



DEPARTMENTAL OFFICES

Overview — The Department of the Interior protects and manages the Nation’s cultural heritage and natural resources; provides scientific and other information about those resources; and honors trust responsibilities and commitments to American Indians, Alaska Natives, and affiliated island communities. This mission is encompassed in the four themes delineated in the Department’s strategic plan: resource protection, resource use, recreation, and serving communities.

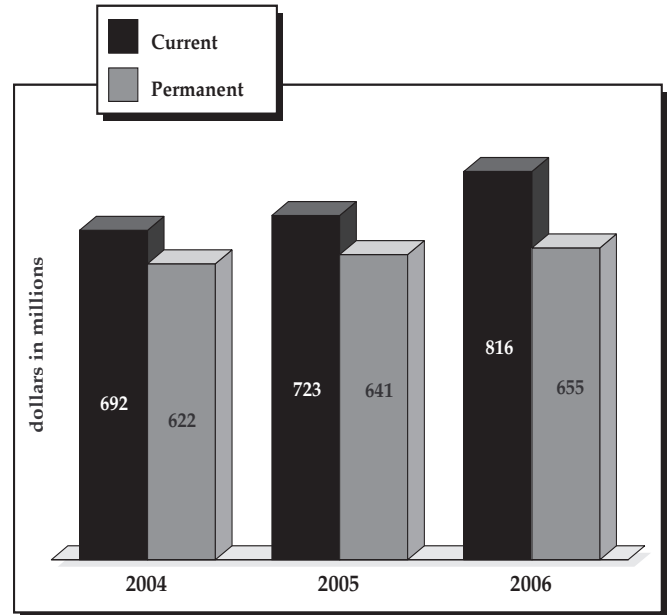
Within this mission, the Department of the Interior is accountable for wide-ranging programs such as fulfilling Indian trust responsibilities; migratory wildlife conservation; historic preservation; endangered species protection; abandoned mine lands restoration; and earth and natural resource science.

Management Excellence — The Department continues to make significant progress on the President’s management agenda and other management improvements. Through management improvements, Interior is achieving greater efficiency and accountability, employing modern technology, eliminating duplication, and enhancing service to citizens.

Budget and performance integration lies at the heart of ensuring both the strategic allocation and efficient use of funds. The Interior Department is utilizing Program Assessment Rating Tool reviews and Office of Inspector General, General Accounting Office, and National Association of Public Administration program evaluations to assist in the identification of measures that can strengthen programs and improve the linkage of budget and performance information.

Activity-based cost management is being employed by the Department so that unit costs and performance by dollars spent and actions undertaken can be measured and compared. To further strengthen accountability and financial management, Interior is deploying the Financial and Business Management System, which will replace a variety of outdated, stand-alone systems that are costly to operate, difficult to secure, and unable to provide timely financial and performance information.

Departmental Offices Funding



Departmental Offices principally provide leadership, management, and coordination activities. They also provide centralized services and oversee the operation of common systems used by the bureaus to accomplish their work. For example, the Office of the Secretary provides executive direction for the Department. It guides and coordinates the Department’s administrative activities such as finance, information resources, procurement and acquisition, human resources, and budgeting. The Solicitor’s Office provides legal services, and the Inspector General’s Office reviews Departmental activities and conducts audits and investigations.

There are several other significant programs within Departmental Offices. The Payments in Lieu of Taxes program provides payments to local governments in jurisdictions where Federal lands are located. The Office of Insular Affairs provides assistance to insular areas, such as the Virgin Islands and Guam. The Office of the Special Trustee for American Indians manages and discharges the Secretary of the Interior’s responsibilities for \$3.4 billion in trust assets for American Indians. The Natural

Resource Damage Assessment and Restoration program coordinates all of the Department's restoration efforts for affected resources. The Central Hazardous Materials Fund provides a coordinated, consistent approach to remediate sites impacted by hazardous substances.

Office of the Secretary

Mission — The Office of the Secretary's mission is to provide the executive level leadership, policy, guidance, and coordination needed to manage the diverse, complex, and nationally significant programs that are the Department of the Interior's responsibilities.

Program Overview — The Interior Department is comprised of eight bureaus and numerous offices, each with a unique mission. The Department of the Interior's 2006 budget request includes \$10.8 billion in current appropriations and anticipates the collection of \$13.8 billion in receipts. To deliver Interior's broad mission, employees are geographically dispersed across the entire United States operating from over 2,400 locations including physical and social scientists, historians, architects, engineers, attorneys, trust officers, rangers, law enforcement officers, teachers, and construction and maintenance workers. In 2006, Interior will issue thousands of leases for oil and gas or geothermal exploration and development; deliver water to 31 million people; maintain and operate parks, wildlife refuges, and recreational areas that will host over 470 million visitors; and educate approximately 48,000 Indian children. The Department manages about 41,800 buildings and manages over half a billion acres of surface land.

Although a sizable task, the Office of the Secretary leads this dynamic organization with approximately eight-tenths of one percent of Interior's total budget. The majority of activities associated with the Office of the Secretary are funded from the Departmental Management appropriation and located in Washington, D.C. Field offices across the country provide support for environmental protection, Indian probate, hearings and appeals, indirect cost negotiations, appraisal services, and aircraft services.

The National Business Center provides major business and administrative services to Interior bureaus and offices and other Federal agencies on a fully reimbursable basis through the Working Capital Fund. The major business lines that NBC manages include financial management, payroll and personnel, aircraft services, procurement and electronic commerce, web development, quarters management, drug testing, career development and on-line training, information technology, and facilities and property management.

Budget Overview — The 2006 President's budget request for Departmental Management is \$330.0 million. This includes \$120.2 million for Salaries and Expenses, which includes \$89.2 million for the Office of the Secretary, \$7.4 million for appraisal services, and \$23.6 million for the Financial and Business Management System. Departmental Management also includes \$200.0 million for PILT and \$9.9 million for the Central Hazardous Materials Fund.

