



Achieving Key Goals

The true test of any vibrant organization is that it can examine itself critically and constructively to strengthen its vision and improve its operations.

*Dirk Kempthorne, Secretary of the Interior
June 19, 2006*

The Department of the Interior is the Nation's principal Federal conservation agency, guardian of many of the Nation's unique cultural and historic sites, and responsible for fulfilling the Federal government's trust and other responsibilities to American Indians, Alaska natives, and affiliated island communities. As the steward of one-fifth of the Nation's lands, Interior manages renewable and non-renewable resources and energy programs that help sustain a dynamic economy and generate up to \$15 billion annually in revenues for the U.S. Treasury and States. Interior also manages significant park and wildlife areas across the Nation, along with water resources in the 17 western States.

In undertaking these responsibilities, Interior uses an integrated approach with common mission goals as defined in the Department's strategic plan. The 2007 – 2012 strategic plan continues the Department's four primary mission goals for resource protection, resource use, recreation, and serving communities, which are pursued through partnerships, effective management, and use of scientific information.

The 2008 budget will improve performance in high-priority initiatives and commitments. These include:

- Implementing the Energy Policy Act and supporting the President's National Energy Policy.
- Advancing the Administration's vision for cooperative conservation and strengthening coordination with States, Tribes, landowners, and others.
- Enhancing the protection of imperiled species through the national wildlife refuge system.
- Reducing risks to communities from wildland fires and restoring forest health through the Healthy Forests Initiative.
- Fostering historic preservation and heritage tourism through Preserve America.
- Implementing the President's Ocean Action Plan and supporting the Nation's network of marine protected areas.
- Resolving major western water challenges and improving water supply and delivery.
- Encouraging recreation on public lands to contribute to the well-being of Americans.
- Improving volunteerism through Take Pride in America and other programs.
- Achieving management excellence through the President's management agenda.

The Interior Department plays a major role in implementing both the National Energy Plan and the Energy Policy Act. As a result, roughly one third of the energy produced in the United States each year comes from public lands and waters managed by Interior. This includes almost half of the Nation's coal production, more than a third of domestic oil, 39 percent of natural gas, 17 percent of hydropower, and 50 percent of geothermal.

*Dirk Kempthorne, Secretary of the Interior
July 19, 2006*

ENHANCING ENERGY SECURITY FOR THE NATION



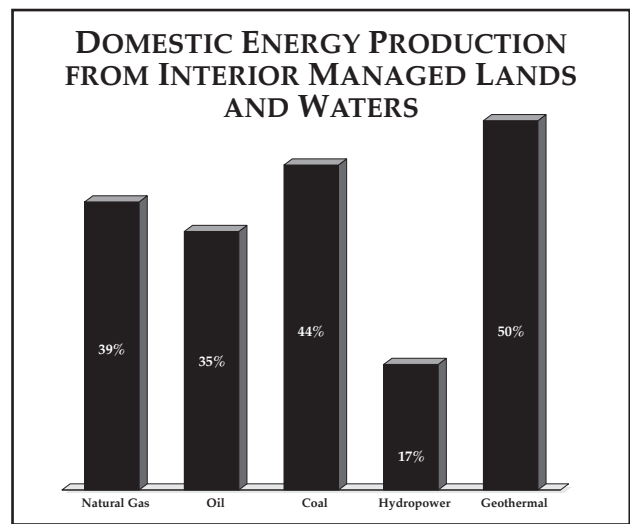
In 2008, using tools of the Energy Policy Act, three bureaus will contribute to the goals of the President's National Energy Policy. Through the work of the Bureau of Land Management, the Minerals Management Service, and the U.S. Geological Survey, the Department will encourage energy efficiency and conservation, promote alternative and renewable energy sources, and seek to strengthen energy security through increased domestic production and the availability of reliable information on domestic energy resources. Interior plays a central role in meeting the goals and objectives of the Energy Policy Act with 86 sections of the Act affecting the Interior Department.

Accomplishments to date include:

- Implementation by BLM of the pilot program authorized by the Act at seven district offices to improve processing of applications for permits to drill, while increasing monitoring of oil and gas development and expanding inspection and enforcement.

- Initiation by BLM of an oil shale research and development leasing program to boost future domestic oil production opportunities on public land.
- Coordinated efforts by BLM, MMS, and USGS, in the Gulf of Mexico and the North Slope of Alaska to accelerate research, resource modeling, assessment, and characterization of gas hydrates.
- Publication in November, 2005 of rules to improve hydroelectric re-licensing.
- Development by MMS of an alternative energy program for the Outer Continental Shelf, as authorized by the Energy Policy Act.

Other Interior agencies contribute to implementation of the Energy Policy Act. In 2005, the Department created the Office of Indian Energy Policy and Programs. Bureau of Indian Affairs regulations will authorize tribal energy resource agreements that offer Tribes an alternative for developing business agreements. The Fish and Wildlife Service continues to support energy programs, providing extensive





support to energy projects through consultation and project planning activities.

Interior bureaus and offices have also established strategies to support key energy goals for the future. Planned activities for energy programs through 2008 include:

- Increasing the number of APDs processed from 7,736 in 2005 to nearly 12,000 in 2008.
- Implementing the new 2007-2012 Five-Year OCS Oil and Gas Leasing program. On August 25, 2006, a second draft of the Proposed Program and the associated Draft Environmental Impact Statement were released to the public for review and comment. The current five-year plan expires on June 30, 2007.
- Advancing alternative energy sources on the OCS by developing rules and preparing a programmatic environmental impact statement to facilitate leases, rights-of-way, easements, and revenue sharing.
- Advancing the understanding of national geothermal resources through the use of new USGS research and assessment activities.

- Achieving substantial increases in production of renewable energy on public lands. Wind energy capacity on BLM land is expected to increase by 3,200 megawatts in the next 10 to 15 years, and two recent applications for commercial solar facilities on BLM land have an estimated combined output of 1,750 megawatts.
- Advancing oil shale as a potential future domestic source of oil. The BLM has issued research, development, and demonstration leases for five oil shale projects on public lands in Colorado's Piceance Basin. Oil shale deposits in the western U.S. contain an estimated 800 billion barrels of potentially recoverable oil, 72 percent of which is on public lands.
- Conducting research and evaluation of domestic energy resources, including oil, gas, coal, and gas hydrates.

To carry out the goals of the Energy Policy Act and enhance the availability of affordable oil, gas, and alternative energy sources, the 2008 budget for Interior programs includes \$481.3 million for energy programs, an increase of \$25.5 million from 2007. With these resources, the Department will enhance energy security through increased production, protect the environment, promote conservation, and expand the use of new technologies and renewable energy sources. The 2008 proposal includes the following:

Bureau of Land Management — In 2008, BLM will conduct landscape-scale restoration for habitat in the wildlife-energy interface as described in the Healthy Lands Initiative. An increase of \$15.0 million will enable BLM to expand these activities to the scale and scope needed to protect species and habitat and allow energy activities to continue. Overall, the BLM 2008 budget request for energy is \$142.9 million, including \$141.2 million in the Energy and

Our National and economic security depends on our developing domestic energy resources like the oil shale found in western Colorado.... These R&D projects will allow us to test our belief that we have the knowledge and expertise to develop this resource effectively, economically, and with responsibility to the environment and to local communities.

**C. Stephen Allred, Assistant Secretary – Land and Minerals Management
November 13, 2006**

Minerals program and \$1.7 million in the Lands and Realty Management program. This is an increase of \$6.0 million above 2007.

In 2008, BLM will implement fees for APDs to fully replace rental revenue currently available for processing oil and gas use authorizations, thereby maintaining BLM's capacity for timely APD processing. A legislative proposal will be transmitted to the Congress that proposes to repeal Section 365 of the Energy Policy Act. Section 365 redirects rental revenue deposits from the Treasury to fund BLM pilot offices.

The BLM request includes an increase of \$3.1 million for inspection and monitoring to ensure environmentally responsible energy development on public lands and proper reporting of production. These funds will provide BLM with the capacity to conduct an additional 1,572 inspections by 2009, with 522 additional inspections occurring in 2008.

Minerals Management Service — The MMS 2008 budget request for energy is \$290.8 million, \$16.7 million above the 2007 continuing resolution and \$5.4 million above the 2007 President's budget request. The budget includes increases to facilitate OCS development and deepwater activities, complete environmental analyses necessary for the 2008 OCS lease sales, and implement the 2007-2012 Five-Year OCS Oil and Gas Leasing program.

The Gulf of Mexico Energy Security Act of 2006, signed into law on December 20, 2006, significantly enhances OCS oil and gas leasing activities and production potential in the Gulf of Mexico. The Act

opens up 8.3 million acres in the Gulf for leasing, including 5.8 million acres previously withdrawn under congressional and presidential moratoria. The Act also shares revenues with Gulf producing States and with the Land and Water Conservation Fund, with the first distribution to take place in 2009.

U.S. Geological Survey — The USGS 2008 budget request for energy is \$26.8 million, an increase of \$668,000 for fixed costs. In 2008, USGS will continue vital research and assessment activities on domestic energy resources and environmental impacts of energy occurrence and usage.

