

# **DEPARTMENTAL OVERVIEW**

# BUDGET OVERVIEW FOR 2002



*Our new governing vision says government should be active, but limited; engaged, but not overbearing. And my budget is based on that philosophy. It is reasonable, and it is responsible. It meets our obligations, and funds our growing needs.*

**President George W. Bush, February 27, 2001**

*The great wild places and unspoiled landscapes of this country are the common heritage of all Americans, and we must both conserve them and manage them for Americans living today, and for the Americans of the future, our children, and our children's children. That is our goal.*

**Secretary Gale A. Norton, January 18, 2001**

President Bush has presented to the Congress a budget that offers a new vision for governing the Nation for a new generation. The budget is based on the fundamental principle that the government should play a role that is both activist and limited. The budget outlines actions to make the government more accountable for how it spends taxpayer dollars and for achieving results, and to raise citizens' confidence in its ability to work in partnership with States, local communities, and the private sector.

The President's budget pays down our national debt at a record rate, sets aside a contingency fund for future needs and emergencies, and provides broad, fair, and responsible tax relief. The budget funds important national priorities, while at the same time halting the trend in unconstrained spending that accompanied the arrival of budget surpluses in 1998 and saw discretionary spending grow at an unsustainable rate of six percent from 1998 to 2001, more than twice the rate of inflation.

For the Department of the Interior, the budget proposes important initiatives that will foster stronger partnerships with States, communities, and individual citizens; improve the condition of resources and facilities for which the Department is responsible; and honor our commitments to Native Americans. The budget:

- Fully funds the Land and Water Conservation Fund at \$900.0 million, while providing States greater flexibility in using LWCF grant funds.
- Establishes new programs to provide grants to States to assist landowners to enhance habitat for imperiled species while continuing traditional land management practices and to provide direct grants to support local and private stewardship efforts.
- Initiates a five-year effort to eliminate the backlog of deferred maintenance in our national park system and significantly increases fund-

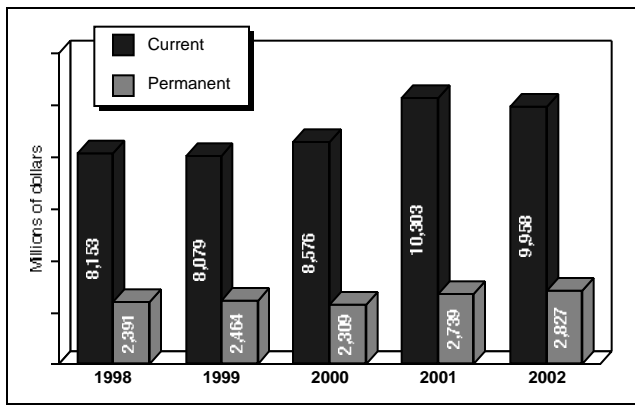
ing to improve natural resources management in the parks.

- Substantially reduces the Bureau of Indian Affairs' school repair backlog and provides increased funding for school operations.
- Funds five recently adopted Indian land and water settlements.
- Maintains a high level of funding to prepare for and suppress wildfire and to treat forests and rangelands to reduce fire danger.
- Maintains historically high levels of funding for operational programs at national parks and wildlife refuges and on public lands.

## THE NUMBERS

As part of the President's plan, the 2002 budget requests \$10.0 billion for the Department of the Interior in funds subject to annual appropriation by the Congress. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide \$2.8 billion, for a total of \$12.8 billion.

