



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.

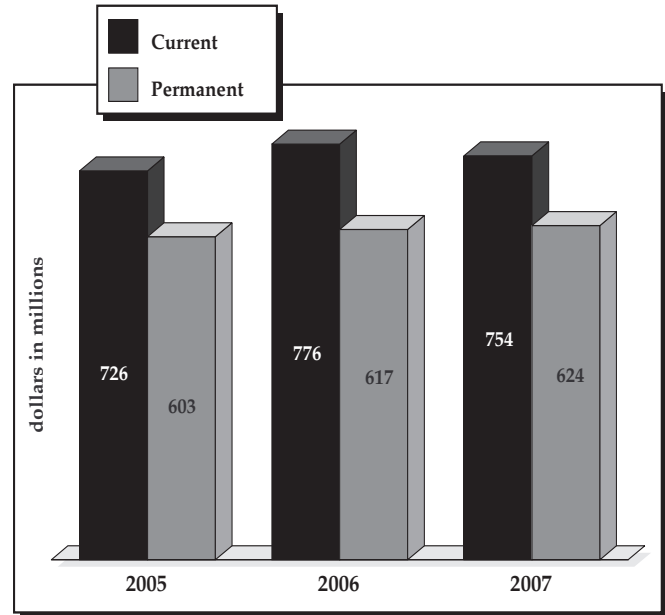
Within this mission, the Department of the Interior is accountable for wide-ranging programs such as fulfilling Indian trust responsibilities; migratory wildlife conservation; historic preservation; endangered species protection; abandoned mine lands restoration; and earth and natural resource science.

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.

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 \$3.3 billion in trust assets for federally recognized American Indians. The Central Hazardous Materials Fund provides a coordinated, consistent approach to clean up Interior sites impacted by hazardous substances. The Natural

Departmental Offices Funding



Resource Damage Assessment and Restoration program coordinates all of the Department’s restoration efforts for natural resources injured as a result of oil spills or hazardous substance releases into the environment on Interior or other lands where endangered species or migratory birds are impacted.

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 the results of Program Assessment Rating Tool reviews and Office of Inspector General, General Accountability 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.

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 six Departmental offices, each with a unique mission. The Department of the Interior's 2007 budget request includes \$10.5 billion in current appropriations and anticipates the collection of \$17.0 billion in receipts. To deliver Interior's broad mission, employees operate from over 2,400 locations across the United States and include physical and social scientists, historians, architects, engineers, attorneys, trust officers, rangers, law enforcement officers, teachers, and construction and maintenance workers. In 2007, 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 461 million visitors; and educate approximately 48,000 Indian children. The Interior Department manages 46,200 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 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 2007 President's budget request for Departmental Management is \$326.8 million. This will provide \$118.8 million for Salaries and Expenses, including \$89.2 million for the Office of the Secretary, \$7.4 million for consolidated appraisal services in the National Business Center, and \$22.2 million for the Financial and Business Management System. Departmental Management also includes \$198.0 million for the Payments in Lieu of Taxes program and \$9.9 million for the Central Hazardous Materials Fund.

Overall, the 2007 budget request for Salaries and Expenses is a reduction of \$11.4 million below the 2006 enacted funding level. Within this request are increases including \$1.5 million for fixed costs; \$1.4 million to fund cost increases in postage, space, and contracted accounting, acquisition, and personnel services; and \$527,700 to fund program increases. These increases are more than offset by reductions of \$14.8 million including a one-time grant to Kendall County, Illinois and matching funds for construction of the Martin Luther King Memorial.

The 2007 budget request for consolidated appraisal services reflects an increase of \$84,100 for fixed costs. The budget request for the Financial and Business Management System includes an adjustment of \$16,900 for fixed costs.

Program Changes — In an effort to help protect Interior's natural and cultural resources and lands, as well as the safety of employees and visitors, and improve the environmental performance of Interior's facilities and programs, an increase of \$127,700 is requested for the Office of Environmental Policy and Compliance. Funding will be used to enhance the Department's emergency preparedness and response to oil discharges and hazardous substance releases.

The 2007 budget requests an increase of \$400,000 to implement a new hearings process for hydropower licensing required by the Energy Policy Act of 2005. This increase will allow the Department to staff this newly required function located in the Office of Hearings and Appeals with an administrative law judge and an attorney and fund other non-personnel costs.