Bureau of Indian Affairs — The BIA 2008 budget request for energy initiatives is \$11.7 million, an increase of \$214,000 for fixed costs. In 2008, BIA will continue to develop energy resources and conduct energy-related activities, including energy inventories, feasibility studies, technical training, and start-up assistance, focusing on the development of tribal resource agreements.

Fish and Wildlife Service — The FWS 2008 budget request for energy is \$8.7 million, \$2.0 million above 2007. In 2008, FWS will focus on the protection of wildlife and habitat in the wildlife-energy interface through the consultation program and project planning. The funding increase will allow FWS to expand protection to more species and habitats. For example, in 2008 FWS expects that an additional 6,640 acres of sage grouse habitat in the Green River Basin of Wyoming will be restored or enhanced.

A crosscut of Interior funding for energy programs is provided in Appendix K.



We believe cooperative conservation is the best way to protect the environment. This means we must focus on the needs of states, and respect the unique knowledge of local authorities, and welcome the help of private groups and volunteers...Through cooperative conservation, we're moving away from the old environmental debates that pit one group against another and towards a system that brings citizens of every level of government together to get results.

*President George W. Bush
July 12, 2006*

ADVANCING COOPERATIVE CONSERVATION

Cooperative conservation is the centerpiece of the Administration's environmental policy vision. To advance this vision, the President issued an Executive Order on Cooperative Conservation in August 2004 calling on Federal agencies to strengthen interagency coordination and cooperation with



States, Tribes, landowners, and others to enhance environmental performance.

With leadership from the Council on Environmental Quality, the Departments of the Interior, Agriculture, Commerce, and Defense and the Environmental Protection Agency are implementing laws, modifying regulations, and implementing programs for the environment and natural resources in a manner that promotes cooperative

conservation and includes, where appropriate, local participation in Federal decisionmaking.

In 2005, the Interior Department helped to conduct the first-ever White House Conference on Cooperative Conservation. In the Fall 2006, the Department worked with the White House and other Departments to host a series of listening sessions around the country on cooperative conservation and environmental partnerships. The listening sessions provided citizens an opportunity to exchange ideas on incentives, partnership programs, and regulations to improve conservation results and promote environmental partnerships.

To date, the Department has built strong foundations for cooperative conservation:

- From 2001 through 2007, Interior will have invested \$2.2 billion in cooperative conservation grants in partnership with States, Tribes, local governments, and private landowners with programs that preserve open space, restore habitat for wildlife, and protect endangered species.
- Since 2001, Interior agencies have restored or protected more than five million acres of lands and 10,000 miles of stream and shoreline miles through cooperative conservation partnerships.
- Interior agencies have granted cooperating agency status to States and local governments to give them a greater

Cooperative Conservation efforts are important because they tap on-the-ground insights and experience of landowners and local communities — people who know their lands better than anyone... and, therefore, are able to bring forward innovative ideas on how to address conservation and environmental challenges.

*P. Lynn Scarlett, Deputy Secretary of the Interior
August 14, 2006*

role in the Federal land use planning performed within their jurisdictions.

- Interior has established effective working relationships with State fish and game agencies. As part of this process, all 50 States have submitted, and Interior has approved, wildlife management action plans. Implementation of the plans will result in increased conservation of habitat for threatened and endangered species.
- Through the Appalachian Regional Reforestation Initiative in the last two years, the Office of Surface Mining has supported the planting of millions of trees on reclaimed mining lands.

Interior's bureaus and offices have established strategies for the future of cooperative conservation, including:

- Securing enactment of cooperative conservation legislation to reduce barriers to partnerships and foster landscape-scale conservation partnerships.
- Issuing \$18.4 million in challenge cost-share grants in 2008 that will leverage non-Federal funds by as much as four



to one to restore, enhance, or protect several million acres of wetlands, grasslands, uplands, and forests.

- Contributing to the President's goal of three million acres of wetlands restored, protected, and enhanced by 2009. To date, Interior has restored, improved, and protected 750,000 acres to advance the President's goal.

These programs provide a foundation for cooperative efforts to protect endangered and at-risk species; engage local communities, organizations, and citizens in conservation; foster innovation; and

At the 25 listening sessions held throughout the Nation, local citizens representing conservation groups, industry, water districts, towns, landowners, and others turned out to talk about cooperative conservation. The insights and suggestions from these individuals will inform programs, guide regulatory and legislative changes, and lay the groundwork for strengthening cooperative conservation.

Matt Hare of The Nature Conservancy observed at one listening session:

Finding common ground with communities, ranchers, farmers, government agencies and corporations is essential to finding creative and practical solutions that balance human needs with conservation goals.

Irene Anderson, a biologist with the Center for Biological Diversity said:

I want to focus today on a successful cooperative conservation effort here locally that I was involved with, that resulted in a win/win situation... what we ended up with is a comprehensive plan that not only protects those plants, but a sweep of other unique and common plants and animals, that benefits their habitat protection, while awaiting for appropriate mining in appropriate areas.

Hundreds of people have provided their thoughts and vision for cooperative conservation that will form the foundation for future efforts.

CHALLENGE COST-SHARE EXAMPLES

Colorado/Utah — The black-footed ferret recovery project is a cooperative effort between BLM in partnership with other Federal, State and local government agencies, and local citizens in both Colorado and Utah. Colorado operates a breeding program to supply black-footed ferret kits for reintroduction plus a pre-release conditioning facility that provides a captive but natural environment for conditioning animals for life in the wild prior to actual release. Together, partners have reintroduced over 100 black-footed ferrets into the wild in Utah. The overall goal of the program is to develop and maintain a self-sustaining population of black-footed ferrets by 2010 within the Colorado/Utah black-footed ferret reintroduction area. The goal of the national recovery plan is to establish 1,500 black-footed ferrets in 10 separate, self-sustaining populations by the year 2010. The Colorado/Utah reintroduction area is one of ten recovery areas.

West Virginia — The FWS funded a cost-share project on Big Run, in the upper Potomac River Basin in West Virginia in 2006. The project restored 45 acres of riparian forest and protected 1.5 miles of stream by excluding cattle. More than a dozen partner organizations contributed funds, talent, or labor, including several middle schools and Trout Unlimited chapters. Using a national fish habitat action plan, this effort focuses organizations and resources on common strategic priorities to achieve measurable results for fish and aquatic habitat.

achieve conservation goals while maintaining working landscapes. The 2008 budget of \$324.0 million for cooperative conservation includes:

Bureau of Land Management — The BLM 2008 budget includes \$9.4 million for challenge cost-share grants. Funding enables BLM to provide grants to local communities, non-profit groups, and others to protect endangered and at-risk species and achieve conservation goals. These grants are leveraged with a non-Federal match of 50 percent or more.

The 2008 budget for cooperative conservation includes the Healthy Lands Initiative, which includes an increase of \$15.0 million for BLM. This increase will allow BLM to continue to provide access to energy resources, while protecting species and habitat in cooperation with partners. The Healthy Lands Initiative also includes \$2.0 million for FWS and \$5.0 million for USGS.

Fish and Wildlife Service — The budget proposes \$291.7 million for FWS cooperative conservation grants and programs. This includes \$6.7 million for challenge cost-share grants that land managers can use to work with adjacent communities, landowners, and other citizens to achieve common conservation goals.

The 2008 budget includes \$80.0 million for the Cooperative Endangered Species Conservation Fund. This amount, the same level as 2007, promotes species conservation through grants for recovery actions, land acquisition, and habitat conservation planning in collaboration with States and others.

The North American Wetlands Conservation Fund budget request of \$42.6 million includes an increase of \$6.0 million over 2007 to enhance wetlands restoration. Partners will continue to build upon their previous achievements in restoration conservation activities. At this level of funding, a total of 455,300 acres of wetlands will be enhanced or restored.

For the State and Tribal Wildlife Grants program, the 2008 budget includes \$69.5 million, an increase of \$19.5 million above 2007. With the completion of State Wildlife Action Plans, States are now conducting projects to conserve wildlife species. In 2008 the program will fund the projects in the States and Territories.

The 2008 budget also includes \$4.0 million for the Neotropical Migratory Birds program. This program funds migratory bird conservation in the

NUMBER OF WETLAND ACRES ENHANCED OR RESTORED

	2006 Actual	2007 Plan	2008 Plan
Partners	99,960	45,665	55,871
Coastal	21,962	3,115	3,634
Refuges	49,765	35,316	40,418
NAWCF	483,800	501,090	455,300
Total	655,487	585,186	555,223

United States, Mexico, and many Central and South American countries as well as Puerto Rico and other Caribbean nations and creates habitat conditions for migratory bird populations to flourish.

New to the suite of cooperative conservation programs highlighted in 2008 are the multi-agency Open Rivers Action Initiative and the National Fish Habitat Plan. In 2008, FWS will engage partners to accelerate the recovery of aquatic species listed under the Endangered Species Act, restore aquatic species where populations are declining to preclude the need for listing, and support increased recreational opportunities for the public. An additional \$2.3 million will leverage funding to implement the National Fish Habitat Action Plan and will help to focus attention and resources on a nationwide fisheries conservation effort to help reverse declines in fisheries.

