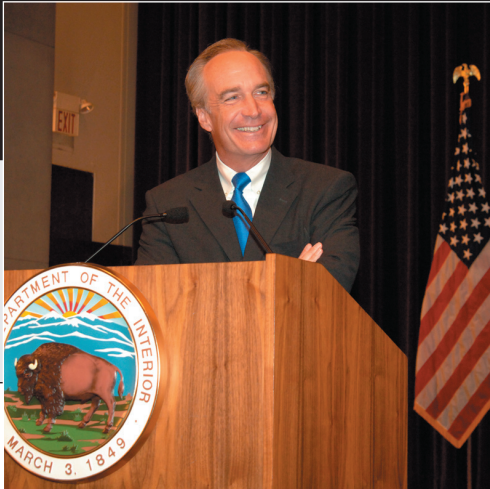


# Departmental Overview



*I encourage all of us to reach out to the very people that we serve. We have the greatest opportunity because in public service we can be champions for our fellow citizens. We need to be innovative, good listeners, and results oriented.*

*Dirk Kempthorne, Secretary of the Interior, May 31, 2006*

With its multi-faceted mission, the Department of the Interior touches the lives of all Americans. Interior manages one of every five acres of land in the United States, providing opportunities for recreation, wildlife conservation, and resource use.

Nearly every American lives within a one-hour drive of lands or waters managed by the Interior Department. These lands boast some of the Nation's most unique natural, cultural, and historic resources. With 390 national park units and 547 wildlife refuges, Interior is America's leading conservation agency.

Interior operates at 2,400 locations that span 17 time zones, with work that stretches from pole to pole, encompassing land management duties by the Bureau of Land Management in the Arctic and including scientific studies by the U.S. Geological Survey at the South Pole. The Department also manages 145,000 facilities, second only to the Department of Defense. It operates one of only two school systems in the Federal government, the Bureau of Indian Education school system. The Department of Defense operates the other. The Department's law enforcement agents, over 4,000, comprise the third largest law enforcement presence in the Federal government.

Interior also helps to power the Nation's economy and assure that Americans have water, energy, and other resources. Some 31 million people in the West rely on drinking water provided through water systems managed by the Department. Interior irrigation systems deliver water to farmers that generate over half of the Nation's produce. Energy generated from Interior-managed lands and waters comprise almost one-third of the Nation's domestic production.

The Department fulfills special responsibilities to Native Americans as manager of the largest land trust in the world—about ten million acres owned by individual Indians and 46 million acres held in trust for Indian Tribes.

The Department's accomplishments are significant. Since 2001, the Department has:

- Increased access to meet the Nation's energy needs and enhanced energy security by nearly tripling the approval of applications for permits to drill; provided greater opportunities for development of alternative energy, including wind energy; advanced oil shale and methane hydrates for future domestic use; and significantly expanded environmental protections with inspection and monitoring programs.
- Collected \$56.4 billion in revenues from offshore and onshore mineral leases that provided income for Indian communities, funded State infrastructure, and helped to finance Federal programs.

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- Expanded relationships with partners to restore, improve, and protect three million acres of wetlands habitat for migratory birds, anadromous fish, and threatened and endangered species.
  - Reduced risks to communities from the threat of fire, conducting over 6.7 million acres of fuels treatments on Interior lands through the President's Healthy Forests Initiative.
  - Improved park facilities for visitors by undertaking 6,600 projects at national parks and earned a 95 percent satisfaction rate from park visitors.
  - Improved the educational environment for Indian children by funding 32 new Bureau of Indian Education replacement schools and 39 major school repair projects.

Looking to the future, Interior has set a bold agenda for 2008. The Department will:

- Prepare the national park system for another century of conservation, preservation, and enjoyment through the President's National Park Centennial Challenge.
- Encourage increased donations for signature projects and programs in our national parks with up to \$100.0 million in matching funds through the National Parks Centennial Challenge.
- Increase energy security for the Nation through a new Outer Continental Shelf Five-Year Plan 2007-2012.
- Launch a Healthy Lands Initiative to help meet the Nation's energy needs while protecting wildlife and habitat in the West.
- Restore 800,000 acres and 734 stream/shoreline miles, leveraging Federal funds through partnerships and cooperative conservation. These efforts will support the President's government-wide goal of increasing the Nation's wetlands by three million acres by 2009.
- Improve educational programs and meet the requirements of the No Child Left Behind Act by completing educational reforms in the Bureau of Indian Education.
- Help Indian Country reduce methamphetamine crime and the afflictions it has brought to many Tribes through a new Safe Indian Communities Initiative.
- Establish a network of parks, sanctuaries, reserves, and refuges to protect ocean and coastal resources as envisioned in the President's Ocean Action Plan.
- Implement the master agreement for the Arizona Settlements Act, paving the way for reallocating water from the Central Arizona Project to address the water needs of Indian and other communities.