### DEPARTMENT OF THE INTERIOR FUNDING

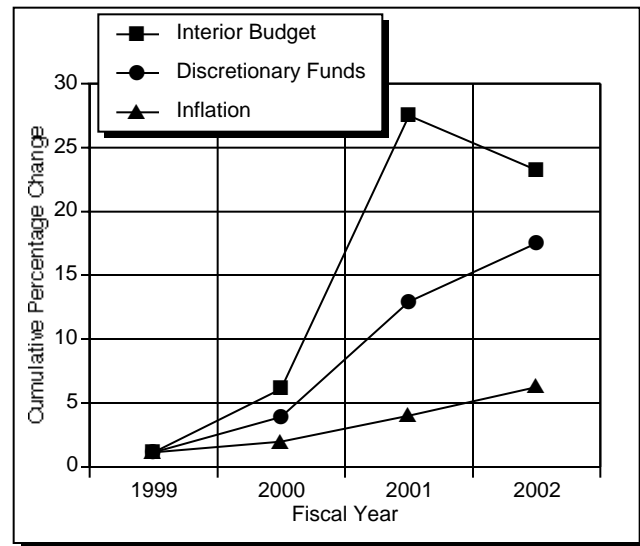


The 2002 budget request is \$345.7 million or 3.4 percent below enacted 2001 appropriations. However, 2001 appropriations reflected extraordinary growth of 20 percent in Departmental funding

over 2000 levels. Furthermore, the 2001 appropriations included several substantial emergency and one-time appropriations that need not be continued in 2002.

When compared to historical levels, the 2002 request continues robust funding for Interior's programs at a moderate rate of growth. The President's 2002 proposal will provide funding that is \$1.4 billion or 16 percent higher than in 2000, and \$1.9 billion or 23 percent higher than in 1999. This rate

### INTERIOR FUNDING TRENDS



of growth is substantially higher than the rate of growth of discretionary funding generally, and higher still than the rate of inflation. A proposal that funded the Department of the Interior at the 1999 level adjusted only for inflation would be \$1.4 billion below the President's 2002 proposal. Comparatively, a budget proposal funded at the 2000 level adjusted for inflation would be \$1.0 billion lower than the 2002 budget.

The 2002 budget proposes management reforms that respond to the President's challenge: to create a bureaucracy that is more flexible, creative, and responsive; to bring decisionmaking closer to the customer by flattening hierarchy and reducing management layers; and to return the focus to front-line service. Interior's streamlining plans will result in savings of \$57.3 million through expanded use of contractual services and partnership arrangements, and reduced staffing.

**BUDGET AUTHORITY AND RECEIPTS  
FOR 2000, 2001, AND 2002**  
(in millions of dollars)

	<u>2000</u> <u>Actual</u>	<u>2001</u> <u>Estimate</u>	<u>2002</u> <u>Request</u>	<u>Change</u> <u>from 2001</u>
<b>BUDGET AUTHORITY</b>				
Total Current Appropriations .....	8,576	10,303	9,958	-345
[Discretionary BA in above] .....	[8,475]	[10,207]	[9,842]	[-365]
Permanent Appropriations .....	<u>2,309</u>	<u>2,739</u>	<u>2,827</u>	<u>+88</u>
Total.....	10,885	13,042	12,785	-257
<b>RECEIPTS</b>				
Outer Continental Shelf.....	4,138	6,931	5,884	-1,047
OCS Escrow Payments .....	1,794	0	0	0
Onshore Mineral Leasing .....	1,522	2,216	2,008	-208
Other Receipts.....	<u>1,542</u>	<u>1,933</u>	<u>1,688</u>	<u>-245</u>
Total.....	8,996	11,080	9,580	-1,500

*Note: Numbers may not add due to rounding.*

## MAJOR INITIATIVES IN THE 2002 BUDGET

**LWCF State Grant Program** - The 2002 budget proposes \$450.0 million for Land and Water Conservation Fund State Grants, providing a new comprehensive approach to funding a wide array of State recreation and conservation needs. The budget proposal is an increase of \$359.7 million from the \$90.3 million appropriated in 2001 and gives States flexibility to go beyond traditional recreational land acquisition and development projects. In 2002, States will be able to: use grant funds to benefit wildlife and habitat; conserve imperiled species; and protect, enhance, and restore wetland ecosystems and other habitats for migratory birds and other fish and wildlife.

**Local and Private Conservation Grants** - The budget includes funding for two new programs that will facilitate local and private conservation efforts by providing landowner incentives and expanded opportunities for private stewardship. The budget provides: \$50.0 million for competitively-awarded, cost-shared landowner incentive grants to States, the District of Columbia, Territo-

ries, and Tribes; and \$10.0 million for private stewardship grants to support individuals and groups engaged in local, private, and voluntary land and wildlife conservation efforts.