The fisheries budget also proposes a \$6.0 million increase for the Open Rivers Initiative, a multi-agency initiative to implement fish passage habitat restoration projects that remove small, obsolete dams and other fish passage barriers. Projects will require a partner cost-share of at least 50 percent and will focus on activities that provide the best opportunities to ensure continued self-sustainable fish or other aquatic species, preclude listing of the species, and assist in the recovery of listed species. Combined with existing funding for fish passage, this provides a total of \$11.0 million for the FWS fish passage program.

The 2008 budget includes \$48.4 million for the Partners for Fish and Wildlife program, an increase of \$5.7 million over 2007. At this funding level FWS will work with partners to restore 348,975 acres of uplands and wetlands. The FWS Coastal program, funded at \$13.3 million in 2008, will expand opportunities for habitat conservation activities for trust species.

In 2008, the Migratory Bird Joint Ventures program is funded at \$11.1 million, a reduction of \$769,000 from the 2007 level. The program will continue to focus on conservation of migratory bird habitat in priority landscapes.

National Park Service — The NPS 2008 budget includes \$2.4 million for challenge cost-share grants. Funding is used for grants to local communities, non-profit groups, and others to protect endangered and at-risk species and achieve conservation goals. These grants are leveraged with a non-Federal match of 50 percent or more.

U.S. Geological Survey — The 2008 budget for cooperative conservation includes the Healthy Lands Initiative, which includes an increase of \$5.0 million for USGS. This increase will allow USGS to provide scientific support to BLM for landscape scale protections for species and habitat in cooperation with partners.

A crosscut of funding for cooperative conservation programs is provided in Appendix E.

ENHANCING THE PROTECTION OF AT-RISK SPECIES ON REFUGES



President Theodore Roosevelt established the first wildlife refuge in 1903 when he ordered Pelican Island, a small shell and mangrove covered island in Florida's Indian River, to be protected forever as a "preserve and breeding ground for native birds."

From that first refuge, the system has grown to encompass a diverse collection of wildlife and habitat that also provides extensive recreation opportunities. Today's refuge system includes 547 wildlife refuges and 37 wetland management districts covering 96 million acres. National wildlife refuges are home to more than 280 of the Nation's 1,311 endangered or threatened species, and 59 refuges have been created specifically to provide habitat for those imperiled species.

The refuge system works closely with the endangered species, fisheries, and habitat conservation programs to foster habitat conservation and the recovery of at-risk species. The refuge system also works extensively with other Federal, State and tribal agencies, local governments, non-profit, and private groups to promote shared stewardship of lands and resources.

WETLANDS RESTORATION FOR HEALTHY WILDLIFE AND SAFER COMMUNITIES

Many wetlands lie at the interface of wildlife and human populations. Long recognized as critical to a clean, properly functioning environment and to overall ecosystem health, they supply life-sustaining habitat to hundreds of species. They also provide protective buffers for towns and cities against hurricanes, floods, and storm surges and they contribute to improving water quality. Their importance was highlighted by the impacts of hurricanes along the Gulf Coast in 2005. These hurricanes demonstrated the power of nature to eradicate coastal communities and the importance of barrier islands and wetlands to protect coastal areas.

The Gulf Coast ecosystem and associated wetlands produce the largest commercial fish and shellfish harvest in the lower 48 States. In addition, they provide winter habitat for more than 50 percent of the duck population in the Mississippi Flyway, an estimated 20 percent of North America's puddle duck population, and large concentrations of diving ducks and other migratory waterfowl. The value of recreational, commercial, and non-consumptive uses of Gulf coast fish and wildlife resources exceeds \$800 million per year. Gulf Coast wetlands also support and protect nationally important energy, transportation, and cultural infrastructure. More than 80 percent of the Nation's offshore oil and gas is produced off the Gulf coast and 25 percent of the Nation's foreign and domestic oil comes ashore via its coastal pipelines, roads, ports, and waterways. Because Gulf Coast wetlands provide storm surge protection for over two million people who live in the coastal zone, the economic and cultural well being of Gulf coastal communities is directly and inextricably linked to the health of wetlands. The USGS estimates that more than 118 square miles of coastal wetlands and marshes were transformed to open water along the southeast Louisiana coast as a result of Hurricane Katrina.



The results of Katrina highlight the importance of habitat stewardship, not just in the Gulf Coast but around the Nation. Because more than 85 percent of the Nation's wetlands are on non-Federal lands, the effectiveness of Federal efforts to improve the health, quality, and use of the Nation's wetlands has been greatly enhanced through the use of expanded public-private partnerships. Through cooperative conservation, the Federal government can facilitate these partnerships with matching grants, technical assistance, and other activities.

The Council on Environmental Quality has underscored the importance of Interior's wetlands programs to the achievement of wetland goals. Cooperative conservation programs such as the FWS North American Wetlands Conservation Act grants and Partners for Fish and Wildlife provide some of the primary Federal contributions to the President's wetlands goals through on-the-ground activities to restore or create wetlands and improve the condition of wetlands. Other programs such as the FWS Coastal program accomplish significant protection of wetlands by providing technical assistance and other support. The Department also has a significant role in terms of maintaining existing wetlands on public lands including the national wildlife refuge system, as well as through the research support provided by USGS to Federal agencies and State and private partners.

Refuge system accomplishments to date include:

- Treating 747,175 acres for invasive plant species.
- Restoring 637,606 upland acres through voluntary partnerships.
- Restoring 478,944 acres of wetlands through voluntary partnerships.
- Opening 34 additional refuges or wetland management districts to hunting and 24 to fishing.
- Completing 232 refuge specific Comprehensive Conservation Plans.

The FWS has established goals to support Interior's strategic plan, including:

- Increasing the percent of recovery actions completed by the refuge system as prescribed in recovery plans.
- Increasing the percent of acres of refuge land achieving desired conditions as specified in management plans.
- Decreasing the percent of refuge acres infested with invasive plant species.

The 2008 budget request includes a programmatic increase of \$4.1 million for refuge wildlife and habitat management. This increase will fund projects such as restoring coastal prairie habitat for the endangered Attwater's prairie chicken in Texas. This restoration would expedite recovery of the Attwater's prairie chicken, which relies on coastal prairie habitat. Substantially less than one percent of coastal prairie habitat remains. This loss has been the primary cause of the decline of the Attwater's prairie chicken. Currently, only an estimated 50 birds remain in the wild. Additional funding in 2008 would allow the refuge to restore habitat for the prairie chicken including: prescribed burns, control of invasive plant species, and restoration of native grasses. This project would restore approximately 3,500 refuge acres and support restoration on surrounding private lands.

In addition to funding provided through FWS's operations account, Resource Management, refuges are supported by funding budgeted in other accounts, including land acquisition, construction, the North American Wetlands Conservation Fund, and others.



The 2008 budget request for construction is \$23.1 million and includes \$2.3 million for replacement of the existing fuel farm at the Midway Atoll National Wildlife Refuge.

Midway Island was formally transferred to FWS from the Navy on October 31, 1996. Because of its pivotal role in naval history during World War II, the refuge is also recognized as the National Memorial to the Battle of Midway and is part of the newly created Northwestern Hawaiian Islands Marine National Monument.

Much of the infrastructure remaining on the refuge was originally developed by the Navy. The current fuel farm, which supplies fuel to the island's electrical generators, powers heavy equipment, and fuels supply planes, was designed for a large naval operation and up until recently provided fuel to other Federal agencies operating in the Pacific. It is far too large for the anticipated needs of the refuge and is in poor condition. In 2003, a leak in the distribution system resulted in a 100,000 gallon fuel spill that cost \$4.5 million to remediate. The FWS expects that replacing the fuel farm with a modern, more economically sized fuel farm will more adequately protect against spills and allow the refuge to realize an operational savings.

The 2008 budget also includes an increase of \$600,000 for operation of Northwestern Hawaiian Islands Marine National Monument. Funding would be used to enhance management and protection of the remote refuge that has ecologically and culturally significant islands and atolls. The challenges at the refuge are many with habitats that have been adversely affected by human activities including contaminants, invasives, and marine debris. In addition to remediation of these impacts, FWS will work on recovery of fisheries, listed and threatened species, and avian species.

ACHIEVING THE GOALS OF THE HEALTHY FORESTS INITIATIVE

On December 8, 2006, Commerce Secretary Carlos M. Gutierrez, Secretary of the Interior Dirk Kempthorne, and Hawaii Governor Linda Lingle signed a Memorandum of Agreement for managing and protecting the Northwestern Hawaiian Islands Marine National Monument. The agreement sets the framework for management of the monument by FWS and the National Oceanic and Atmospheric Administration in close coordination with the State of Hawaii.

The national monument was created by presidential proclamation on June 15, 2006. The largest protected area of island and marine habitat in the world, it comprises 89 million acres and is 100 times larger than Yosemite National Park and larger than 46 of the 50 States.