Increased costs in 2007 for contracted personnel services are a result of additional requirements for background checks and identity verification required by Federal facility

security mandates. Costs are also increasing for accounting services provided to the Office of the Secretary as a result of complexities in completing the annual financial audit within abbreviated time frames and implementing new processes and procedures to comply with audit opinions and recommendations, OMB's business rules on reimbursable activity, and OMB Circular A-123 requiring enhanced internal controls. The costs for acquisition services are also increasing due to more complex and costly requirements for Federal contracting and procurement and increased contracting workloads. In addition to these costs totaling \$875,900, the budget includes an increase of \$384,000 to fund increased postage rates for mail and space requirements resulting from the addition and expansion of functions in the Office of the Secretary, and \$122,400 for working capital fund program changes.

Fixed Costs – Fixed costs for the Office of the Secretary total \$2.0 million of which \$1.5 million is budgeted and \$449,000 is absorbed.

Payments in Lieu of Taxes — The 2007 budget proposes \$198.0 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 and the U.S. Army Corps of Engineers.

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. The budget funds \$197.6 million for PILT payments and \$400,000 for program administration. Although this is \$34.5 million below the 2006 record high level, it is comparable to historical funding levels.

Central Hazardous Materials Fund — The 2007 budget proposes \$9.9 million for the Central Hazardous Materials Fund. Within the 2007 request, fixed costs are fully funded at \$22,000 and a program increase of \$191,000 is requested to continue development of the Department's environmental management information system. The system will facilitate tracking and monitoring of hazardous materials sites and compliance with cleanup requirements. This system was highlighted as an important component of the Department's cleanup program in a recent IG review and the annual financial audit based on its capability to improve the Department's ability to maintain an inventory of sites, which are owned and operated by multiple bureaus throughout Interior.

Mission — The Office of Insular Affairs assists the islands in developing more efficient and effective governments 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 2007 budget is \$426.3 million, of which \$79.2 million is requested in current appropriations, a \$2.3 million net decrease from 2006 that reflects the reduction of earmarked increases.

The budget continues to focus on strategies that contribute to increasing the self-sufficiency of insular areas. The 2007 request includes an increase of \$102,000 to improve the oversight of grants awarded under the Compacts of Free Association for the freely associated States of Micronesia, the Marshall Islands, and Palau. The additional funding will be used to improve OIA's capacity to monitor and administer financial assistance and grants. It is extremely important that OIA have high visibility in the freely associated States in order to ensure that institutional structures such as the joint economic and management committees are properly staffed and supported, and to ensure effective compliance with grant terms and conditions.

Permanent funding for insular areas is a reflection of long-term commitments that are guaranteed in law. Permanent appropriations for OIA in 2007 total \$347.1 million. This funding includes \$202.4 million in Compact of Free Association payments to the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. Also included is \$144.7 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 \$248,000 and are fully funded.

Office of the Solicitor

Mission — The Office of the Solicitor’s mission is to provide high quality legal and counseling services to the Secretary and Interior’s offices and bureaus, administer the Ethics program, help resolve legal issues among bureaus and offices as they fulfill their duties, and manage Interior Freedom of Information Act appeals.

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.

Along with the legal and counseling responsibilities of the Interior Department, the Solicitor’s Office also administers the Ethics program and the FOIA appeals program. The Ethics staff is responsible for overseeing the Interior’s statutorily mandated ethics program by implementing the laws, executive orders, regulations, and Departmental policies concerning conflicts of interest and employee responsibilities and conduct. The FOIA appeals staff manages the extensive FOIA appeals processing function by reviewing appeals to determine the issues and develop the Department’s response or decision.

Budget Overview — The Solicitor’s 2007 budget request is \$56.8 million, an increase of \$2.1 million over 2006.

Program Changes — The Office of the Solicitor’s 2007 budget request includes an increase of \$57,000 for Working Capital Fund program changes and a decrease of \$272,000 for one-time information technology increases in the 2006 budget.

Fixed Costs — Fixed costs for the Office of the Solicitor are fully funded at \$2.3 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 2007 budget request for the OIG is \$40.7 million, an increase of \$2.2 million over 2006. This includes program increases of \$721,000 for Audits and \$290,000 for Administrative Services and Information Management.

