>Amount</u>
Impact of the Continuing Resolution	-34,528
Payments in Lieu of Taxes	-8,000
<p>The budget includes \$190,000 for PILT, which is \$42.5 million below the 2007 continuing resolution and \$8.0 million below the 2007 President's Budget.</p>	

APPROPRIATION: Central Hazardous Materials Fund

	2006 Actual	2007 CR	2008 Request	Change from 2007
TOTAL APPROPRIATION <i>(without CR)</i>	9,710	9,923	9,954	+31
Impact of the Continuing Resolution...		-2,636		+2,636
TOTAL APPROPRIATION <i>(with CR)</i>	9,710	7,287	9,954	+2,667

Highlights of Budget Changes

	<u>Amount</u>
Fixed Costs	[+31]
Impact of the Continuing Resolution	+2,636

APPROPRIATION: Natural Resource Damage Assessment and Restoration Fund

	2006 Actual	2007 CR	2008 Request	Change from 2007
Damage Assessments	3,873	3,918	3,953	+35
Impact of the CR.....		[-413]		
Restoration Support.....	574	576	586	+10
Impact of the CR.....		[-61]		
Program Management.....	1,569	1,615	1,685	+70
Impact of the CR.....		[-171]		
TOTAL APPROPRIATION <i>(without CR)</i>	6,016	6,109	6,224	+115
Impact of the Continuing Resolution...		-645		+645
TOTAL APPROPRIATION <i>(with CR)</i>	6,016	5,464	6,224	+760

Highlights of Budget Changes

	<u>Amount</u>
Fixed Costs	[+115]
Impact of the Continuing Resolution	+645

APPROPRIATION: Working Capital Fund

	2006 Actual	2007 CR	2008 Request	Change from 2007
TOTAL APPROPRIATION	0	0	22,240	+22,240

Highlights of Budget Changes

	<u>Amount</u>
Working Capital Fund	+22,240

The budget includes \$22,240 for the deployment of the Financial and Business Management System.