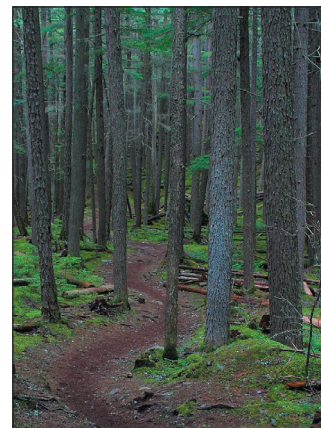
Today is an extraordinary day in the history of conservation... we are establishing a new blueprint for the protection and conservation of one of the world's most beautiful and unique ecosystems. Today, we are ensuring that the monument is not just a line on a map – it is a conservation area that will be managed cooperatively, using the best available science, while preserving cultural ties back thousands of years between Native Hawaiians and their sacred lands and waters.

Dirk Kempthorne
Secretary of the Interior
December 6, 2006

The Healthy Forests Initiative, launched in August 2002 by President Bush, is reducing risks to communities from wildland fires and restoring forest health. By protecting forests, woodlands, shrub lands, and grasslands from unnaturally intensive and destructive fires, this initiative improves the condition of our public lands, increases firefighter safety, and protects communities.

The Healthy Forests Restoration Act, enacted with the President's leadership in 2003, streamlines the preparation of environmental assessments, reducing the time from hazardous fuels project identification to on-the-ground implementation. The Act directs States and communities to prepare community wildfire protection plans, thereby increasing Federal, State, tribal, local government, and private sector collaboration in prioritizing hazardous fuels.

The Department's Healthy Forests budget in 2008 is \$307.3 million, an increase of \$5.1 million over the 2007 level.



To date, the Department of the Interior has:

- Conducted hazardous fuels treatments on 6.7 million acres from 2001 through 2006 through the hazardous fuels reduction program and approximately 1.1 million acres of landscape restoration accomplished through other land management activities.

INVASIVE SPECIES PRIORITIES

In 2007, Interior will again focus invasive plant activities based on geo-regional areas – south Florida, northern Great Plains, and the Rio-Grande River Basin. Interior will also continue coordination with other Federal agencies on species-specific government-wide priorities, such as tamarisk, the brown tree snake, and aquatic invasive species, in order to achieve shared goals. Through a collaborative effort, all of the Federal agencies that participate in this program contribute to formulation of the National Invasive Species Council performance budget. Since 2004, Interior has presented a unified invasive species performance-based crosscut budget, in conjunction with other Federal agencies, through the National Invasive Species Council.

The Department continues to make progress in the control of invasive species. In 2006, for example, FWS treated 2,500 acres of climbing fern on tree islands in Loxahatchee NWR in Florida, and BLM controlled 7,500 acres of leafy spurge and mapped 20,000 acres for invasive species occurrence across the northern Great Plains. The USGS researched re-vegetation and restoration of tamarisk infested areas in the Rio Grande River Basin in conjunction with BLM, Reclamation, and FWS. These activities helped to achieve goals to inventory and control invasives on 1,000 acres to promote endangered species recovery and water conservation.

The 2008 budget includes \$61.7 million for invasive species activities planned by Interior agencies. The BLM, FWS, NPS, BIA, and Reclamation will continue to focus resources on target species, while also taking into consideration the other associated invasive species. The USGS will continue to conduct research and will provide technical and scientific decision support for the collaborative effort. The Office of Insular Affairs will continue to lead the efforts to control the brown tree snake.

Greater detail on invasive species funding is provided in Appendix H.

- Increased treatments in the wildland-urban interface from 164,000 in 2001 to nearly 485,000 projected acres in 2007.
- Continued to improve hazardous fuels program performance through increased collaboration, sharing of resources and personnel, and by capitalizing on common methods across bureau and land management boundaries.
- Developed and made operational a state-of-the-art geographic information system, LANDFIRE, that provides nationally consistent data to support fire and land management decision-making.
- Assisted States and communities across the country in completing 650 congressionally mandated community wildfire protection plans covering 2,700 towns and villages.
- In concert with the western governors, completed the 10-Year Comprehensive Strategy to reduce wildland fire risks along with an implementation plan that contains over 150 completed items.

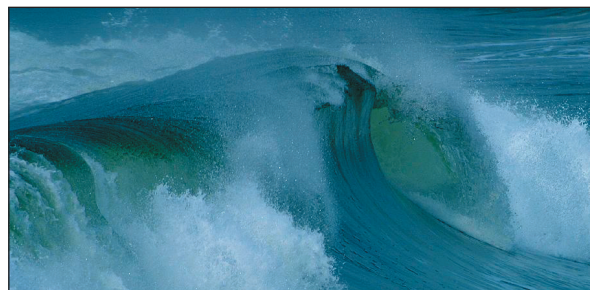
To support key goals for the Healthy Forests Initiative for the period 2006-2008, the Department will:

- Reduce fuels on over 3.2 million more acres, including 1.1 million priority acres identified in local community plans.
- Improve the condition class of 731,000 acres of land.
- Reduce risks to communities by assisting in the preparation of at least 100 community wildfire protection plans annually.
- Maintain the LANDFIRE program schedule, with full coverage of the western States completed in 2006 and the eastern portion of the Nation to be completed by 2008.
- Continue to work with partners to identify and prioritize the areas at greatest risk and to design treatments that provide the greatest reduction in risk.

FIRE PLAN ACRES TREATED

	2005 Actual	2006 Actual	2007 Estimate	2008 Estimate
Number of acres treated with National Fire Plan funding	1,269,403	1,106,000	1,055,000	1,061,000

To support ongoing implementation of the Healthy Forests Initiative, the 2008 budget includes \$202.8 million for the Wildland Fire Hazardous Fuels Reduction program, an increase of \$3.0 million over the 2007 level. In addition, in 2008 the Department plans to redirect \$1.8 million within the program from the University of Montana Center for Landscape Analysis and national initiatives to actual on-the-ground treatment funding.



IMPLEMENTING THE OCEAN ACTION PLAN

The U.S. Ocean Action Plan promotes collaboration among Federal, State, tribal, local, private, and international partners. This blueprint is guiding efforts to improve conservation practices through informed scientific and ecosystem-based decisions, while ensuring that the American public can enjoy the benefits of ocean, coastal, and Great Lakes resources.

Through its diverse ocean activities, Interior has achieved significant goals:

- On June 15, 2006, President Bush signed a proclamation creating the Northwestern Hawaiian Islands Marine National Monument. The FWS and the National Oceanic and Atmospheric Administration, in coordination with the State of Hawaii, will manage the monument.
- Interior and NOAA developed a draft framework for developing a national system of marine protected areas, as called for under Executive Order 13158 and the U.S. Ocean Action Plan.
- The FWS, NOAA, and the State of Hawaii signed a memorandum of agreement enhancing collaborative efforts to protect and manage the Northwestern Hawaiian Islands Coral Reef Ecosystem Reserve Marine Protection Areas.
- The NPS established “no-take” marine reserves at Channel Islands National Park, Buck Island Reef National Monument, and Virgin Islands Coral Reef National Monument.
- A partnership among Interior, the State of Florida, and NOAA’s Florida Keys National Marine Sanctuary focused on the management of the Dry Tortugas in the Florida Keys and created a unique management plan that balances conservation, research, and recreational use. The Dry Tortugas National Park has established a no-take marine reserve in the park while leaving more than half the park open to recreational fishing.

Our oceans sustain an abundance of natural wonders, enable the transportation of vital goods, and provide food and recreation for millions of Americans. My administration is working with every level of government, the private sector, and other non-governmental organizations to advance the next generation of ocean policy.

*President George W. Bush
September 20, 2004*

Reef Task Force to begin a planning process for an International Year of the Reef in 2008.

ENHANCE OCEAN LEADERSHIP AND COORDINATION

The Department has established ocean goals for 2006 – 2009, which include:

- Finalizing the framework and beginning implementation of a national system of marine protected areas initially developed from 1,500 existing Federal, State, and locally managed areas, to support the effective stewardship, lasting protection, restoration, and sustainable use of the Nation's significant natural and cultural marine resources.
- Using 2008 to raise the importance of coral reef conservation through the Coral Reef Task Force, including increasing global awareness of the economic, ecological, and cultural value of coral reefs and to improve commitments to protect and sustain these threatened and valuable ecosystems.

To support the Department's diverse ocean program activities, the 2008 request includes \$929.5 million to implement the U.S. Ocean Action Plan, an increase of \$13.8 million from 2007.

Included in the request is an increase of \$3.0 million for USGS. The USGS will begin implementation of the Oceans Research Priorities Plan and Implementation Strategy, integral to the U.S. Ocean Action Plan, by conducting observations, research, sea floor mapping, and forecast models. Work on ORPPIS will lead to decision-support tools to help policy makers anticipate and prepare for coastal ecosystem and community responses to extreme weather events, natural disasters, and human influences. The USGS will also build on pilot study results that will help begin the implementation of the interagency National Water Quality Monitoring Network. The network will address and integrate watershed, coastal waters, and ocean monitoring based on common criteria.

The FWS 2008 budget includes \$600,000 for management of the new Northwestern Hawaiian Islands Marine National Monument.