Program Changes — The Office of Inspector General budget includes an increase of \$391,000 for benchmarking and best practices, \$330,000 for program reviews and assessments related to performance, \$76,000 to maintain current security clearances, \$174,000 to upgrade and enhance computer equipment and software, and \$40,000 for program and technical training.

Fixed Costs — Fixed costs for the Office of Inspector General are fully funded at \$1.1 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 establish consistent policies, procedures, systems, and practices throughout Interior for the Indian fiduciary trust. The OST has operational 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, and the Secretary’s Office of Hearings and Appeals, and Office of Historical Trust Accounting carry out additional trust functions of the Department.

Program Overview — The OST manages over \$3.3 billion of funds held in over 1,450 trust accounts for approximately 300 Indian Tribes, and over 277,000 open Indi-

vidual Indian Money 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 use, other proceeds derived directly from trust resources, and financial investment income.

The Interior Department has developed a comprehensive and systematic plan to reform the management of its trust responsibilities, the Fiduciary Trust Model. The status of the implementation of the FTM has been described in the reports provided to the U.S. District Court in *Cobell v. Norton*. The FTM includes a reorganization of Interior's fiduciary trust offices to improve delivery of services, effectiveness, and accountability of trust operations; the re-engineering of Interior's fiduciary trust business processes and systems to ensure that the Department meets its fiduciary trust goals and objectives; and the reduction of fractionated individual Indian trust land interests.

The primary concept of the FTM, working in partnership with the beneficiaries, is to improve the business processes for the delivery of services to tribal and individual Indian beneficiaries by standardizing, streamlining, and automating these processes and services. Progress to date on the FTM includes hiring Indian land surveyors and initiating the certified Federal surveyor program; establishing the division of Indian Probate Hearings; hiring staff to serve as the primary point of contact for beneficiaries; opening the Trust Beneficiary Call Center; implementing a nationwide lockbox system for the collection of trust payments; developing draft interagency handbooks and desk operating procedures that document the standardized and streamlined business processes; developing teams for updating Federal regulations in support of the FTM; and redesigning the minerals valuation process. On June 30, 2005, the implementation of the integrated system to support the FTM was completed at the BIA Anadarko and Concho agencies.

On January 6, 2003, the Department submitted the *Historical Accounting Plan for Individual Indian Money Accounts* to the U. S. District Court. The plan addresses the process to conduct a historical accounting for about 260,000 IIM accounts as directed by the court. The cost to complete the plan was estimated to be \$335 million.

On November 15, 2005, the Court of Appeals for the D.C. Circuit vacated a February 23, 2005 structural injunction imposed by the District Court in the *Cobell* litigation that called for a transaction-by-transaction accounting for all transactions back to 1887 at an expected cost of \$10 to \$12 billion. The Court of Appeals ruling specifically allows the use of statistical sampling as part of the IIM historical accounting. Interior is considering modifying its Janu-

ary 6, 2003 accounting plan, based on the information now available from the work of the past three years, and the recent appellate court decision vacating the District court's structural injunction. The process will consider lessons learned from work already completed, removal of the structural injunction, statistical sampling parameters, and accounting costs.

Budget Overview—The 2007 request for OST totals \$244.5 million, \$185.0 million for Federal Trust Programs, and \$59.5 million for Indian Land Consolidation. The request reflects a net \$21.7 million, or ten percent, increase above the 2006 enacted level and provides a significant increase in funding for purchase of individual Indian lands to reduce fractionation.

As a result of an evaluation of trust programs, reductions of \$4.9 million in OST will support other high priority trust reform initiatives. A reduction in the re-engineering program of \$1.0 million is possible as the design, development, and testing of the various FTM model implementations will be completed in 2007.

Other reductions include \$1.4 million in training programs due to the completion of the development of the trust officer certification program; \$885,000 based on completion of training on a standardized risk management tool to support risk assessments; and \$675,000 resulting from the completion of development and implementation of the Indian Trust Examiner Certification program.

In addition, a reduction of \$875,000 is possible in OST field operations and trust services programs based on efficiencies realized as a result of the implementation of the lockbox and the Trust Beneficiary Call Center.

Increases of \$197,000 are included to provide for additional outreach efforts to Tribes on self-determination contracts related to appraisal services and trust financial services and \$110,000 for the additional costs of space.