Within the 2006 budget request for Salaries and Expenses are \$6.1 million for fixed costs and \$1.7 million for program increases to address important Department-wide investments, including: the Take Pride in America program, which promotes the conservation of public lands through volunteerism; cooperative conservation capacity building; improved law enforcement and security; and improved financial accountability.

Organizational Changes — The 2006 budget reflects the full year results of organizational changes made in 2005 including the transfer of the Freedom of Information Act Appeals function from the Office of the Chief Information Officer to the Office of the Solicitor (-\$131,000), and the transfer of the single audit function from the Office of Inspector General to the Office of Financial Management (+\$309,000). The 2006 budget reflects the transfer of \$1.2 million in 2005 for the Indian Arts and Crafts Board from BIA to Departmental Management.

The 2006 budget proposes to transfer the responsibility for management of the Central Hazardous Materials Fund from the Bureau of Land Management to the Office of the Secretary. Much like the successful Natural Resource Damage Assessment and Restoration program, Departmental management and oversight of the Fund will result in increased coordination and collaboration among the bureaus and improve overall accountability. The 2006 budget continues funding for the cleanup of Federal lands funded in this program at \$9.9 million, the same as the 2005 level.

In 2004, real estate appraisal functions within the Department were consolidated in NBC, and the program now provides appraisal services in support of land acquisition and other programs in the National Park Service, Fish and Wildlife Service, Bureau of Reclamation, and the BLM. As recommended in the Statement of the Managers accompanying the 2005 Interior Appropriations Act, the 2006 budget proposes to include transfer funds from BLM, FWS, and NPS for the appraisal services function in the Departmental Management budget. The appraisal function is funded in DM at \$7.4 million.

Program Changes — The Department is undertaking significant information technology reforms to centralize

and standardize network operations and develop consistent and effective business practices. The 2006 budget includes a \$9.4 million increase to continue deployment of the Financial and Business Management System. The FBMS will replace outdated financial systems with a single business system that provides access to improved financial and management information; integrates financial, procurement, property and other systems; and will result in more efficient and productive operations. Full functionality of FBMS requires that the Enterprise Services Network be operational.

The 2006 budget requests funds for the continued development of the Enterprise Services Network, which will provide a secured, single network infrastructure and a platform for the Financial and Business Management System. The 2006 budget request includes \$7.0 million, Department-wide, for ESN. The Departmental Management budget includes \$1.5 million for its costs for the ESN project and other enterprise information technology investments. The budget also includes \$463,000 for cleanup and preparation of DM financial information for migration to the new Financial and Business Management System.

To further strengthen the Department's ability to protect national monuments and other icons, ensure that the public lands are safe for employees and the visiting public, and protect natural and cultural resources, the budget includes an increase of \$700,000 for the Office of Law Enforcement and Security. Funding would be used to continue implementation of the Secretary's law enforcement directives including establishment of a robust internal affairs function to provide for effective self-policing of law enforcement programs throughout the Department and implementation of a program evaluation function to maximize the effectiveness and efficiency of law enforcement programs.

The Department is investing significant human capital and funding in the development of performance and cost data. The 2006 budget includes \$250,000 to develop tools that will allow staff to fully utilize this information for budget formulation and resource allocation. These methods and models would be shared throughout the Department to improve the analytical processes at the bureau and Departmental level and to improve consistency in data interpretation.

The 2006 Salaries and Expenses budget requests an increase of \$509,600 for the Take Pride in America program to increase Interior's efforts to generate partnership and volunteer support for stewardship of parks, refuges, and other public lands. The increase will expand efforts to promote volunteerism and solicit funds for public lands

conservation, thereby leveraging Federal funds for e Interior's stewardship activities.

The 2006 budget request includes an increase of \$100,000 to improve the ability of the Indian Arts and Crafts Board to enforce aspects of the Indian Arts and Crafts Act of 1990 to protect the quality and genuineness of Indian arts and crafts.

An increase of \$1.2 million is requested to fund support costs for the appraisal function that were not adequately funded in the transfer of funds from bureaus. The budget also requests an increase of \$200,000 for capacity building to address expanded needs for management of partnerships and to ensure bureau staff are adequately equipped with the tools they need to effectively manage partnership projects.

The budget also proposes funding reductions of \$235,000 for the Departmental Offices' portion of anticipated costs savings that will result from the Department-wide fleet and space management initiatives. The 2006 budget includes a \$4.9 million reduction for a one-time land acquisition grant in 2005.

Payments in Lieu of Taxes — The 2006 budget proposes \$200.0 million for the Payments in Lieu of Taxes program. The PILT 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.

The PILT payments are made to local governments in counties, townships, and other jurisdictions where certain Federal lands are located within their boundaries 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. As part of the President's effort to reduce the deficit, the budget proposes a reduction of \$26.8 million from the record high 2005 level.

Central Hazardous Materials Fund — The 2006 budget proposes \$9.9 million for the Central Hazardous Materials Fund. Beginning in 2006, the Fund will be managed centrally with immediate oversight by the Office of Environmental Policy and Compliance. Relocation of the Fund to the Department will allow more focused and consistent program and fiscal management of this account that funds Department-wide cleanup and remediation of sites impacted by hazardous materials.

Fixed Costs — Fixed costs for the Office of the Secretary are fully funded at \$6.1 million.

Office of Insular Affairs

Mission — The Office of Insular Affairs assists the islands in developing a more efficient and effective government by providing financial and technical assistance and helps manage Federal-island relations by promoting appropriate Federal policies.