**NPS Backlog** - In order to meet President Bush's commitment to eliminate the National Park Service backlog over five years, the 2002 budget focuses on funding the \$2.2 billion infrastructure, non-road backlog. The budget includes a \$61.1 million increase in appropriations for construction and maintenance projects and a commitment to dedicate an additional \$40.0 million of recreation and concession fee receipts to backlog projects, for a total budget of \$439.6 million for deferred maintenance.

**Natural Resource Challenge** - The 2002 NPS budget includes an additional \$20.0 million to improve natural resource management in national parks, funding the third year of the Natural Resource Challenge. Activities funded by this increase will include non-native species management, monitoring and management of native and threatened and endangered species.

**BIA Schools** - The budget funds Bureau of Indian Affairs education construction at \$292.5 million

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and provides funding for six replacement school projects. The goal is to fulfill the President's promise to eliminate the current school repair and maintenance backlog by 2006. The request for school operations, which will fund 185 schools and dormitories serving approximately 50,000 elementary and secondary students in 23 States, includes a program increase of \$9.1 million over 2001 funding levels. The increase will ensure that schools maintain accreditation and students have access to computers, textbooks, and other critical learning tools.

**Land and Water Claims** - The budget request includes an increase of \$23.5 million for the Bureau of Indian Affairs to implement recently authorized settlements resolving long standing claims to water and lands in California, Colorado, Michigan, New Mexico, and Utah. These settlement agreements result from negotiations among the Tribes, Federal government, and other interested parties. This additional funding will complete the Federal commitment for projects in California and Michigan. The other three agreements require additional appropriations in future years.

**Energy and Minerals** - Public lands administered by the Bureau of Land Management produce about \$1.5 billion annually from oil, gas, coal, and geothermal rents, royalties, and bonuses. In addition to generating oil and gas for the Nation's energy needs, active wells produce \$928 million in royalties, with 50 percent of that royalty amount returned to the States. For 2002, the budget proposes a program increase of \$15.0 million for expansion of energy and mineral activities, including Alaska North Slope oil and gas development, leasing and processing of coalbed methane applications for permits to drill, and energy assessments on public lands.

The outer continental shelf will produce \$6.9 billion in bonuses, rents, and royalties in 2001. The 2002 budget for MMS proposes a program increase of \$14.7 million in order to meet increased workload brought about by demand for OCS program services, and to implement a royalty-in-kind program within the re-engineered Minerals Revenue Management program.

**Wildland Fire Management** - The 2002 budget continues substantial funding for fire readiness and response, wildland firefighting assistance to rural communities, and a comprehensive program

to reduce fuels in the wildland urban interface. The overall program is funded at \$658.4 million, more than double historical levels and an increase of \$367.5 million over the 2000 base fire program level of \$291.0 million.

The 2002 budget funds fire readiness at \$252.0 million, a slight decrease of \$5.6 million from 2001, but \$89.5 million more than appropriated in 2000. Fire suppression is proposed to be increased by \$8.3 million to \$161.4 million, which is consistent with the 10-year average cost for suppression. The program to treat fuels in forest and range areas to reduce fire danger is continued at \$186.2 million, the same level as 2001 and \$137.4 million more than 2000.

Overall, the 2002 budget level is a decrease of \$318.7 million from the 2001 level, which is due in large part to a reduction of \$199.6 million in contingent emergency funding for fire suppression. This funding will not be needed in 2002 because the budget proposes a \$5.6 billion National Emergency Reserve that will be available to pay for emergency needs, including higher-than-average wildland fire costs. Other reductions in the Wildland Fire Management account include \$26.8 million in one-time costs of equipment purchases, and a specific, targeted research project, and \$84.8 million provided for rehabilitation in the wake of the extraordinary fires of 1999 and 2000.

#### CONSERVATION SPENDING CATEGORY

The 2002 budget funds Department of the Interior programs within the Conservation Spending Category at \$980.8 million, an increase of \$103.9 million over 2001. Included within the Conservation Spending Category is the expanded LWCF State grant program, the new landowner incentive and stewardship grants programs, and Federal land acquisition programs. Details are contained in Appendix F.