The OST budget includes \$30,200 for Working Capital Fund program changes.

Historical Accounting—Within the OST request is \$56.4 million for the Office of Historical Trust Accounting, continuing the level enacted by Congress in 2006. This amount will provide approximately \$39.0 million for IIM accounting, and \$17.4 million for tribal accounting. This amount may be revised depending on the outcome of any further court rulings in *Cobell v. Norton* or congressional action.

Within the \$39.0 million proposed for individual accounts, a total of \$6.5 million would be used to complete the recon-

conciliation of the remaining 17,034 judgment and per capita accounts. To address land-based transactions, Interior will use \$22.0 million to reconcile 1,000 land-based IIM transactions; continue imaging and coding 3,000 boxes of jacket folders and digitize 100,000 paper ledgers, resulting in the imaging and coding of three million pages of trust documents; and continue data completeness validation for a total of seven BIA regions. An additional \$6.5 million will be used to resolve the proper ownership of residual balances in special deposit accounts and distribute \$3.5 million in account balances to Tribes, individual Indians, and non-trust entities. In addition, \$4.0 million will be used for on-going litigation support costs associated with both individual and tribal cases for work provided by the Solicitor and the Department of Justice.

The \$17.4 million for tribal cases will support analysis and resolution of tribal claims and potential settlement negotiations with Tribes. It will also fund four tribal claims analyses.

Indian Land Consolidation — One of the greatest challenges facing the Federal government regarding fiduciary trust management is the fractionation of 3.2 million 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 from willing sellers, 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 and the feasibility of using these lands for purposes that will generate income for individual Indians and Tribes declines. 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.

The Department has demonstrated success over the past several years acquiring these highly fractionated interests through the Indian Land Consolidation program. Through December 31, 2005, Interior has acquired a cumulative total of 202,775 interests. Over 86 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.

Once interests are purchased, title can be transferred to the Tribe. Purchase of fractional interests increases the

likelihood of more productive use of the land, reduces record keeping and large numbers of small dollar financial transactions, and decreases the number of accounts subject to probate.

The 2007 budget proposes funding of \$59.5 million for Indian land consolidation, an increase of \$25.4 million, or 75 percent above the 2006 enacted level. As part of this proposal, the Department will implement a tiered acquisition strategy, targeting selected highly fractionated tracts. There are 2,173 highly fractionated tracts (defined as 200 or more interests per tract) owned by 98,905 individuals that own a total of 711,530 interests. A focus on these tracts will begin in 2006 and target an estimated 1,557 of these highly fractionated tracts owned by 64,055 individuals that own 520,685 individual interests located in ten geographic locations. In addition, partnership efforts will continue with tribal land consolidation efforts to leverage funding where appropriate.

The \$59.5 million in funding proposed for 2007 will provide for an acquisition program of approximately 80,000 additional fractionated interests. Estimates of interests to be acquired are based on average costs. As acquisition activities continue and interests are acquired, the average cost per acquisition, cost per interest, and number of interests will likely change from the experience to date.

Fixed Costs — Fixed costs for OST total \$810,000 and are fully 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 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.

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 committee consists of 30 members selected from Federal, State, and tribal natural resource trustee agencies, representatives from business and industry, the academic community, and national and local environmental groups. In 2006, the Advisory Committee is continuing its work, leading to consensus recommendations in the spring of calendar year 2007.

Budget Overview — The 2007 request for the Restoration program is \$36.1 million, including \$30.0 million in permanent appropriations. For current appropriations, the \$6.1 million request is \$93,000 over the 2006 enacted appropriation. The \$6.1 million request includes \$3.9 million for damage assessment projects, \$1.6 million for program management, and \$576,000 for restoration support. The requested level of \$30.0 million for permanent appropriations represents the anticipated amount of settlement receipts to be recovered in settled damage assessment cases in 2007. These receipts are used exclusively by trustees for restoration of damaged lands and resources, or for reimbursement of past assessment costs.

This request enables the program to restore 10,000 acres and 80 shoreline and stream miles of injured habitat and to set targets to initiate restoration activities at 25 new sites (200 cumulative) and to deposit an additional \$30.0 million in new settlement funds (\$337.0 million cumulative).