Program Overview — The OIA carries out the Secretary's responsibilities for U.S. affiliated insular areas. These include the territories of Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands, as well as the three freely associated states: the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. The OIA achieves its mission by improving the financial management practices of insular governments, increasing economic development opportunities, and increasing Federal responsiveness to the unique needs of island communities.

Budget Overview — The proposed 2006 budget is \$392.4 million, of which \$79.1 million is requested in current appropriations, a \$1.9 million net decrease from 2005 that mainly reflects the reduction of congressionally earmarked increases.

The budget continues to focus on strategies that contribute to increasing the self-sufficiency of insular areas. The 2006 request includes an increase of \$1.0 million to provide for a grant program that will fund water and wastewater projects in the U.S. Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa. These territories face a myriad of water problems on a daily basis, including a lack of running water 24 hours a day, wastewater infrastructure deficiencies that have caused violations of Federal environmental laws, and drinking water quality which is not always up to the U.S. standards. Furthermore, program increases include \$331,000 for American Samoa grant funding and \$128,000 for general technical assistance.

In addition to the decrease of \$3.3 million in earmarked funding, the budget also contains a \$493,000 reduction in current Enewetak operations funding. The current Compact of Free Association, ratified in December of 2003, now provides funding for this activity within permanent funds, which allows for this funding to be freed up and used for other purposes.

The OIA permanent funding is a reflection of long-term commitments that are guaranteed in law. Permanent appropriations for OIA in 2006 total \$313.3 million. This funding includes \$198.3 million in Compact of Free Association payments to the Republic of the Marshall

Islands, the Federated States of Micronesia, and Palau. Also included is \$115.0 million in payments to territories, which reimburses the Virgin Islands for Federal excise taxes collected on rum sales and Guam for the income taxes collected from Federal employees and military personnel residing in Guam.

Fixed Costs — Fixed costs for the Office of Insular Affairs total \$325,000 and are fully funded.

Office of the Solicitor

Mission — The Office of the Solicitor's mission is to provide high quality legal services to the Secretary and Interior's offices and bureaus.

Program Overview — The Solicitor's Office attorneys provide legal advice and counsel to all areas of the Department in order to ensure that Interior's programs and initiatives are carried out in a manner consistent with applicable law and regulations. They prepare formal legal opinions; review draft legislation, regulations, contracts, and other documents; and provide informal legal advice in a wide variety of circumstances. In addition, the attorneys represent Interior in administrative litigation and assist the Department of Justice with judicial litigation involving the Department. The Office's headquarters is located in Washington, D.C. There are 18 regional and field offices located throughout the United States.

Budget Overview — The Solicitor's 2006 budget request is \$55.8 million, an increase of \$4.1 million over 2005. This amount includes a program increase of \$2.0 million, and \$131,000 in transfers.

Program Changes — The Office of the Solicitor's 2006 budget request includes an increase of \$1.2 million for information technology. This includes \$250,000 for two additional positions for IT security and customer support for the 18 field and regional offices; \$570,000 for recurring operating expenses including electronic archiving, network monitoring, data center usage, annual license fees, supplies, and maintenance of security related equipment; \$75,000 for SmartCard implementation; \$55,000 to replace aging printers; \$175,000 to acquire a Legal Knowledge Management System to assist in the electronic record-keeping and availability of documents for attorneys and staff in field and regional offices; \$22,000 for certification and accreditation; and \$50,000 for software upgrades.

The budget also includes an increase of \$520,000 for four additional attorney positions based on projected growth in legal work in the Department attributable to partnership initiatives, increased litigation, and discovery requests. These attorneys will be located at the Twin

Cities Field Office, Rocky Mountain Regional Office, and Division of General Law and Division of Administration in Washington, D.C.

The budget proposes to shift funding of \$131,000 from the Office of the Chief Information Officer to the Office of the Solicitor consistent with the 2004 transfer of the Freedom of Information Act function. The budget also includes a \$200,000 program increase for two positions to fully staff the FOIA appeals function.

An increase of \$212,000 would be used to provide much needed funding for training, travel, and other support of legal staff.

Fixed Costs — Fixed costs for the Office of the Solicitor are fully funded at \$1.9 million.

Office of Inspector General

Mission — The mission of the Office of Inspector General is to promote excellence, accountability and integrity in the programs, operations, and management of the Department of the Interior.

Program Overview — The OIG assists the Secretary and Congress by targeting resources toward oversight of the Department's most serious management and program challenges, and toward high-risk areas vulnerable to fraud, waste, abuse, and mismanagement. The OIG is responsible for independently and objectively identifying risks and vulnerabilities that directly impact, or could impact Interior's ability to accomplish its mission. The OIG is required to keep the Secretary and the Congress fully and currently informed about problems and deficiencies relating to the administration of Departmental programs and operations. Effective implementation of this mandate addresses the public's demand for greater accountability and integrity in the administration of government programs and operations and the demand for programs that work better, cost less, and get the results about which Americans care most. The OIG headquarters is located in Washington, D.C., with field offices and staff in locations across the continental United States, the U.S. Virgin Islands, and Hawaii.

Budget Overview — The 2006 budget request for the OIG is \$41.0 million, an increase of \$3.7 million over 2005. This includes program increases of \$761,000 for Audits, \$1.2 million for Investigations, and \$213,000 for Administrative Services and Information Management.

Program Changes — The Office of Inspector General budget includes an increase of \$2.1 million for four positions to perform Federal Information Security Management

Act compliance oversight, two positions to form the Office of Evaluations and Management Services, and eight positions for investigations.

The request also includes \$170,000 for permanent change of station in the formation of the Office of Evaluations and Management Services, \$59,000 to maintain current security clearances, \$100,000 to upgrade and enhance computer equipment and software, and \$54,000 for formal technical and leadership training.

The 2006 budget request proposes to shift \$309,000 to the Department's Office of Financial Management consistent with the 2004 transfer of the single audit function.