The Conservation Spending Category was added to the spending categories under the Budget Enforcement Act by Title VIII of the 2001 Interior and Related Agencies Appropriations Act. Title VIII also added \$470.6 million above previous levels for Interior programs, including among others: Federal land acquisition; grants for wildlife and endangered species conservation; urban recreation and preservation grants; historic preservation grant programs; and payments in lieu of taxes. While

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increasing Conservation Spending Category funding overall, the 2002 budget scales back some of these increases in favor of the broader and more flexible LWCF State grant program and the new landowner incentive and stewardship grant programs. The budget continues funding for traditional wildlife and historic preservation grant programs, Federal land acquisition, and payments in lieu of taxes commensurate with 2000 levels.

## OTHER MAJOR CHANGES

### BUREAU OF LAND MANAGEMENT

The 2002 budget proposes \$865.5 million for BLM's two operating accounts, an increase of \$8.7 million over 2001. The proposed level of funding for these accounts is an increase of \$97.7 million over 2000. In addition to the \$15.0 million for energy programs discussed above, the budget proposes an increase of \$7.1 million for revision and replacement of land use plans to guide environmentally sound land use decisionmaking. Updating and maintaining these plans is a high priority because the plans guide decisions on land management and resource use, including energy and mineral extraction, rights-of-way for community infrastructure, timber harvest, livestock grazing, and recreational opportunities.

Other changes to BLM's operating accounts include the elimination of \$17.1 million in one-time emergency funding for Great Basin restoration and Mormon cricket and grasshopper control.

A reduction of \$5.8 million is proposed for BLM's construction program. This provides \$11.0 million for construction, which is comparable to the 2000 enacted and 2001 request level. At this funding level, BLM will construct and repair eight facilities in six States.

The BLM land acquisition proposal of \$47.7 million is \$8.9 million below 2001, but the same as the 2000 level. It will fund 28 projects in 11 States, including expanded use of innovative conservation tools such as easements and purchases of development rights.

The 2002 budget request of \$150.0 million for payments in lieu of taxes is \$15.6 million higher than the 2000 funding level, and excludes the

additional increment of \$49.6 million provided in Title VIII of the 2001 appropriations act.

### MINERALS MANAGEMENT SERVICE

The 2002 proposal for MMS includes \$149.4 million for Royalty and Offshore Minerals Management, an increase of \$16.3 million over 2001. This increase includes the OCS program and royalty-in-kind management increases discussed above and \$4.7 million in appropriations to fund a reduction in offsetting receipts. Receipts are expected to total \$102.7 million in 2002.

Other major changes include a programmatic reduction of \$15.0 million made possible due to the successful completion of the royalty re-engineering initiative in 2001.

### OFFICE OF SURFACE MINING

The OSM's 2002 budget of \$269.0 million is \$143.2 million below 2001. The budget will support slightly increased levels of funding, \$102.2 million, an increase of \$1.3 million for the Regulation and Technology program which supports and oversees State surface mining programs. The budget requests \$166.8 million for the Abandoned Mine Reclamation Fund. Two one-time appropriations to the fund are not continued: \$96.8 million for a one-time emergency transfer of the 1992-1995 interest on the Abandoned Mine Land Fund balance to the United Mine Workers' Combined Benefit Fund; and \$12.6 million in one-time funding for reclamation of abandoned anthracite mine areas in northeastern Pennsylvania. The AML fund request also includes a \$35.0 million reduction to State reclamation grants.

### BUREAU OF RECLAMATION

The budget request for BOR in 2002 is \$783.5 million in current appropriations, an increase of \$6.7 million over 2001. The 2002 budget includes a proposed \$20.0 million increase for the California Bay-Delta program for the Federal share of the costs of the Environmental Water account and CALFED program management. Budgets of other Interior bureaus include funding for activities that are consistent with the Bay-Delta program.

Other major changes in BOR include an increase of \$17.1 million for facility operation, maintenance, and rehabilitation to pay for the costs of new

facilities and more adequately deal with an aging infrastructure, and an increase of \$10.0 million to begin construction of the Animas-La Plata project.

### U.S. GEOLOGICAL SURVEY

The 2002 budget for USGS of \$813.4 million is the same as the 2000 enacted funding level. This is \$69.4 million below 2001 and includes increased uncontrollable costs of \$23.7 million.