The following highlights Interior's work within the four relevant sections of the Ocean Action Plan.

Gulf of Mexico Alliance: Governors' Action Plan for Healthy and Resilient Coasts — The USGS has made significant commitments as a leader, contributor, or collaborator for 30 Gulf alliance actions under the five focus areas of the Governors' action plan, including water quality, restoration, education, habitat identification, and nutrients, and will continue data collection and collaboration activities through 2008. The MMS will continue its involvement with the Governors' action plan through administration of the Coastal Impact Assistance Program, a four-year Energy Policy Act requirement that authorizes disbursement of \$250.0 million from Outer Continental Shelf oil and gas



revenues to producing States and coastal political subdivisions. The CIAP funds will be directed to projects such as coastal restoration and protection, mitigation of damage to wildlife, or mitigation of OCS activities through onshore infrastructure projects.

The Subcommittee on Integrated Management of Ocean Resources Work Plan — The Subcommittee helps to carry out and implement the items identified in the U.S. Action Plan, providing opportunities for collaboration and cooperation among agencies. The USGS is a member of the Subcommittee and the Federal State Task Team; FWS is the lead for several items; MMS is involved in six of the 18 work-groups; and NPS will plan local watershed workshops with NOAA.

ADVANCE OUR UNDERSTANDING OF THE OCEANS, COASTS, AND GREAT LAKES

Ocean and Coastal Research, Survey, and Mapping Activities — The MMS, USGS, NOAA, and academic scientists are collaborating to map and characterize deep-sea benthic communities in the Gulf of Mexico. Fieldwork in the Gulf during 2006 included using deep-diving, remotely operated vehicles and manned submersibles and is planned through 2008. The MMS is also working with other agencies to implement the Marine Mapping Initiative in Section 388 of the Energy Policy Act of 2005, and coordinating with the Geospatial One-Stop GIS

portal, geodata.gov, to create a community map for all offshore data. The FWS's National Wetlands Inventory will continue to strategically update digital wetlands map data for priority areas of the United States, many of which are coastal watersheds and landscapes. All data are integrated and distributed to users via clients of the Geospatial One-Stop portal, as well as the USGS National Map portal.

ENHANCING THE USE, CONSERVATION, AND MANAGEMENT OF OCEAN, COASTAL, AND GREAT LAKES RESOURCES

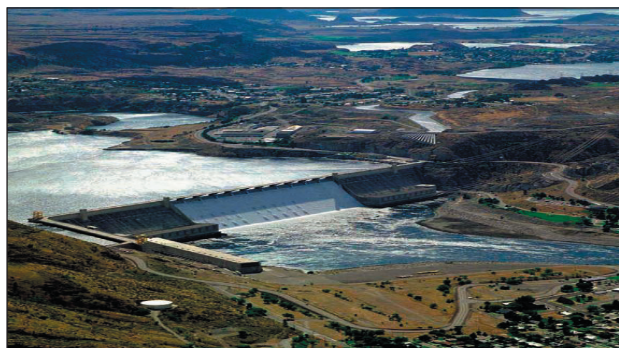
Coordinate and Better Integrate the Existing Network of Marine Managed Areas — Marine protected areas offer a promising ocean and coastal management tool to mitigate or buffer impacts caused by development, over-fishing, and natural events, when used effectively with other management tools. Interior and NOAA, acting through the MPA center, have developed a framework of comprehensive ocean program coordination for the National System of MPAs, including research, habitat mapping, monitoring, education, and enforcement. Significant input and advice on preparation of the proposed framework and all of the related issues came from a FACA-chartered MPA Advisory Committee, and the Federal Marine Protected Areas System Interagency Work Group. The work group includes MMS, FWS, NPS, and NOAA's National Marine Sanctuaries Program, Fisheries program, and National Estuarine Reserve System, plus other Federal agencies such as the Navy, Corps of Engineers, and Coast Guard. An interagency cooperative law enforcement memorandum of agreement increases the capacity of staff to enforce MPA laws and regulations and creates greater operational and administrative efficiencies in marine conservation efforts. The Center has completed a Marine Managed Areas Inventory, in consultation with the States and other Federal agencies, and will use the data, along with public comment on draft guidelines in the proposed Framework, to determine which of the approximately 1,500 MMAs may qualify as candidates for the National System of MPAs.

MANAGING COASTS AND THEIR WATERSHEDS

Northwestern Hawaiian Islands Marine National Monument — This monument is the largest single conservation area in the history of our country, and the largest protected marine area in the world. The Secretaries of the Interior and Commerce and the Governor of Hawaii signed a memorandum of agreement in December 2006, providing for joint

efforts to protect and manage the Northwestern Hawaiian Islands Marine National Monument, which was established by the President in July 2006. The Monument includes the Hawaiian Islands and Midway Atoll National Wildlife Refuges, as well as NOAA's NW Hawaiian Islands Coral Reef Ecosystem Reserve and, pursuant to the MOA, State lands and waters. The State of Hawaii is taking the lead on a cooperative effort to propose the designation of the Monument as a World Heritage Site.

RESOLVING MAJOR WESTERN WATER CHALLENGES



Much of the American West faces serious water challenges and water is one of the scarcest resources in some of the fastest growing areas of the Nation. The growing needs of city residents, farmers, ranchers, Native Americans, and fish and wildlife create conflicts throughout the West. Water is the lifeblood of the American West and while demand is increasing; supply is not. To address the water supply challenges in the West, Interior is improving water supply and delivery.

To date, the Department has:

- Developed Water 2025, a long-term initiative to reduce crises and conflict over water in the West. Water 2025 challenge grants were awarded through a competitive process to provide incentives for States and local entities to create water markets and make more efficient use of existing water supplies in advance of water shortages. In 2004, 2005, and 2006 combined, Water 2025 challenge grants supported 78 projects representing \$64.0 million in water system and water management

The western States are experiencing increasing water supply challenges and the continuing drought makes these pressures more acute. Chronic water shortages, explosive population growth, over-allocated watersheds, environmental needs, and aging water facilities are combining to create the potential for crisis and conflict over water.

Dirk Kempthorne, Secretary of the Interior, July 10, 2006

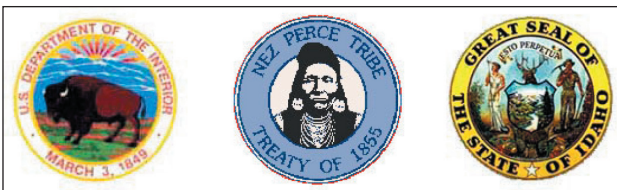
improvements across the West. For every dollar the Federal government has invested, approximately \$3 of non-Federal investment has occurred.

- Signed an historic agreement in 2003 that reapportions Colorado River water among the priority users in California and institutes innovative water management and conservation programs. Among the most significant events in the Lower Colorado River Basin since the 1930s, the agreement reduces California's use of Colorado River water to its legal apportionment for the first time in 70 years.
- Successfully implemented a water bank in the Klamath Basin to help meet Endangered Species Act-related requirements for flows in the Klamath River and allow delivery of a full supply of irrigation water to the Klamath project.
- Completed negotiation for one of the most comprehensive land and water settlements ever undertaken to address long standing Nez Perce water and land issues, as well as concerns of

tribal allottees, the State of Idaho, and private parties including those holding grazing leases.

Interior's goals for these programs include:

- Continuation of Reclamation's Water 2025 challenge grant program.
- Development of Colorado River shortage guidelines to manage the allocation among the seven Colorado River Basin States and Mexico in the event of water shortages. A draft environmental impact statement is scheduled for completion in early 2007, with a record of decision anticipated in December 2007.
- The provision of additional water, purchased in Mexico, and improvements to Mexican irrigation facilities to address environmental issues at the Colorado River Delta.
- Completion of ESA re-consultation by 2008 on Klamath project operations to provide greater certainty of project water delivery, protect fish species, and help stabilize the local economy and protect the fishery.
- Removal of the Chiloquin Dam and construction of a replacement pumping plant to restore spawning habitat for endangered suckers by 2008.



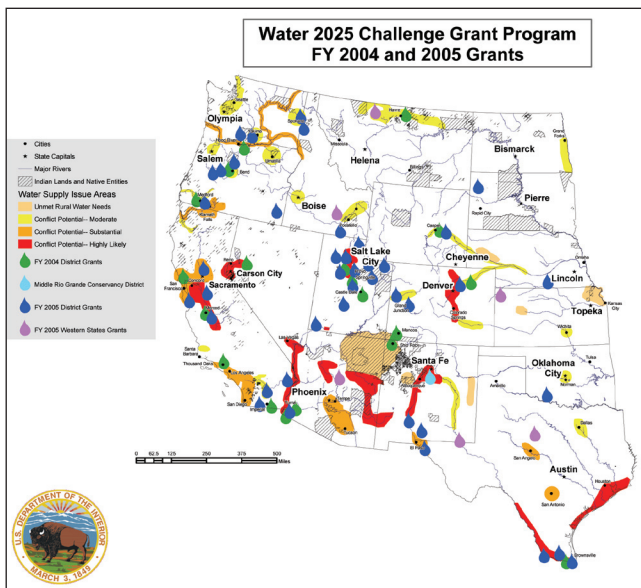
State, private, tribal, and U.S. representatives worked in good faith over several years to develop options that provide mutual benefits. The [Nez Perce] agreement will enable the State of Idaho to more effectively address its responsibilities for water resource management and the needs of protected fish. It also provides Idaho's water users the assurance, security, and flexibility they need to address the water challenges facing their businesses and communities.