Fixed Costs — Fixed costs for the Office of Inspector General are fully funded at \$1.6 million.

Office of the Special Trustee for American Indians

Mission — The Office of the Special Trustee for American Indians provides fiduciary guidance, management, and leadership for both tribal trust accounts and individual Indian money accounts. The OST oversees and coordinates the Department's efforts to ensure establishment of consistent policies, procedures, systems, and practices throughout Interior for trust. The OST has operating responsibility for financial trust fund management; including investment, receipt, and disbursement of Indian trust funds. The Bureau of Land Management, Minerals Management Service, Bureau of Indian Affairs, Office of Hearings and Appeals, and Office of Historical Trust Accounting carry out additional trust functions of the Department.

Program Overview — The Office of the Special Trustee manages over \$3.4 billion of funds held in over 1,400 trust accounts for 300 Indian Tribes and over 260,000 open IIM accounts. The balances that have accumulated in the trust funds have resulted generally from judgment awards, settlement of claims, land use agreements, royalties on natural resource depletion, other proceeds derived directly from trust resources, and financial investment income.

The Interior Department is carrying out a comprehensive and systematic plan to reform the management of its trust responsibilities. This comprehensive effort has been described in the reports provided to the U.S. District Court in *Cobell v. Norton*. The comprehensive plan and the processes it contains are being used to identify and implement the changes necessary in Interior's fiduciary trust management. The primary elements of this ongoing effort are: 1) the reorganization of Interior's fiduciary trust offices to improve delivery of services, effectiveness, and accountability of trust operations; 2) the re-engineering

of Interior's fiduciary trust business processes and universal support functions to ensure that Interior meets its fiduciary trust goals and objectives; and 3) the reduction of fractionated individual Indian trust land interests.

Based on Interior's evaluation of its fiduciary trust-related organizations and a lengthy consultation process with Tribes and individual Indians, the Department reorganized certain functions within BIA and OST. The OST continues to retain oversight responsibilities of fiduciary trust asset management, management of financial assets, and certain reform projects. The OST also has line authority over regional trust administrators and trust officers. These new positions are being filled by skilled trust administrators or staff trained in these responsibilities. The reorganization plan includes six regional trust administrators to oversee a staff of trust officers and trust account managers in field locations. They will interact with BIA regional and agency staff to enhance local level decisionmaking and be more responsive to beneficiaries.

On January 6, 2003 the Department submitted the *Fiduciary Obligations Compliance Plan* to the U.S. District Court, in compliance with a September 17, 2002 court order that required the Department to submit a plan showing how it intends to comply with certain fiduciary obligations to individual Indian money account holders in accounting for management of their IIM trust funds. The plan describes the ongoing trust reform planning and implementation process in which Interior is currently engaged.

Also submitted to the court on January 6, 2003, was the *Historical Accounting Plan For Individual Indian Money Accounts*. The Department's accounting plan provides for a historical accounting for about 260,000 IIM accounts over a five-year period at an estimated cost of \$335 million using both the transaction-by-transaction and statistical sampling techniques to develop assurances of the accuracy of the statements of accounts. The plan addresses the process to conduct a historical accounting for about 260,000 IIM accounts as directed by the court.

Interior's re-engineering of the trust business processes consisted of two basic phases: an "As-Is" documentation of those processes and the development of a "To-Be" process model. The "To-Be" model has been completed and is being implemented in accordance with Interior's strategic plan for trust reform. An implementation plan for the "To-Be" model, or the Fiduciary Trust Model as it is now known, was approved on August 11, 2004, and implementation will continue throughout 2006.

Budget Overview — The 2006 request for OST accounts totals \$303.9 million, \$269.4 million for Federal Trust Programs and \$34.5 million for Indian Land Consolida-

tion. The request reflects a net \$75.9 million, or 33 percent increase, above the 2005 enacted level and provides a significant increase in funding for historical accounting.

As a result of base evaluation of trust programs, reductions or redirections of \$6.5 million can be refocused on other high priority trust reform initiatives. The \$6.5 million in savings are possible due to the completion of certain trust systems work supporting the development of policies and procedures (-\$2.0 million), records management (-\$1.5 million), and risk management (-\$1.1 million) activities, and the implementation of a virtual trust data warehouse and appraisal system (-\$950,000). In addition, a reduction of \$1.0 million in the appraisal program is possible as a result of economies and efficiencies resulting from conducting reservation-wide rather than individual tract land appraisals.

Other changes for OST include an increase of \$1.0 million for payment of field office space costs and offsetting decreases include \$108,000 for economies in space utilization and \$50,000 for fleet utilization as part of Department-wide management improvement efforts.

The 2006 budget request reflects a transfer of \$1.9 million from BIA for probate adjudication activities. A single probate adjudication office was established as part of the recommendations of the Fiduciary Trust Model. The probate adjudication function has been consolidated within the Office of Hearings and Appeals, and funded from trust reform projects in OST.

The 2006 budget request supports implementation of the ESN and the Administration's high payoff e-government initiatives. The budget proposes a net increase of \$496,000 for these information technology improvements.

Historical Accounting — Within the OST request is \$135.0 million for the Office of Historical Trust Accounting, an increase of \$77.8 million above the 2005 level. The 2006 budget for IIM accounting is based on an estimate of the Department's costs to continue implementation of the *Historical Accounting Plan for Individual Indian Money Accounts*. This amount may be revised depending on the outcome of court rulings in *Cobell v. Norton* and congressional action, which could potentially delineate the specific historical accounting obligations of the Department.

This substantial increase provides the resources to conduct historical accounting in accordance with the five-year historical accounting plan filed with the court and to continue to address tribal accounting. These funds will provide OHTA the ability to reconcile 30,000 land-based IIM account transactions, digitizing over ten million paper era transaction records for reconciliation, and creating 200,000

account statements for reporting historical accounting. This increased level of funding will also provide for the cleanup and distribution to the proper owners of \$17.7 million in residual balances in special deposit accounts.