The 2008 budget aligns resources to achieve these and other high-priority goals guided by the Department's integrated strategic plan. Recently revised for 2007–2012, the Department's strategic plan links the Interior's diverse activities into four common mission areas: resource protection, resource use, recreation, and serving communities. A fifth area, management excellence, provides the framework for improved business practices, processes, tools, and a highly skilled and trained workforce.

This strategic plan provides Interior a blueprint to improve performance and accountability throughout all its programs. The Department's 2008 budget seeks to maintain performance across strategic goals and improve performance for the highest priorities while maintaining the President's commitment to reduce deficits and balance the budget by 2012.

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## MAJOR BUDGET INITIATIVES

The 2008 budget features four high-priority initiatives, including the National Parks Centennial Initiative, Healthy Lands, Safe Indian Communities, and Indian Education.

*I call on all Americans to help in these efforts and to enhance our parks as we get ready for the National Park Service's centennial celebration. Through continuing cooperation and partnership, our national parks can endure for the next 100 years and beyond.*

*President George Bush, August 25, 2006*

*Our 2008 budget—in its entirety—will make a dramatic difference for the American people, our spectacular and productive public lands, and the communities we serve. We will preserve some of this Nation's most unique places of history, culture, and scenic beauty; protect wildlife and their habitats; extend opportunities to Indian children; and secure energy supplies for the Nation.*

*Dirk Kempthorne, Secretary of the Interior, February 5, 2007*

**National Parks Centennial Initiative** — Our national parks are icons of America. For generations, they have represented a national commitment to conservation, preservation, and family enjoyment. To continue this legacy for future generations, President Bush initiated the National Parks Centennial Challenge. The Challenge will further enhance the parks over the decade leading to the 2016 centennial celebration. This historic multi-year initiative begins in 2008 as part of the President's proposed \$2.4 billion national park budget—the largest budget ever for operations and programs that benefit parks. The 2008 budget request for park operations is \$2.1 billion, an increase of \$290.3 million from the 2007 continuing resolution, an increase of \$230.0 million from the 2007 President's budget, and an increase of \$258.3 million from the 2006 level.

Fundamental to this effort, the President directed that the Interior Department establish performance goals for our national parks that, when achieved, will help prepare them for another century of enjoyment. These goals will be laid out more fully in the Secretary's report to the President, to be presented in May 2007 after public listening sessions this spring.

The Parks Centennial Initiative emphasizes three key themes: to engage all Americans in preserving our heritage, history and natural resources, through philanthropy and partnerships; to reconnect people with their parks, with a special emphasis on linking children to nature; and to build capacity for critical park operations to sustain these efforts over the next century.

The National Park Service's 2008 budget contains three new \$100 million components that, over ten years, will provide up to \$3 billion to prepare parks for another century of conservation, preservation, and enjoyment.

Within the \$230.0 million increase for park operation programs is the President's Centennial Commitment, which proposes \$100.0 million per year for ten years in Federal spending to fund new levels of excellence in parks. These funds will hire 3,000 more seasonal rangers, guides, and maintenance workers; repair buildings; improve landscapes; increase the number of volunteer hours contributed at the parks; and enroll more children in Junior/Web Ranger programs.

The President's Centennial Challenge will encourage individuals, foundations, and the private sector to donate \$100 million each year for signature projects and programs. These donations will be matched with up to \$100.0 million in dedicated, mandatory Federal funding. A legislative proposal will be transmitted to the Congress that proposes this new, dedicated source of funding that, along with donations, could provide up to \$2 billion over ten years on top of regular discretionary appropriations.

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By leveraging government investment with private philanthropy, the Centennial Challenge will enhance park services and management, invest in high-profile, nationally recognized Park Service signature projects and programs, and develop park educational programs to benefit all Americans.

*As a Nation, we embrace the twin goals of energy security and conservation. We aspire to healthy lands and the comforts, convenience, and quality of life made possible by access to energy at moderate prices... We need some new thinking at the wildlife-energy interface, thinking that presents strategic, landscape-scale resource management and conservation.*

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

**Healthy Lands Initiative** — The 2008 budget sustains the strategic investments of past budgets to enhance the availability of affordable oil, gas, and other energy sources, while maintaining strong environmental protections. As energy production continues on western public lands, Interior will assure protections of wildlife and habitat through its Healthy Lands Initiative. For the Initiative, the 2008 budget includes an increase of \$22.0 million. These funds will transform land management from the current parcel by parcel approach to landscape-scale decisionmaking, drawing upon partnerships and new policy tools to help the Bureau of Land Management provide increased access to energy, while simultaneously preserving important habitat corridors and sites for the benefit of species.