At this level the USGS proposes to focus resources on high priority programs, including meeting the science needs of the Department and the land management programs, and to reduce funding for programs that primarily benefit external customers. The USGS will leverage funding from other sources by expanding the use of collaborative partnerships for the National Water Quality Assessment program, the Toxic Substances Hydrology program, and other programs.

### FISH AND WILDLIFE SERVICE

The FWS's primary operating account, Resource Management, is funded at \$806.8 million, which is \$92.2 million above 2000 and approximately the same level as 2001. The budget builds capacity in FWS to address maintenance needs by providing a program increase of \$10.0 million for maintenance of the national wildlife refuge system.

The FWS construction account is funded at \$35.8 million, which is comparable to the 2001 request level excluding congressionally added projects, and a reduction of \$35.5 million from 2001. At this funding level FWS will construct and repair projects at 23 facilities located in 16 States.

The new FWS landowner incentive grant and private stewardship grant programs discussed above will expand efforts to conserve and protect species and their habitats providing a collaborative alternative to Federal acquisition. In 2002, FWS land acquisition is funded at \$104.4 million, an increase of \$42.5 million over the 2000 level and a decrease of \$16.8 million from 2001. The level requested in 2002 will support acquisition at 42 projects in 27 States and the Virgin Islands.

The proposed \$450.0 million LWCF State grants program provides expanded opportunities for wetlands conservation, threatened and endangered species conservation, and wildlife and habitat conservation beginning in 2002. It is expected

## SUMMARY OF MAJOR CHANGES

(in millions of dollars)

### INTERIOR AND RELATED AGENCIES

<b>2001 Enacted Level.....</b>	<b>9,483.7</b>
BLM Energy & minerals program .....	+15.0
Land use plans .....	+7.1
Construction .....	-5.8
Land acquisition .....	-8.9
1-time Great Basin/cricket control supp....	-17.1
Title VIII payments in lieu of taxes .....	-49.6
Rehabilitation of 1999-2000 burned areas ..	-84.8
1-time & emergency 2001 wildfire costs ....	-226.4
MMSGulf of Mexico workload & RIK system ....	+14.7
Royalty re-engineering system completion	-15.0
OSM 1-time Pennsylvania anthracite reclam. ....	-12.6
State reclamation grants .....	-35.0
1-time Combined Benefit Fund transfer....	-96.8
USGS Net changes.....	-69.4
FWS Landowner & stewardship grants .....	+60.0
Refuge maintenance .....	+10.0
Land acquisition .....	-16.8
North American wetlands conservation* ..	-25.0
Construction program .....	-35.5
Coop. endangered species conservation* ..	-50.0
Wildlife grants* .....	-99.8
NPS State assistance program .....	+359.7
Maintenance .....	+61.1
Natural resource challenge .....	+20.0
Land acquisition .....	-17.8
Historic preservation grants .....	-22.2
Urban park & recreation recovery* .....	-29.9
Save America's Treasures completion.....	-34.9
BIA Indian land & water settlements .....	+23.5
Trust operations.....	+12.0
School operations.....	+9.1
Detention centers .....	+5.0
Other	
Fixed cost changes Department-wide .....	+149.1
Impact of compact funds, OIA .....	-6.0
Trust reform supplemental, OST.....	-12.9
Streamlining & management reforms .....	-15.3
All other net program changes .....	-104.6
Subtotal, Changes .....	<u>-345.7</u>
<b>2002 Budget Request .....</b>	<b>9,138.0</b>

### ENERGY AND WATER DEVELOPMENT

<b>2001 Enacted Level.....</b>	<b>816.6</b>
BOR California Bay-Delta restoration.....	+20.0
Central Valley Project restoration fund.....	+16.7
Water and related resources account.....	-31.0
Other BOR/CUP changes .....	-2.6
Subtotal, Changes .....	<u>+3.1</u>
<b>2002 Budget Request .....</b>	<b>819.7</b>

**Total 2002 Budget Request..... 9,957.7**

\* Funding for purposes of these programs will be available under the expanded LWCF State grant program.