Within the total OHTA program amounts, \$40.0 million will be expended on historical accounting for tribal accounts related to 24 lawsuits. As part of these activities in 2006, OHTA expects to conduct historical accountings for ten Tribes.

Indian Land Consolidation — One of the greatest challenges facing the Federal government regarding fiduciary trust management is the fractionation of individual Indian interests in the land that the Federal government holds in trust. The Indian Land Consolidation program, which acquires small ownership shares in allotted lands, is a key component in trust reform and management.

With each successive generation, the individual interests in the land have become further divided and subdivided among heirs, each of whom get a smaller and smaller interest in the land. As this number of ownership interests grows, the cost of Federal resources necessary to undertake accounting and management responsibilities grows accordingly. The ownership of many disparate, uneconomic, and small interests benefits no one in Indian Country and creates an administrative burden that drains resources away from other Indian programs.

Through December 31, 2004, Interior has acquired a cumulative total of 117,661 interests. These interests represent the equivalent of almost 87,000 acres in the Midwest, Northwest, Western, Eastern Oklahoma, and Great Plains Regions. Over 90 percent of the interests purchased were interests of less than two percent ownership in the respective tracts of land. The nationwide program utilizes contractual arrangements with Tribes or private entities to purchase individual interests on behalf of the Department. The 2006 budget request includes \$34.5 million for Indian land consolidation. It is estimated that 46,000 additional interests can be acquired with the budget request level.

Fixed Costs — Fixed costs are funded at \$1.4 million.

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 de-

termining 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 the damage assessment 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 for implementation of the Secretary's Four C's in its day-to-day operations 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.

Budget Overview — The 2006 request for the Restoration program is \$38.1 million, including \$32.0 million in permanent appropriations. For current appropriations, the \$6.1 million request is \$369,000 over the 2005 enacted appropriation. The \$6.1 million request includes \$3.9 million for damage assessment projects, \$1.6 million for program management, and \$583,000 for restoration support. The requested level of \$32.0 million for permanent appropriations represents the anticipated amount of settlement receipts to be recovered in settled damage assessment cases in 2006. These receipts are used exclusively by trustees for restoration of damaged lands and resources or for reimbursement of past assessment costs.

Program Changes — The 2006 budget proposes an increase of \$369,000, including \$217,000 for the restoration activity, to accelerate the restoration of hundreds of acres of injured trust resources, by leveraging over \$300 million that has already been or will soon be recovered from responsible parties. The Restoration program identified increased interagency restoration support, specifically, restoration science, as its greatest need towards accomplishing its restoration mission over the next five years. The U.S. Geological Survey currently provides scientific guidance and technical support to the program on damage assessments. The 2006 request is intended to complement current USGS efforts by providing for a corresponding restoration science support capability to the program, a commitment to the emphasis the Department places on the primary goal of restoration. The proposed increase will facilitate use of USGS science expertise to address the ecological restoration of systems injured by the release

of oil or other hazardous substances and the monitoring and measurement of restoration success. The increase will enable the Restoration program to contract with USGS to provide specific technical support to the trustee bureaus on meeting complex scientific challenges that influence successful restoration, by improving the science of design, implementation, and monitoring of habitat or contaminant type-specific restoration projects.

This request enables the program to restore 8,500 acres and 80 shoreline / stream miles of injured habitat and to set targets to initiate restoration activities at 24 new sites (200 cumulative) and to deposit an additional \$32.0 million in new settlement funds (\$337.0 million cumulative).

Fixed Costs — Fixed costs for this program total \$91,000, all of which are funded.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2006 Request with 2005 Enacted:

| | 2005 Enacted | | 2006 Request | | Change from 2005 | |
|--|--------------|------------------|--------------|------------------|------------------|-----------------|
| | FTE | Amount | FTE | Amount | FTE | Amount |
| Appropriations | | | | | | |
| Departmental Management..... | 397 | 95,821 | 404 | 120,155 | +7 | +24,334 |
| Payments in Lieu of Taxes | 1 | 226,805 | 1 | 200,000 | 0 | -26,805 |
| Central Hazardous Materials Fund..... | 7 | -3,645 | 7 | 9,855 | 0 | +13,500 |
| Assistance to Territories | 40 | 75,581 | 40 | 74,263 | 0 | -1,318 |
| Compact of Free Association..... | 0 | 5,450 | 0 | 4,862 | 0 | -588 |
| Office of the Solicitor | 422 | 51,656 | 431 | 55,752 | +9 | +4,096 |
| Office of Inspector General..... | 270 | 37,275 | 284 | 40,999 | +14 | +3,724 |
| Office of Special Trustee for American Indians | 581 | 193,540 | 581 | 269,397 | 0 | +75,857 |
| Indian Land Consolidation..... | 0 | 34,514 | 0 | 34,514 | 0 | 0 |
| Natural Resource Damage Assessment | 6 | 5,737 | 6 | 6,106 | 0 | +369 |
| Subtotal, Appropriations..... | 1,724 | 722,734 | 1,754 | 815,903 | +30 | +93,169 |
| Permanents and Other | | | | | | |
| Working Capital Fund..... | 1,149 | 0 | 1,159 | 0 | +10 | 0 |
| Payments to U.S. Territories, Fiscal Assistance..... | 0 | 115,000 | 0 | 115,000 | 0 | 0 |
| Compact of Free Association..... | 0 | 196,021 | 0 | 198,276 | 0 | +2,255 |
| Payment for Trust Accounting Deficiencies | 0 | 6,000 | 0 | 0 | 0 | -6,000 |
| OST - Tribal Special Funds..... | 0 | 220,514 | 0 | 233,745 | 0 | +13,231 |
| OST - Tribal Trust Fund..... | 0 | 72,554 | 0 | 76,907 | 0 | +4,353 |
| Natural Resource Damage Assessment | 0 | 32,000 | 0 | 32,000 | 0 | 0 |
| Indian Arts and Crafts Board | 0 | 51 | 0 | 52 | 0 | +1 |
| Departmental Management - Allocation Account | 86 | 0 | 86 | 0 | 0 | 0 |
| Reimbursements - Departmental Management | 162 | 0 | 163 | 0 | +1 | 0 |
| Reimbursements - Office of the Solicitor | 56 | 0 | 56 | 0 | 0 | 0 |
| Subtotal, Other Accounts | 1,453 | 642,140 | 1,464 | 655,980 | +11 | +13,840 |
| TOTAL, DEPARTMENTAL OFFICES..... | 3,177 | 1,364,874 | 3,218 | 1,471,883 | +41 | +107,009 |
| National Indian Gaming Commission..... | 81 | 11,000 | 83 | 12,000 | +2 | +1,000 |