Fixed Costs — Fixed costs for this program total \$93,000, all of which are funded.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2007 Request with 2006 Enacted:

	2006 Enacted		2007 Request		Change from 2006	
	FTE	Amount	FTE	Amount	FTE	Amount
Appropriations						
Departmental Management.....	393	130,238	398	118,845	+5	-11,393
Payments in Lieu of Taxes	1	232,528	1	198,000	0	-34,528
Central Hazardous Materials Fund.....	2	9,710	2	9,923	0	+213
Assistance to Territories	42	76,160	44	74,361	+2	-1,799
Compact of Free Association.....	0	5,313	0	4,862	0	-451
Office of the Solicitor	374	54,624	374	56,755	0	+2,131
Office of Inspector General.....	269	38,541	279	40,699	+10	+2,158
Office of Special Trustee for American Indians	590	188,774	605	185,036	+15	-3,738
Indian Land Consolidation.....	0	34,006	0	59,449	0	+25,443
Natural Resource Damage Assessment	6	6,016	6	6,109	0	+93
Subtotal, Appropriations.....	1,677	775,910	1,709	754,039	+32	-21,871
Permanents and Other						
Working Capital Fund.....	1,122	0	1,090	0	-32	0
Franchise Fund	111	0	151	0	+40	0
Indian Arts and Crafts Board	0	35	0	37	0	+2
Take Pride in America	0	23	0	23	0	0
Payments to U.S. Territories	0	144,700	0	144,700	0	0
Compact of Free Association.....	0	199,434	0	202,403	0	+2,969
Payment for Trust Accounting Deficiencies	0	6	0	0	0	-6
OST - Tribal Special Funds.....	0	176,608	0	185,968	0	+9,360
OST - Tribal Trust Fund.....	0	58,820	0	61,937	0	+3,117
Natural Resource Damage Assessment	0	32,000	0	30,000	0	-2,000
Departmental Management - Allocation Account .	102	0	102	0	0	0
Reimbursements - Departmental Management	228	0	233	0	+5	0
Reimbursements - Office of the Solicitor	42	0	42	0	0	0
Subtotal, Other Accounts	1,605	611,626	1,618	625,068	+13	+13,442
TOTAL, DEPARTMENTAL OFFICES.....	3,282	1,387,536	3,327	1,379,107	+45	-8,429
National Indian Gaming Commission.....	95	12,000	99	13,000	+4	+1,000

HIGHLIGHTS OF BUDGET CHANGES
By Appropriation Activity/Subactivity

APPROPRIATION: Departmental Management

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
Departmental Direction.....	13,890	13,884	14,013	+129
Management and Coordination.....	28,554	28,916	30,399	+1,483
Hearings and Appeals.....	7,919	7,950	7,895	-55
Central Services.....	27,696	33,367	35,095	+1,728
USBM Workers Compensation Costs.....	629	643	627	-16
Kendall County Grant.....	4,931	4,926	0	-4,926
Martin Luther King Memorial.....	0	9,852	0	-9,852
FBMS.....	14,160	22,224	22,240	+17
Indian Arts & Crafts Board.....	1,042	1,144	1,160	+16
Consolidated Appraisal Services.....	0	7,332	7,416	+84
TOTAL APPROPRIATION.....	98,821	130,238	118,845	-11,393