Dirk Kempthorne, then Governor of Idaho, May 15, 2004

To support water supply and delivery goals, the 2008 budget proposes the following:

Water 2025 — The 2008 budget for the Bureau of Reclamation includes \$11.0 million for Water 2025. The over arching goal of Water 2025 is to prevent crises and conflict over water in the West. Water 2025 will attain this long-term goal by increasing certainty and flexibility in water supplies; diversifying water supplies; and preventing crises through cooperatively adding environmental benefits in many watersheds, rivers, and streams. Water 2025 projects and activities will focus on geographic areas where competing demands for water mean that water-related crises have the highest likelihood of occurring.

The 2008 Water 2025 request includes \$10.0 million for the 50:50 challenge grant program, which relies on local initiative and innovation to identify and formulate the most sensible improvements for local water systems. Reclamation will seek proposals from irrigation and water districts, western States, and other entities with water delivery authority, for projects to stretch existing water supplies through on-the-ground water conservation, efficiency, and water marketing projects. The challenge grant program is focused on implementing projects through cooperative partnerships that will result in an increased ability to meet otherwise conflicting demands for water.



The request also includes \$1.0 million for system optimization reviews for Reclamation to work with local entities on a 50:50 cost-share basis to assess the potential for water management improvements.

System optimization reviews will help Reclamation ensure that existing water supply infrastructure is fully utilized within the framework of existing treaties, interstate compacts, water rights, and contracts. A plan of action will be developed as a result of each system optimization review and will include recommendations and performance measures for conservation and efficiency projects that have the greatest impact in improving water management, such as water banks, facilitating water transfers, and modernizing canals.



Loan Guarantee Program — Reclamation’s 2008 budget includes \$1.0 million for a loan guarantee program, which is a critical component of Interior’s strategy to address aging infrastructure challenges in the West. Much of Reclamation’s critical water supply infrastructure was built in the early to mid-1900s and is at or nearing the end of its design life. In many cases, this infrastructure, which is still held in title by the United States but has been transferred to local irrigation districts for operation and maintenance, is in need of extraordinary maintenance work or major rehabilitation. Reclamation no longer grants loans to districts for such work and no other tools have been put into place to make up for the lack of available financing to non-Federal water users for rehabilitation improvements for these transferred works. The loan guarantee program is a business-like approach that recognizes the obstacles facing water districts in securing funds for expensive rehabilitative repairs without being able to use Federal facilities as collateral to obtain financing.

Lower Colorado River Operations Program — The 2008 Reclamation budget includes \$15.4 million for Lower Colorado River Operations to maintain the role of the Secretary as water master for the lower Colorado River and provide funding for management and oversight of both the annual and

long-range operating criteria for Colorado River reservoirs; water contract administration; and implementation of the Lower Colorado River Multi-Species Conservation program.

Klamath Basin — The 2008 budget funds Klamath Basin activities at \$64.7 million, including programs in Reclamation (\$33.3 million), BLM (\$7.3 million), FWS (\$16.3 million), USGS (\$2.6 million), BIA (\$4.6 million), and NPS (\$625,000) budgets. These bureaus will continue work to address the issues in the Klamath Basin including meeting Interior’s obligations to provide water for irrigation and wildlife refuges and meet tribal trust obligations. Funds are included for FWS to complete acquisition of the Barnes tract and for Interior to collaborate with other Federal and State agencies, Tribes, and the public to develop a basin-wide recovery plan that addresses water supply, quality, and availability; fish habitat; and fish populations.



Snake River Water Rights Settlement — The 2008 budget requests for BIA, FWS, and Reclamation fund the Snake River Settlement Act at \$28.1 million, an amount in keeping with the prescribed seven-year payment schedule.

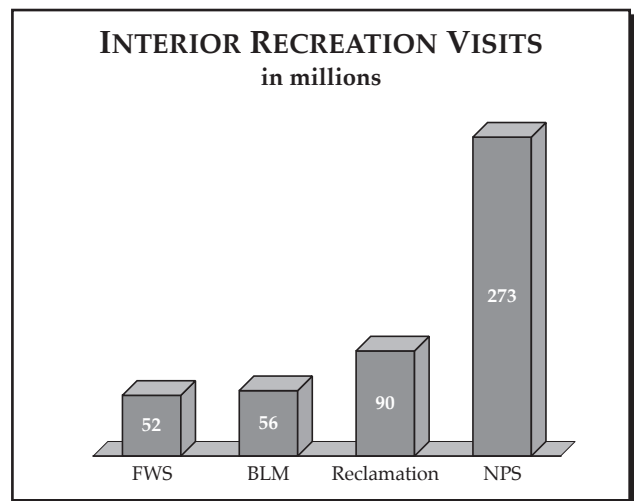
Middle Rio Grande — The 2008 request for the Middle Rio Grande Basin includes \$26.5 million and includes funding for Reclamation (\$23.2 million), USGS (\$1.5 million), and BIA (\$1.8 million). The request funds continued scientific studies of the endangered Rio Grande silvery minnow and southwestern willow flycatcher; supports Reclamation’s participation in the Middle Rio Grande Endangered Species Act Collaborative program; continues facility maintenance and channel rehabilitation to help the United States meet commitments to Mexico under the 1906 International Treaty; and includes tribal trust responsibilities.

California Bay-Delta Restoration — The 2008 Reclamation budget includes \$31.8 million for addressing water supply and quality challenges, ecosystem improvements, and conflicts in the Sacramento-San Joaquin Delta and its tributaries in accordance with the CALFED Bay-Delta Act of 2004. Critical to California’s economy, the delta serves as the hub of the State’s water management system. The Sacramento and San Joaquin Rivers, which flow into the San Francisco Bay, provide drinking water for two-thirds of California’s homes and businesses, and irrigate more than seven million acres of farmland, on which 45 percent of the Nation’s fruits and vegetables are grown. The delta and its watersheds also provide habitat for 750 plant and animal species, some of which are listed as threatened or endangered.

ENHANCING RECREATION ON PUBLIC LANDS

Interior lands boast scenic vistas, breathtaking landscapes, and unique natural wonders. Lands and waters managed by the Department provide Americans and visitors from around the world havens for recreation, education, reflection, and solace. In addition to managing these magnificent landscapes, Interior also provides and promotes a variety of outdoor experiences and recreational opportunities for the public including fishing, hiking, hunting, camping, canoeing, climbing, wildlife viewing, and photography.

The Interior Department’s 2008 request provides \$1.7 billion to advance its recreation mission with an emphasis on increased access and improved visitor experiences. The Department has:



- From 2002 – 2006, NPS improved the quality of the visitor experience at national parks by completing 6,600 repair and rehabilitation projects and by focusing operating resources through analysis of park core operations.
- Since 2001, FWS has opened 34 refuges to hunting and 24 refuges to fishing, creating recreation opportunities and stimulating local economies. Together with the many other recreational activities available to the public on refuges, these activities generated almost \$1.4 billion in total economic activity in 2004.

The national wildlife refuge system offers many outstanding places to hunt, fish, and enjoy wildlife, and we are committed to expanding hunting and fishing opportunities wherever we can.

**H. Dale Hall, Director
U.S. Fish and Wildlife Service
July 26, 2006**

- In 2006, designated 36 new national recreation trails in 24 States, adding more than 800 miles to the national trails system.
- Through partnerships in 2006, created 1,463 new miles of trails, 697 miles of river corridors, and 64,692 acres of park and open space.

The Interior Department has established goals for recreation, including:



The new trails joining the national recreation trail system illustrate the diversity of the country's pathways. These remarkable resources provide outdoor recreational opportunities that include the chance to hike the rolling tundra of Alaska's backcountry, paddle an urban waterway in Milwaukee, bike an abandoned railway in Utah, ride an equestrian trail in Virginia, or wander along a nature loop in Oklahoma.

**Dirk Kempthorne
Secretary of the Interior
June 1, 2006**

- Providing service to over 800 million recreation users (e.g. fisherman, boaters, hikers, campers) who will use parklands and waters over the next three years.
- Completing an action plan for delivering interpretive services in park facilities.
- Launching 30 new local projects with health and physical activity partners.
- Joining in partnerships with over 300 community-based projects to achieve priority community conservation and outdoor recreation goals, projecting creation or enhancement of 845 miles of trails, 730 miles of river corridors, and 38,000 acres of park, natural areas, and open space in 2007.

In support of recreation goals, the 2008 budget includes the National Parks Centennial Initiative to prepare for the 100th anniversary of the national park system. This initiative is described in the National Parks Centennial Initiative chapter of this document. The 2008 budget also proposes the following:

Fish and Wildlife Service — The 2008 budget for FWS requests \$394.8 million for the national wildlife refuge system. In 2008, the refuge system will continue to provide compatible recreation activities. Over 38 million people visit national wildlife refuges every year, which support over 20,000 private sector jobs. As ecotourism continues to increase, large numbers of tourists will travel substantial distances for outdoor activities, like hunting, fishing, wildlife observation and photography.