HIGHLIGHTS OF BUDGET CHANGES
By Appropriation Activity/Subactivity

APPROPRIATION: Departmental Management

| | 2004 Actual | 2005 Enacted | 2006 Request | Change from 2005 Enacted |
|--------------------------------------|---------------|---------------|----------------|-----------------------------|
| Departmental Direction..... | 13,457 | 13,358 | 13,591 | +233 |
| Take Pride in America | 494 | 490 | 1,000 | +510 |
| Management and Coordination..... | 28,561 | 28,554 | 30,298 | +1,744 |
| Hearings and Appeals..... | 7,980 | 7,919 | 8,068 | +149 |
| Central Services..... | 26,685 | 27,696 | 34,397 | +6,701 |
| USBM Workers Compensation Costs..... | 683 | 629 | 643 | +14 |
| Kendall County Grant..... | 4,938 | 4,931 | 0 | -4,931 |
| Financial & Business Mgt System..... | 0 | 14,160 | 23,555 | +9,395 |
| Indian Arts and Crafts Board | 0 | 1,042 | 1,162 | +120 |
| 2005 Reduction | 0 | -2,958 | 0 | +2,958 |
| Appraiser Services | 0 | 0 | 7,441 | +7,441 |
| TOTAL APPROPRIATION | 82,798 | 95,821 | 120,155 | 24,334 |

Highlights of Budget Changes

| | <u>Amount</u> |
|---|---------------|
| Fixed Costs | [+6,094] |
| Departmental Direction | +233 |
| Fixed cost increases are fully funded at \$233. | |
| Take Pride in America | +510 |
| The budget includes an increase for Take Pride in America to promote partnerships and volunteer support for improved stewardship of public lands (+\$501). Fixed cost increases are fully funded at \$9. | |
| Management and Coordination | +1,744 |
| The budget includes a net increase arising from the transfers of the Single Audit Act function from the OIG (+\$309) and the Departmental FOIA coordinator to the SOL (-\$131). An increase for the Office of Law Enforcement will be used to establish an internal affairs position and a compliance position to provide the crucial investigation and oversight capability for a consistent and effective self-policing law enforcement program within the Department (+\$700). An increase is included to develop and help implement the tools needed to take full advantage of information captured in the Department's activity based cost management system (+\$250). Fixed cost increases are fully funded at \$616. | |
| Hearings and Appeals | +149 |
| Fixed cost increases are fully funded at \$149. | |
| Central Services | +6,701 |
| Increases in Central Services will provide for the Office of the Secretary's costs associated with the Enterprise Services Network, other IT investments, and government-wide e-gov initiatives (+\$1,473). Additional increases provide for financial data cleanup in preparation for conversion to FBMS (+\$463) and partnership training (+\$200). Savings generated by the Department's space and fleet management initiatives will partially offset the increases (-\$235). Fixed cost increases are fully funded at \$4,798. | |
| USBM and DOL Workers Compensation Costs | +14 |
| Fixed cost increases are fully funded at \$14. | |

| | <u>Amount</u> |
|--|---------------|
| Kendall County Grant The budget includes a reduction of \$4,931 compared to the 2005 enacted level for the one-time grant funded in 2005. | -4,931 |
| Financial and Business Management System The request includes an increase of \$9,395 over the 2005 level for the Financial and Business Management System. | +9,395 |
| Indian Arts and Crafts Board An increase is included to enhance enforcement aspects to protect the quality and genuineness of Indian arts and crafts (+\$100). Fixed cost increases are fully funded at \$20. | +120 |
| Restoration of 2005 Reduction The request restores \$3.0 million reduced as a result of a 2005 technical error in the Departmental Management, Salaries and Expenses appropriation. | +2,958 |
| Appraisal Services The increase represents the transfer of base funding for appraisal services from bureaus (+\$5,941) and additional funding for support costs (+\$1,244). Fixed cost increases are fully funded at \$256. | +7,441 |

APPROPRIATION: Payments in Lieu of Taxes

| | <u>2004 Actual</u> | <u>2005 Enacted</u> | <u>2006 Request</u> | <u>Change from 2005 Enacted</u> |
|---------------------------|--------------------|---------------------|---------------------|-------------------------------------|
| TOTAL APPROPRIATION | 224,697 | 226,805 | 200,000 | -26,805 |

Highlights of Budget Changes

| | <u>Amount</u> |
|--|---------------|
| Payments in Lieu of Taxes The budget includes \$200,000 for PILT, a \$26,805 decrease below the 2005 enacted level. | -26,805 |

APPROPRIATION: Central Hazardous Materials Fund

| | <u>2004 Actual</u> | <u>2005 Enacted</u> | <u>2006 Request</u> | <u>Change from 2005 Enacted</u> |
|---------------------------|--------------------|---------------------|---------------------|-------------------------------------|
| TOTAL APPROPRIATION | 9,855 | -3,645 | 9,855 | +13,500 |