Highlights of Budget Changes

	<u>Amount</u>
Fixed Costs	[+1,461]
Departmental Direction	+129
Within the budget, a funding re-alignment has been proposed to reflect current workload and staffing (-\$96.6). Fixed costs total \$322.6 of which \$225.8 are budgeted and \$96.8 are absorbed.	
Management and Coordination	+1,483
The budget includes an increase for the Office of Environmental Policy and Compliance for emergency preparedness and response to oil discharges and hazardous substance releases (+\$128). An increase of \$14 is also included for the overhead rate charged pertaining to the Office of Indirect Costs Negotiations. Within the budget, a funding realignment has been proposed to reflect current workload and staffing (+\$779.7). Fixed costs total \$801 of which \$561 are budgeted and \$240 are absorbed.	
Hearings and Appeals	-55
An increase is requested to implement the hearings requirement for hydropower licensing contained in the Energy Policy Act of 2005 (+\$400). Within the budget, a funding realignment has been proposed to reflect current workload and staffing (-\$596.2). Fixed costs total \$202 of which \$142 are budgeted and \$60 are absorbed.	
Central Services	+1,728
Increases in Central Services will address increased costs for space rental (+\$184), postage (+\$200), and administrative services for accounting and acquisition (+\$483), and personnel (+\$393). Within the budget, a funding realignment has been proposed to reflect current workload and staffing (-\$120.2). Fixed costs total \$665 of which \$465 are budgeted and \$200 are absorbed.	
The 2007 budget includes an increase of \$122 for projects funded through the Working Capital Fund including consolidation of diverse, separate messaging systems onto one enterprise system; a contracted effort to eliminate, over three years, the Department's backlog of nearly 2,000 appeals to Freedom of Information Act requests; the creation of an enterprise system that will improve the effective use of geographic information; and the Enterprise Services Network that became operational in 2005 and provides access to the Internet, a Department-wide intranet, and a technical support center.	
Kendall County Grant	-4,926
The budget includes a reduction of \$4,926 compared to the 2006 enacted level for the one-time grant funded in 2006.	

	<u>Amount</u>
Martin Luther King Memorial	-9,852
The budget includes a reduction of \$9,852 compared to the 2006 enacted level for the one-time funding provided in 2006.	

APPROPRIATION: Payments in Lieu of Taxes

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
TOTAL APPROPRIATION	226,805	232,528	198,000	-34,528

Highlights of Budget Changes

	<u>Amount</u>
Payments in Lieu of Taxes	-34,528
The budget includes \$198,000 for PILT, a \$34,528 decrease below the 2006 enacted level.	

APPROPRIATION: Central Hazardous Materials Fund

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
TOTAL APPROPRIATION	-3,645	9,710	9,923	+213

Highlights of Budget Changes

	<u>Amount</u>
Central Hazardous Materials Fund	+213
The budget includes an increase to address the continued development of a Departmental environmental management information system (+\$191). Fixed costs total \$22 of which \$22 are budgeted.	

APPROPRIATION: Assistance to Territories

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
American Samoa				
Operations Grants	22,779	22,770	22,880	+110
Northern Marianas				
Covenant Grants (Mandatory)	27,720	27,720	27,720	0
Territorial Assistance				
Office of Insular Affairs	6,472	7,273	7,624	+351
Technical Assistance	11,716	10,524	8,226	-2,298
Maintenance Assistance Fund	2,268	2,266	2,277	+11
Brown Tree Snake	2,663	2,660	2,673	+13
Insular Management Controls	1,470	1,469	1,476	+7
Coral Reef Initiative	494	493	495	+2
Water and Wastewater Projects	0	985	990	+5
American Samoa Loan Subsidy	0	0	0	0
Subtotal, Territorial Assistance	25,083	25,670	23,761	-1,909
TOTAL APPROPRIATION	75,582	76,160	74,361	-1,799

Highlights of Budget Changes

	<u>Amount</u>
Fixed Costs	[+248]
American Samoa Operations Grants	+110
<p>The budget request increases the operations grants to the American Samoan government by \$110 as part of the Department's on-going commitment to provide stable operations funding to encourage economic self sufficiency.</p>	
Office of Insular Affairs	+351
<p>The budget request increases the Office of Insular Affairs by \$102 in discretionary costs for staff, travel, and other costs associated with oversight of financial assistance provided through the Compact of Free Association. The budget also includes an increase of \$1 for projects funded through the Working Capital Fund. Fixed cost increases are fully funded at \$248.</p>	
Technical Assistance	-2,298
<p>Technical assistance is decreased by \$2,298 due to the elimination of lower priority earmarks for the prior service trust fund (-\$788); judicial training in the ninth circuit (-\$315); and the Marshall Islands Health Care program (-\$985). General Technical Assistance is decreased by \$210.</p>	
Maintenance Assistance Funds	+11
<p>The budget provides increased funding for technical assistance for public infrastructure (+\$11).</p>	
Brown Tree Snake	+13
<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 (+\$13).</p>	
Insular Management Controls	+7
<p>The budget request increases discretionary grants to improve insular government systems and services (+\$7).</p>	
Coral Reef Initiative	+2
<p>The budget increases discretionary grants to improve coral reef management and protection of the insular areas (+\$2).</p>	
Water and Wastewater Projects	+5
<p>The budget increases funding necessary for high priority water and wastewater projects in the U.S. Territories (+5).</p>	