Bureau of Land Management — The 2008 BLM operations budget includes \$80.3 million to provide and promote recreation opportunities on public lands. This includes a request of \$65.3 million for the Recreation Management programs and an estimated \$15.0 million in recreation fees. The BLM plans to maintain an 82 percent visitor satisfaction rate with interpretation and environmental education projects in special recreation management areas, and a 90 percent satisfaction rate regarding the value of fees paid. The Healthy Lands Initiative, which is described in an earlier chapter, will help ensure continued access to large swaths of public lands for traditional purposes including recreation.



Visitor Safety — Providing for visitor safety is an integral part of ensuring recreation opportunities at parks, refuges, and public lands. In 2008, the Department proposes \$400.0 million for NPS, FWS, and BLM law enforcement operations. The NPS budget includes an increase of \$15.6 million to provide an additional 1,000 protection rangers and \$10.0 million in targeted park base increases to protect park resources and the public.

IMPROVING VOLUNTEERISM ON PUBLIC LANDS

The Department has a vibrant, successful volunteer program. The Take Pride in America program is a national, multi-agency partnership that engages, supports, and recognizes volunteers who work to improve public parks, forests, grasslands, wildlife refuges, cultural and historical sites, local playgrounds, and other recreation areas.

Each year, Interior receives tremendous contributions as a result of long-term relationships with volunteers. Through a variety of volunteer programs, individuals of all ages with differing levels of experience and educational backgrounds contribute valuable time to help the Department fulfill its missions. These volunteers bring their knowledge of local places and people and provide unique insights for visitors to parks, refuges, and public lands. In return, volunteers benefit from their experiences.

Working with the Student Conservation Association, the Public Lands Corps, and other volunteer organizations, Interior's land management bureaus work with volunteers to assist in hurricane recovery, fuels reduction, community education, and outreach that achieve results in support of important program goals. Interior's bureaus and offices utilize the services and assistance of approximately 200,000 volunteers on an annual basis. These volunteers contribute over eight million hours annually, with a value of nearly \$162 million.

To date, Interior has accomplished the following:

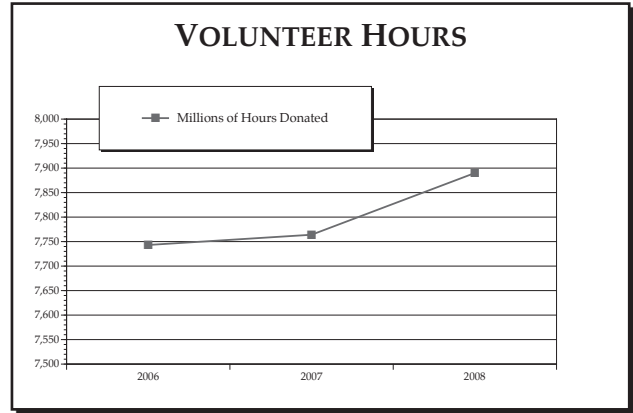
- Introduced in 2005, a public service announcement, the Take Pride broadcast PSA, featuring Clint Eastwood, to 25.5 million viewers in 120 markets, including the top 20 media markets in the country.
- Placed 16.2 million public service announcements in mainstream and trade publications, including articles in TIME Magazine and Harper's Bazaar.
- Signed up 60 cities as Take Pride cities since 2004.
- Since 2005, worked with over 30 principals to establish Take Pride schools.

Our citizens play an important role in protecting our natural spaces. Throughout our country, Americans are volunteering in their communities for environmental education programs, local parks, nature conservancies, and other stewardship opportunities. These devoted individuals are working to maintain park trails, restore wildlife habitats, plant trees, and clear overgrowth. I appreciate these volunteers for their efforts to keep America beautiful, and I encourage all Americans to demonstrate good stewardship and an appreciation for the outdoors.

*President George W. Bush
May 23, 2006*

- Conducted 1,500 Take Pride events since 2004, from litter cleanups and park beautification projects to trail maintenance and re-vegetation projects.
- Held over 900 National Public Lands Day events involving more than 100,000 volunteers.

To support volunteer goals, the 2008 National Park Service Centennial Initiative includes an increase of \$3.4 million to provide 44 coordinators at parks to better manage and coordinate the services of current volunteers, and to expand the number of volunteers by one million hours over the next four years.



TAKE PRIDE IN AMERICA SUCCESS STORIES

At the Take Pride National Awards Ceremony held in Washington, D.C. on September 14, 2006, Secretary Dirk Kempthorne presented 28 individuals and groups with Take Pride in America National Awards in 11 different categories. Winners were selected for their outstanding contributions to volunteer projects and events at local, State and Federal public lands across the country.

You freely give your time and toil to make this Nation great. In doing so, you have used your pride to make us all proud. You have transformed the Nation's public lands. You have made them more beautiful places, one acre at a time.

*Dirk Kempthorne, Secretary of the Interior
September 14, 2006*

The 14th annual National Trails Day Annual Cleanup took place on June 3, 2006. Over 1,200 events were held nationwide that inspired nearly a million trail enthusiasts to flock to their favorite trails to discover, learn about, and celebrate trails while participating in educational exhibits, trail dedications, gear demonstrations, instructional workshops, and trail work projects. Volunteers worked on 1,550 trails and contributed over 200,000 hours to the maintenance and construction of these trails. Volunteers picked up litter, removed large debris, replaced trail signs, moved boulders and trees blocking the trail, painted picnic tables in rest areas, and planted trees to help keep hikers on the trail.

On August 21 and 22, 2006, a team of 16 power wash contractors from all over America met in Washington, D.C. to help maintain some of our Nation's most cherished monuments. They donated their time and equipment to clean sections of the Thomas Jefferson and Lincoln memorials to remove years of dirt, grime, and pollution. In order to accomplish this monumental project, the participants had to overcome several obstacles including identifying environmentally compliant cleaning materials and methods, meeting strict security standards, securing access to water for the machines, and achieving safety standards for the thousands of park visitors who visited the monuments during the process.



The 13th annual National Public Lands Day was held on September 30, 2006. Local, State, and Federal land managers welcomed people of all ages to clean up, repair, build and maintain their parks, refuges, beaches, trails, and other public areas. National Public Lands Day hosted a signature event, representing the volunteers throughout the country, at the Golden Gate National Recreation Area in San Francisco, California. The volunteers spread out throughout six sites and worked for three hours pulling weeds from fields, cleaning up the beach, transplanting seedlings, removing overgrowth from a hiking trail, and caring for native plants. The 2006 National Public Lands Day included over 1,100 sites with lands in all 50 States.

THE FEDERAL LANDS RECREATION ENHANCEMENT ACT

Enacted in December 2004, the Federal Lands Recreation Enhancement Act provided the Department of the Interior and the U.S. Forest Service with the means to improve recreation and visitor amenities on public lands through the use of a consistent and publicly endorsed fee program. The REA includes the following:

- A nationally consistent interagency program that maximizes benefits to the visiting public.
- More local community and public involvement in the program that includes public participation through Recreation Resource Advisory Committees for BLM and the Forest Service.
- Interagency collaboration and leadership with a Recreation Fee Leadership Council comprised of key Interior and Agriculture officials with technical working groups.
- A new interagency national pass for use at Federal recreation sites, providing full access to specific sites managed by BLM, FWS, NPS, Reclamation, and the U.S. Forest Service.
- Free access to most public lands because the REA limits fees to sites that meet specific criteria; unlike the Fee Demonstration program, which provided broad authority to charge fees.

Implementing a well-run recreation fee program that maximizes benefits to the visiting public remains a top priority for the Departments of the Interior and Agriculture. On December 17, 2004, nine days after the REA was signed into law, the Recreation Fee Leadership Council, comprised of key Interior and Agriculture officials, convened and approved an implementation plan. The implementation plan included the creation of a steering committee to oversee day-to-day implementation. The Fee Council created four technical working groups to address each of the following implementation issues: the new interagency pass; fee collections and fee expenditures; recreation resource advisory committee; and communications.

Recreation Resource Advisory Committees — The REA created Recreation Resource Advisory Committees to provide additional opportunities for public review and comment on BLM and Forest Service recreation fee proposals. The Department of the Interior and the Department of Agriculture signed an Interagency Agreement which describes how the RRACs will function, and both the BLM and Forest Service published Federal Register Notices outlining how the RRACs will be organized. Certain existing BLM Resource Advisory Councils, acting as RRACs, already have begun reviewing fee proposals and the process of nominating members for newly-chartered RRACs in other States is underway. Agencies also published in the Federal Register guidelines for public involvement in the recreation fee proposal process.

Using recreation fee revenue to provide on-the-ground improvements to visitor services remains a top priority. Some specific examples of projects funded with fee revenues include: rehabilitating the Yellowstone National Park Canyon Visitor Center, operating the visitor transportation system at Zion National Park, enhancing boat launch facilities at the Tonto National Forest in Arizona, building an accessible boardwalk at Medicine Bow-Routt National Forest in Wyoming, and improving the museum at Desoto National Wildlife Refuge in Iowa.