Highlights of Budget Changes

| | <u>Amount</u> |
|---|---------------|
| Central Hazardous Materials Fund Beginning in 2006, oversight and management of the Central Hazardous Materials Fund will move to the Office of the Secretary and funding is realigned from BLM to DM. | +13,500 |

APPROPRIATION: Assistance to Territories

| | 2004 Actual | 2005 Enacted | 2006 Request | Change from 2005 Enacted |
|---------------------------------------|-------------|--------------|--------------|-----------------------------|
| American Samoa | | | | |
| Operations Grants..... | 22,815 | 22,779 | 23,110 | +331 |
| Northern Marianas | | | | |
| Covenant Grants (Mandatory)..... | 27,720 | 27,720 | 27,720 | 0 |
| Territorial Assistance | | | | |
| Office of Insular Affairs..... | 6,243 | 6,472 | 6,881 | +409 |
| Technical Assistance..... | 12,406 | 11,716 | 9,561 | -2,155 |
| Maintenance Assistance Fund..... | 2,272 | 2,268 | 2,300 | +32 |
| Disaster Assistance..... | 0 | 0 | 0 | 0 |
| Brown Tree Snake..... | 2,321 | 2,663 | 2,700 | +37 |
| Insular Management Controls..... | 1,473 | 1,470 | 1,491 | +21 |
| Coral Reef Initiative..... | 494 | 493 | 500 | +7 |
| American Samoa Loan Subsidy..... | 0 | 0 | 0 | 0 |
| Subtotal, Territorial Assistance..... | 25,209 | 25,082 | 23,433 | -1,649 |
| TOTAL APPROPRIATION..... | 75,744 | 75,581 | 74,263 | -1,318 |

Highlights of Budget Changes

| | <u>Amount</u> |
|--|---------------|
| Fixed Costs | [+325] |
| American Samoa Operations Grants | +331 |
| <p>The budget request increases the operations grants to the American Samoan government by \$331 as part of the Department's on-going commitment to help them achieve economic self-sufficiency.</p> | |
| Office of Insular Affairs | +409 |
| <p>The budget request increases the Office of Insular Affairs by \$84 in discretionary costs for staff, travel and other costs associated with promoting economic development in the insular areas. Fixed cost increases are fully funded at \$325.</p> | |
| Technical Assistance | -2,155 |
| <p>Technical assistance is decreased by \$2,155 due to the elimination of lower priority earmarks for the prior service trust fund (-\$986); the water system rehabilitation system in the CNMI (-\$986) which the Department has replaced with a proposed water and waste water grant program available to all of the Insular areas (+\$1,000); judicial training in the ninth circuit (-\$316); and the Marshall Islands Health Care program (-\$986). General Technical Assistance is increased by \$105 and insular measures and assessments is increased by \$14.</p> | |
| Maintenance Assistance Funds | +32 |
| <p>The budget provides increased funding for technical assistance for public infrastructure (+\$32).</p> | |
| Brown Tree Snake | +37 |
| <p>The budget request increases funding necessary to control and eradicate the brown tree snake on Guam and the CNMI and to prevent its introduction into Hawaii and the continental United States (+\$37).</p> | |
| Insular Management Controls | +21 |
| <p>The budget request increases discretionary grants to improve insular government systems and services (+\$21).</p> | |
| Coral Reef Initiative | +7 |
| <p>The budget increases discretionary grants to improve coral reef management and protection of the insular areas (+7).</p> | |

APPROPRIATION: Compact of Free Association

| | 2004 Actual | 2005 Enacted | 2006 Request | Change from 2005 Enacted |
|----------------------------------|--------------------|---------------------|---------------------|-------------------------------------|
| Compact of Free Association..... | 2,700 | 2,957 | 2,862 | -95 |
| Mandatory Payments | 2,000 | 2,000 | 2,000 | 0 |
| Enewetak Support..... | 1,679 | 493 | 0 | -493 |
| TOTAL APPROPRIATION | 6,379 | 5,450 | 4,862 | -588 |

Highlights of Budget Changes

| | <u>Amount</u> |
|---|---------------|
| Compact of Free Association | -95 |
| Funding decreases due to a reduction in actual postal service costs (-\$95). | |
| Enewetak Support | -493 |
| The budget request eliminates Enewetak support as it is now included in the permanent funding for the Compact of Free Association (-\$493). | |

APPROPRIATION: Office of the Solicitor

| | 2004 Actual | 2005 Enacted | 2006 Request | Change from 2005 Enacted |
|----------------------------------|--------------------|---------------------|---------------------|-------------------------------------|
| Legal Services | 39,418 | 40,916 | 42,660 | +1,744 |
| General Administration | 9,302 | 9,701 | 12,020 | +2,319 |
| Ethics | 1,033 | 1,039 | 1,072 | +33 |
| TOTAL APPROPRIATION | 49,753 | 51,656 | 55,752 | +4,096 |

Highlights of Budget Changes

| | <u>Amount</u> |
|---|---------------|
| Fixed Costs | [+1,930] |
| Legal Services | +1,744 |
| The increase funds four additional attorney positions (+\$520) to address the projected growth in legal work in the Department and provide training, travel, and other support (+\$188) for legal staff. Fixed costs are fully funded at \$1,036. | |
| General Administration | +2,319 |
| The budget includes increases for information technology (+\$1,197) for two new positions to address new requirements, recurring operating expenses, security upgrades, a legal knowledge management system, and printer and software upgrades; funding for two positions (+\$200) for the FOIA appeals function; a transfer of the FOIA appeals function (+\$131) from the OCIO; and training, travel, and other support (+\$19) for the staff. This funding includes a decrease of \$94 for the improved space management. Fixed costs are fully funded at \$866. | |
| Ethics | +33 |
| The increase includes funding for training, travel, and other support (+\$5) for staff. Fixed costs are fully funded at \$28. | |