Through the Healthy Lands Initiative, BLM will join with the U.S. Geological Survey and the Fish and Wildlife Service to identify, restore, and protect significant habitat, in partnership with Federal leaseholders, private landowners, State, local, and tribal governments, to benefit wildlife. These efforts will enable BLM to more effectively mitigate against the potential impacts of increased energy production in wildlife-energy interface areas and potentially prevent the listing of certain species such as sage grouse. The Healthy Lands Initiative includes \$15.0 million for BLM to conduct landscape-scale conservation, \$5.0 million for USGS, and \$2.0 million for FWS.

*The rampant meth problem on the San Carlos Apache Reservation and its devastating impacts are, like in so many other tribal communities across the country, quickly reaching epidemic proportions. The San Carlos Apache people are in pain and are suffering from the effects of meth, and we must collectively work together to address and solve this grave problem.*

*Kathleen W. Kitcheyan, Chairwoman, San Carlos Apache Tribe  
April 5, 2006*

**Safe Indian Communities** — The spread of methamphetamine has reached crisis levels in Indian communities and threatens the future of an entire generation of young Native Americans. Recognizing this crisis, the budget provides an increase of \$16.0 million to fund the Safe Indian Communities Initiative. This Initiative will increase law enforcement presence and training on tribal lands to combat the production and distribution of methamphetamine by organized crime and drug cartels. This Federal investment also recognizes the significant increase in violent offenders being held in Indian detention facilities and provides funds to increase staffing levels and training for detention officers.

**Improving Indian Education** — The Bureau of Indian Education schools should be models of performance for the No Child Left Behind Act. However, despite significant investments in replacement school construction and education program reforms that are nearly complete, only 30 percent of the schools in the Bureau of Indian Education system are meeting NCLB goals. The 2008 budget proposes to invest \$15.0 million to improve the performance of students in Indian schools. Additional funding will provide educational program enhancements and tools for lower performing schools and educational specialists to guide Indian schools in achieving academic success. The request also provides additional funding for transportation.

**BUDGET AUTHORITY AND RECEIPTS  
FOR 2006, 2007, AND 2008**  
(in millions of dollars)

	2006 Actual*	2007 Estimate	2008 Request	Change from 2007
<b>BUDGET AUTHORITY</b>				
Total Current Appropriations.....	10,955	10,387	10,705	+318
Permanent Appropriations .....	5,167	4,579	5,060	+481
Total .....	16,122	14,966	15,765	+799
[Net discretionary BA].....	[10,856]	[10,301]	[10,611]	[+310]
<b>RECEIPTS</b>				
Outer Continental Shelf.....	7,284	6,810	9,195	+2,385
Offsetting Receipts .....	6,512	5,200	5,584	+384
Onshore Mineral Leasing .....	[4,346]	[3,852]	[4,140]	[+287]
Other Non-Offsetting Receipts.....	662	772	869	+97
Total .....	14,457	12,782	15,647	+2,866

\* Excludes one-time disaster supplementals totaling \$335.3 million.

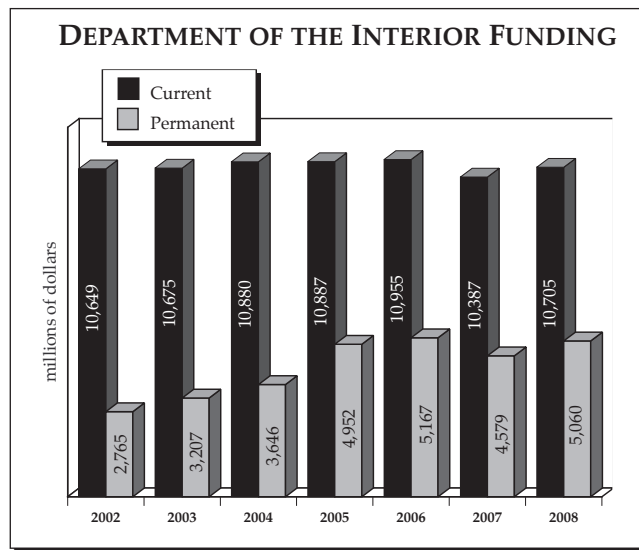
## THE NUMBERS

The 2008 budget request for current appropriations is \$10.7 billion. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional \$5.1 billion for a total 2008 Interior budget of \$15.8 billion.

The 2008 current appropriations request is an increase of \$317.8 million, or 3.1 percent, above the level enacted by Congress in the 2007 continuing resolution. This is \$178.3 million or 1.7 percent above the 2007 President's budget and \$250.4 million or 2.3 percent below the 2006 enacted funding level, excluding supplemental appropriations.