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that States will take advantage of this flexibility and significantly increase funding to support projects that have historically been funded through other programs, some of which are reduced in the 2002 budget.

The 2002 budget proposes to continue the North American Wetlands Conservation Fund at the 2000 enacted level of \$14.9 million. The grant and partnership programs in the Cooperative Endangered Species Conservation Fund are funded at \$54.7 million, \$31.7 million above 2000. The 2002 budget does not continue \$99.8 million for wildlife grant programs that were created by Title VIII of the 2001 Interior Appropriations Act and the 2001 Commerce, Justice, State Appropriations Act.

#### NATIONAL PARK SERVICE

For 2002, the primary NPS operating account, Operation of the National Park System, is funded at \$1.5 billion, an increase of \$79.3 million over the 2001 enacted level, and \$178.8 million over the comparable 2000 level. Increases for management of the maintenance backlog and the Natural Resource Challenge were discussed earlier.

In 2002, Federal land acquisition will be funded at \$107.0 million, which is a \$17.8 million decrease from 2001 and a \$33.7 million decrease from 2000. The level requested in 2002, will result in acquisition at 41 national parks in 25 States, Guam, and the Virgin Islands.

The 2002 budget includes \$37.1 million for historic preservation grants to States, Territories, and Tribes. This eliminates the \$15.0 million provided in Title VIII of the 2001 Interior Appropriations Act. At this funding level historic grants are funded at \$3.0 million above 2000 levels. Funding is not requested to continue the matching grant program for Historically Black Colleges and Universities. This program was authorized in the Omnibus Parks and Public Land Act of 1996 at \$29.0 million and has been fully appropriated.

The 2002 budget discontinues funding for the now-completed millennium initiative to Save America's Treasures, which was funded at \$34.9 million in 2001. Save America's Treasures was originally intended to be a two-year program but was extended an additional year. During the program's three-year history, almost \$95 million was appropriated to encourage the preservation of nationally significant objects, such as the pres-

ervation of the Star Spangled Banner, as part of the commemoration of the millennium.

Expanded opportunities for State grants for recreation purposes are provided through the \$450.0 million State grants program. These grants will offer States an alternative source for funding increased recreation opportunities including recreation in urban areas. Given the availability of this source of grants, the budget proposes a reduction of \$29.9 million for the Urban Park and Recreation Recovery program.

#### BUREAU OF INDIAN AFFAIRS

The BIA budget proposal is \$2.2 billion, an increase of \$65.9 million from 2001. In addition to the funding for education and land and water settlements, the budget request includes program increases of \$12.0 million for BIA trust services programs and related efforts that are vital to ensuring that accumulated trust management problems being corrected under the High Level Implementation Plan do not recur. This additional funding will address real estate services, real estate appraisals, probate, land titles and records, tribal courts, background investigations of bureau employees and contractors who manage trust assets and records, trust records security, and the management of natural resources on trust lands.

The 2002 budget proposes a \$5.0 million increase for basic detention services such as dispatchers and detention officers. This increase will assist Tribes in staffing new detention centers built recently with funds from the Department of Justice.

#### OFFICE OF THE SPECIAL TRUSTEE

A total of \$110.2 million is requested for OST in 2002. The 2001 appropriation provided \$91.6 million for the OST base program and \$27.5 million in supplemental funding for trust management improvement activities and costs associated with the *Cobell v Norton* litigation. The 2002 request retains \$18.6 million of the supplemental funding to meet ongoing trust reform needs and provide the funding necessary to continue to make significant progress on trust reform efforts in 2002.

**Fixed Costs** - The 2002 budget includes \$149.1 million to fund increased pay raise and associated benefit cost increases, as well as increases in rental space, telecommunications, and other non-discretionary support costs.



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**Streamlining** - The 2002 budget identifies streamlining savings totaling \$57.3 million. Savings of \$15.3 million are distributed throughout the Department and are a result of reducing organizational layers, identifying contracting efficiencies, modifying the grades of current positions, man-

agement downsizing, and eliminating extraneous positions. An additional \$42.0 million in savings achieved through these streamlining actions will allow the Department to absorb a portion of its uncontrollable costs in 2002 without causing programmatic impacts.