APPROPRIATION: Office of Inspector General

| | 2004 Actual | 2005 Enacted | 2006 Request | Change from 2005 Enacted |
|---|--------------------|---------------------|---------------------|-------------------------------------|
| Audit | 14,524 | 16,270 | 17,744 | +1,474 |
| Contracted CFO Audits..... | 3,765 | 0 | 0 | 0 |
| Investigations..... | 12,964 | 13,529 | 15,241 | +1,712 |
| Admin. Services & Info. Management..... | 7,019 | 7,476 | 8,014 | +538 |
| TOTAL APPROPRIATION | 38,272 | 37,275 | 40,999 | +3,724 |

Highlights of Budget Changes

| | <u>Amount</u> |
|---|---------------|
| Fixed Costs | [+1,550] |
| Audit | +1,474 |
| <p>The budget includes two additional staff (+\$300) and permanent change of station funding (+\$170) to form the Office of Evaluations and Management Services. It also provides for four additional staff (+\$600) to perform Federal Information Security Management Act compliance oversight. The budget includes a funding shift (-\$309) to the Department's Office of Financial Management consistent with the 2004 transfer of the single audit function. Fixed cost increases are fully funded at \$713.</p> | |
| Investigations | +1,712 |
| <p>The increase funds eight new positions (+\$1,200), which will allow the office to recognize a decrease in the time it takes to complete the case work and see a significant increase in productivity, as well as materially increasing the ability to address a continuing flow of requests from the Department and Congress for integrity and complex white-collar crime investigations. Fixed cost increases are fully funded at \$512.</p> | |
| Administrative Services and Information Management | +538 |
| <p>The budget includes increases to obtain security clearances (+\$59), computer equipment and software upgrades and enhancements (+\$100), and formal technical and leadership development training for the Mentoring Program Training Initiative (+\$54). Fixed cost increases are fully funded at \$325.</p> | |

APPROPRIATION: Office of the Special Trustee for American Indians

| | 2004 Actual | 2005 Enacted | 2006 Request | Change from 2005 Enacted |
|---------------------------------------|--------------------|---------------------|---------------------|-------------------------------------|
| Federal Trust Programs | | | | |
| Executive Direction..... | 2,247 | 2,216 | 2,232 | +16 |
| Program Ops, Support, & Improve | 185,057 | 191,324 | 267,165 | +75,841 |
| TOTAL APPROPRIATION | 187,304 | 193,540 | 269,397 | +75,857 |

Highlights of Budget Changes

| | <u>Amount</u> |
|--|---------------|
| Fixed Costs | [+1,365] |
| Executive Direction | +16 |
| <p>Fixed cost increases are fully funded at \$16.</p> | |
| Program Operations and Support | +75,841 |
| <p>Net increases in funding for trust operations and reform activities include a significant increase to continue conducting a historical accounting of both individual and tribal accounts (+\$77,806).</p> | |

Other changes for OST include increased funding for payment of additional field office space costs (\$1,000). Increased funding will provide for OST's continued share of IT Security Certification and Accreditation, and Enterprise Services Network costs (+\$499).

Minor program changes provide for changes to support implementation of the Administration's high-payoff e-government initiatives to integrate agency operations and information technology investments, (-\$3), and for economies in space utilization (-\$108) and fleet utilization (-\$50) as part of Department-wide management improvement efforts.

A technical adjustment and transfer between OST and BIA accounts occurred as a result of the establishment of a single probate adjudication office (+\$1,900).

These increases are partially offset by decreases as a result of base evaluation of trust programs. This redirected funding can be refocused on other high priority trust reform initiatives. The request reflects reductions under the policies and procedures (-\$2,002), records management (-\$1,500), risk management (-\$1,100) activities, and the virtual trust data warehouse and appraisal system (-\$950), due to the completion of certain trust systems work supporting trust reform development. In addition, a reduction in the appraisal program is possible as a result of economies and efficiencies in conducting reservation-wide rather than individual tract land appraisals (-\$1,000).

Fixed cost increases are fully funded at \$1,349.

APPROPRIATION: Indian Land Consolidation Program

| | <u>2004 Actual</u> | <u>2005 Enacted</u> | <u>2006 Request</u> | <u>Change from 2005 Enacted</u> |
|---------------------------|--------------------|---------------------|---------------------|-------------------------------------|
| TOTAL APPROPRIATION | 21,709 | 34,514 | 34,514 | 0 |

APPROPRIATION: Natural Resource Damage Assessment and Restoration

| | <u>2004 Actual</u> | <u>2005 Enacted</u> | <u>2006 Request</u> | <u>Change from 2005 Enacted</u> |
|---------------------------|--------------------|---------------------|---------------------|-------------------------------------|
| Damage Assessments | 3,885 | 3,845 | 3,931 | +86 |
| Restoration Support | 247 | 366 | 583 | +217 |
| Program Management | 1,432 | 1,526 | 1,592 | +66 |
| TOTAL APPROPRIATION | 5,564 | 5,737 | 6,106 | +369 |

Highlights of Budget Changes

| | <u>Amount</u> |
|--|---------------|
| Fixed Costs | [+91] |
| Damage Assessments | +86 |
| The program increase of \$44 is to maintain the current level of 49 Department-funded natural resource damage assessment cases. Fixed cost increases are fully funded at \$42. | |
| Restoration Support | +217 |
| The program increase of \$217 establishes a science support capability for the Restoration program. Restoration science is the highest priority for accomplishing the restoration mission. | |
| Program Management | +66 |
| The program increase of \$17 is to maintain the current level of program office and bureau work group personnel. Fixed cost increases are fully funded at \$49. | |