APPROPRIATION: Compact of Free Association

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
Compact of Free Association	2,957	2,820	2,862	+42
Mandatory Payments	2,000	2,000	2,000	0
Enewetak Support	493	493	0	-493
TOTAL APPROPRIATION	5,450	5,313	4,862	-451

Highlights of Budget Changes

	<u>Amount</u>
Compact of Free Association	+42
An increase (\$42) is provided for an increase in postal service costs in the Freely Associated States.	
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

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
Legal Services	40,916	41,847	43,532	+1,685
General Administration	9,701	11,726	12,126	+400
Ethics	1,039	1,051	1,097	+46
TOTAL APPROPRIATION	51,656	54,624	56,755	+2,131

Highlights of Budget Changes

	<u>Amount</u>
Fixed Costs	[+2,346]
Legal Services	+1,685
Fixed costs totals \$1,685 of which \$1,685 are funded.	
General Administration	+400
The budget includes \$57,000 for working capital fund program increases and a decrease of \$272,000 for one-time information technology increases in the 2006 budget. Fixed costs total \$615 of which \$615 are budgeted.	
Ethics	+46
Fixed costs total \$46 of which \$46 is budgeted.	

APPROPRIATION: Office of Inspector General

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
Audit	16,270	16,725	17,748	+1,023
Investigations.....	13,529	14,130	14,728	+598
Admin. Services & Info. Management.....	7,476	7,686	8,223	+537
TOTAL APPROPRIATION	37,275	38,541	40,699	+2,158

Highlights of Budget Changes

	<u>Amount</u>
Fixed Costs	[+1,147]
Legal Services	+1,023
The budget includes ten additional staff for benchmarking and best practices (+\$391) and reviews for program evaluations and assessments (+\$330). Fixed cost total \$302 of which \$302 are funded.	
Investigations	+598
Fixed costs total \$598 of which \$598 are budgeted.	

Amount

Administrative Services and Information Management +537
The budget includes increases to maintain current security clearances (+\$76), upgrade and enhance computer equipment and software (+\$174), and to provide program and technical training (+\$40). Fixed costs total \$247 of which \$247 are budgeted.

APPROPRIATION: Office of Special Trustee for American Indians

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
Federal Trust Programs				
Executive Direction	2,216	2,199	2,150	-49
Program Ops, Support, & Improve	191,324	186,575	182,886	-3,689
TOTAL APPROPRIATION	193,540	188,774	185,036	-3,738

Highlights of Budget Changes

Fixed Costs Amount
[+810]

Executive Direction -49
Fixed costs totaling -\$49 are fully funded.

Program Operations and Support -3,689
Net decreases in funding as a result of program reviews include a reduction in the OST re-engineering program (-\$1,050); a decrease in the training program (-\$1,400); a decrease due to completion of training on a standardized risk management tool (-\$885), and a decrease as a result of implementation of the Indian Trust Examiner certification (-\$675). Other program changes include a reduction in the OST field operations and trust services programs based on efficiencies realized as a result of the implementation of the lockbox and the Trust Beneficiary Call Center (-\$875). These decreases are partially offset by increases to provide for additional outreach efforts to Tribes on self-determination contracts related to appraisal and trust financial services (+\$197) and for the additional costs of space and Departmental services (+\$140). Fixed costs total \$859 and are fully funded.

APPROPRIATION: Indian Land Consolidation Program

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
TOTAL APPROPRIATION	34,514	34,006	59,449	+25,443

Highlights of Budget Changes

Indian Land Consolidation Amount
+25,443
Increase in funding for expansion of land consolidation efforts to acquire additional selected highly fractionated individual Indian land interests.

APPROPRIATION: Natural Resource Damage Assessment and Restoration

	2005 Actual	2006 Enacted	2007 Request	Change from 2006 Enacted
Damage Assessments	3,845	3,873	3,918	+45
Restoration Support	366	574	576	+2
Program Management	1,526	1,569	1,615	+46
TOTAL APPROPRIATION	5,737	6,016	6,109	+93

Highlights of Budget Changes

Fixed Costs	<u>Amount</u>
Fixed costs total \$93 and are fully funded.	+93