AMERICA THE BEAUTIFUL — NEW INTERAGENCY PASS

Our Federal lands boast scenic vistas, breathtaking landscapes, and unique historic and cultural sites. This new interagency pass offers a cost-effective and easy option for those who plan to visit multiple Federal recreation sites. The family vacation to these destinations is an American tradition.

*P. Lynn Scarlett, Deputy Secretary of the Interior
December 5, 2006*

In January 2007 the new interagency recreation pass, the “America the Beautiful—National Parks and Federal Recreational Lands Pass,” was introduced. The new pass covers entrance or standard amenity fees associated with recreation opportunities on public lands managed by four Department of the Interior agencies — the National Park Service, the Fish and Wildlife Service, the Bureau of Land Management, and the Bureau of Reclamation, and by the Department of Agriculture’s U.S. Forest Service.



There are four different passes in the new interagency program:

- A new annual interagency pass costing \$80. For visitors to multiple Federal sites, the pass offers unlimited coverage of entrance and standard amenity recreation fees for a specific period of time, typically a year, beginning from the date of sale of the pass. Extensive surveys of the public, listening sessions, and economic analysis were conducted in order to assist in determining the price, use, and benefits of the pass.
- A \$10 lifetime senior pass for U.S. citizens 62 or over.
- A free lifetime access pass for citizens with permanent disabilities.
- A new, free annual volunteer pass for volunteers acquiring 500 hours of service on a cumulative basis.

Sales of the new pass began in January 2007. Passes are available at Federal recreation sites that charge entrance and standard amenity fees, through government internet sites, and through select third-party vendors. Passes are durable plastic and designed with technology that will enable future improvements to the program.

One hundred percent of the revenue derived from passes sold at Federal recreation sites will directly benefit the selling agency and no less than 80 percent of the revenue will remain at the site where the pass was sold.

The new pass program replaces the Golden Eagle, Golden Age, and the Golden Access Passports as well as the National Parks Pass. Existing passes will remain valid until expired, lost, or stolen.

The new passes are good at vehicle-based entry sites for all occupants in a single, non-commercial vehicle. At walk-up sites, the pass is good for the pass holder and three adults. There is no charge for children under 16. This represents a particularly cost-effective opportunity for families traveling to Federal recreation sites. For comparison purposes, Parks Canada offers a family/group annual pass for about \$140.

IMPLEMENTING THE PRESIDENT'S MANAGEMENT AGENDA

The President's management agenda has spurred an unprecedented focus on management activities across the government that will have long-lasting, institutional effects. Interior's unified strategic plan is built on a foundation of management excellence. In pursuit of management excellence, the Department seeks to improve results with the following strategies:

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

Through these management strategies, the Department optimizes performance levels. During 2006, Interior maintained its status for four PMA areas, and advanced to yellow in status on the real property and e-government scorecards. By the end of 2008, Interior expects to achieve or maintain green status in all PMA areas.

Human Capital — Interior's green status reflects a results-oriented focus in human capital planning and execution. Hiring time frames have been reduced to less than 45 work days for the general workforce and less than 90 work days for SES positions. A performance beta site has been implemented to help improve performance standards, including effectively linking performance plans to Interior's strategic plan. The Department, which maintains a robust candidate pool for leadership positions, graduated and certified 29 new SES candidates in 2006. Interior has implemented strategies to address under-representation in the workforce, including mandatory supervisory training, automated complaints tracking, and workforce trend analysis.

By 2008, a competency assessment module will be implemented within the Learning Management System, allowing managers and employees to assess and receive assistance in strengthening competen-

We want to be held accountable for how our programs work. We are working to make every one of our programs work better, and we want everyone to know how we are doing.

*P. Lynn Scarlett
Deputy Secretary of the Interior
February 6, 2006*

cies. The Department also expects to implement its approved accountability plan, with accountability reviews underway in bureaus. Interior will increase the use of alternative dispute resolution and strengthen minority-serving institutional partnerships to promote a diverse workforce.

Competitive Sourcing — Competitive sourcing has been a valuable tool for Interior managers to improve effectiveness and efficiency. The Department's estimated annual savings to date from competitive sourcing studies is \$12.0 million. During 2007, Interior plans to complete 14 competitions on approximately 700 FTE.

Financial Performance — The Interior Department has made dramatic progress in improving financial management, most significantly in the timely preparation of financial statements and mitigating material weaknesses. Last year, Interior completed its audit within 45 days of year-end for the third time. The Department received its tenth unqualified opinion and eliminated all but one of its material weakness. This weakness pertains to controls over Indian trust funds.

Interior expects to progress to green status in 2008 by eliminating material weaknesses and expanding the use of financial information in decisionmaking. In November 2006, OSM and MMS implemented the core financial module of the Financial and Business Management System. In 2007, parts of the National Business Center will deploy the core financial module, and OSM, MMS, and parts of NBC will deploy the acquisition module. The 2008 request supports implementation of new property and initial budget formulation modules for OSM, MMS, and parts of NBC; and supports the implementation of all modules for BLM: core financials, acquisition, property, and initial budget formulation.

E-Government — In 2007, the Department progressed to yellow in status on the e-government scorecard, through its diligent efforts to imple-

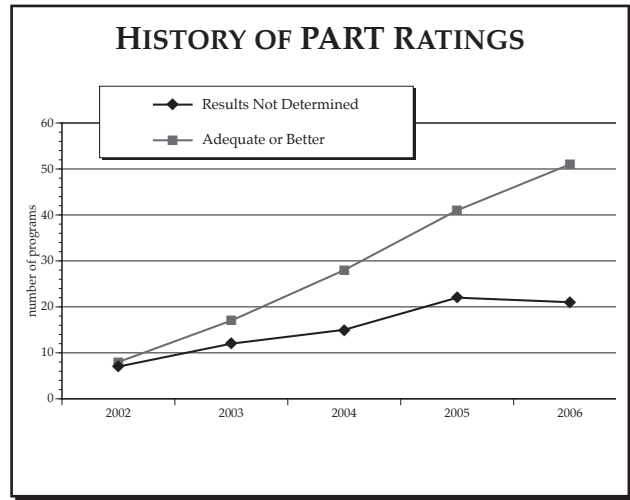
ment earned value management and its progress in e-government implementation. Interior serves as managing partner for the excellence.gov award winning Geospatial One-Stop initiative, as well as Recreation One-Stop and the Geospatial Line of Business. Through NBC, the Department is a shared-service provider for the Human Resources and Financial Management Lines of Business. By implementing the on-line booking portion of the e-travel initiative, Interior has saved nearly \$2.0 million in transaction fees.



Other notable recent accomplishments include successful launching of the Department's single source coal reporting web site and certification and accreditation of 98 percent of Interior's information technology systems. Interior's enterprise architecture program is rated number one by both the Office of Management and Budget and the Government Accountability Office.

Budget and Performance Integration — In December 2006, the Department completed revision of its Strategic Plan for 2007 – 2012. The plan provides Interior's goals through 2012 and corresponding performance measures that will be used to track annual progress against these goals. The measures in the plan are linked to employee performance plans. The Department has institutionalized the use of activity-based cost management, to ensure managers have accurate and timely information on the costs of outputs by coding employee time and purchases to activities that describe the work. Several of the Department's bureaus have enhanced the use of activity-based cost management by linking work activities to strategic plan measures, allowing an improved understanding of the costs of achieving strategic goals.

Over the past five years, all but one of Interior's programs have been assessed through the Administration's Program Assessment Rating Tool. These evaluations have led to program improvements, through implementation of recommended actions, and development of program-specific efficiency measures to foster continued program improvement. The Department has made steady progress in improving PART ratings of its programs, increasing the percentage of programs rated adequate or better from 50 percent in 2002 to 70 percent in 2006.



Real Property — In 2006, Interior reached yellow in status on the real property scorecard by developing an accurate and current inventory of real property and establishing real property performance measures. The Department also completed a rolling three-year time line for implementing the objectives and goals in the asset management plan. Interior expects to reach green in status during 2008, through implementation of its asset management plan and use of real property inventory data and performance information in daily management and decisionmaking.

SINGLE SOURCE COAL REPORTING

In 2006, under the business gateway e-government initiative, OSM launched the Single Source Coal Reporting website, a joint effort with the Department of Labor's Mine Safety and Health Administration, the Internal Revenue Service, the Pennsylvania Department of Environmental Protection, and the Virginia Department of Mines, Minerals, and Energy, to reduce the reporting burden on the coal industry. Every coal producer in the United States must report production activity and other information to multiple Federal, State, and tribal agencies. This website reduces the burden on industry through an integrated, Internet-based information capturing system that provides required information to Federal, State, and tribal agencies. Estimated annual savings to industry beginning in 2008 are approximately \$433,800, with 65 percent of permits filed electronically through SSCR. Estimated annual cost avoidance in forms processing across all government agencies beginning in 2008 is approximately \$273,223.