The 2008 budget reflects the changes made to funding for the Abandoned Mine Land program in the Office of Surface Mining that were required by the Surface Mining Control and Reclamation Act Amendments of 2006. Funding for State and tribal components of the Abandoned Mine program are no longer subject to appropriation and are funded as a mandatory appropriation. Federal AML components continue to be subject to appropriation.

This change results in a reduction of \$134.2 million in discretionary budget authority in 2008. When adjustments are made to normalize for the transfer of the Abandoned Mine Land Reclamation Fund program to mandatory funding in 2008, the current appropriations request reflects an increase of \$448.5 million, or 4.4 percent, above the 2007 continuing resolution, \$309.0 million, or



3.0 percent, above the 2007 President's budget, and \$119.7 million below the 2006 enacted level.

The 2008 request includes \$9.7 billion for programs funded within Interior, Environment and Related Agencies appropriations, an increase of \$239.4 million above the 2007 continuing resolution and \$100.7 million above the 2007 President's budget. After normalizing for the AML shift of funding from discretionary to mandatory funding, the 2008 budget request is \$370.1 million above the 2007 continuing resolution and \$231.4 million above the 2007 President's budget.

The request for the Bureau of Reclamation and the Central Utah Project Completion Act, funded in the Energy and Water Development Appropriations Act, is \$1.0 billion. The request includes a net programmatic increase of \$78.5 million or 8.5 percent above the 2007 continuing resolution and \$77.6 million above the 2007 President's budget.

The request fully funds nondiscretionary fixed costs of \$214.2 and provides \$283.0 million for high-priority budget initiatives. It addresses key budget priorities and fixed costs by incorporating significant realignments using cost data and performance metrics, cost recovery, and opportunities for more effective and efficient operations. The major changes are reflected in the table on page DO-9.

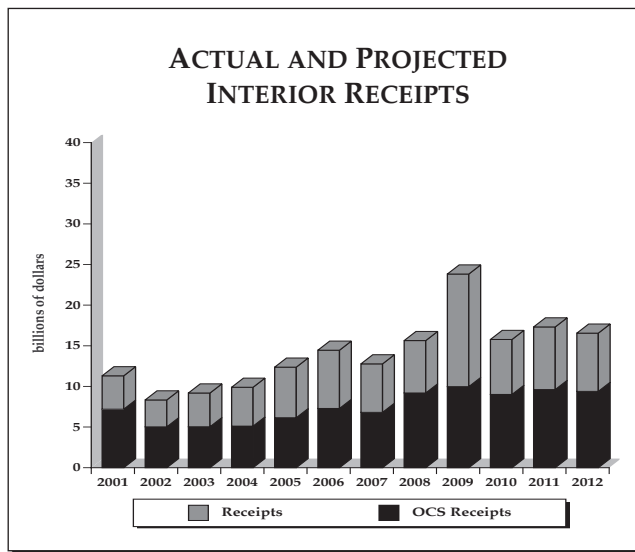
The 2008 budget request proposes new revenue enhancements, including a proposal to change the manner in which bonus bids for coal sales are received consistent with oil and gas programs and a proposal to institute a net receipt sharing provision to return to a more equitable Federal-State distribution of revenues.

The 2008 budget continues proposals included in the 2007 President's budget for the Range Improvement Fund, energy permit processing, geothermal revenues and geothermal payments to counties, and the Federal Lands Transaction Facilitation Act. The budget also proposes leasing in the 1002 area of the Alaska National Wildlife Refuge, which significantly increases anticipated revenues in 2009 and later years. These proposals, in conjunction with the revenue enhancements described above, will increase revenues by \$136.3 million in 2008 and a total of \$5.0 billion through 2012.

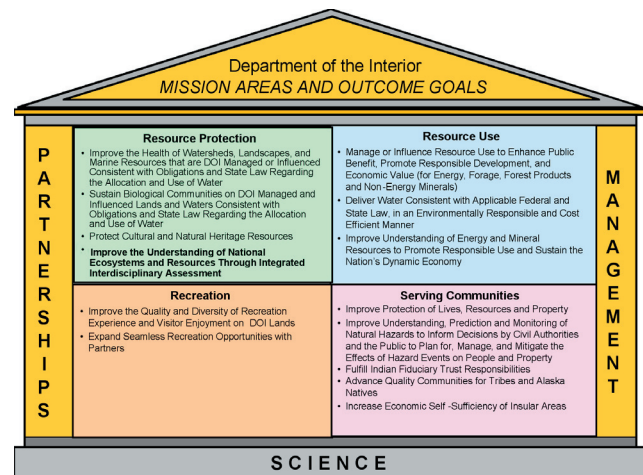
The 2007 estimates for OCS revenues reflect increased royalty rates for new deep water Gulf of Mexico leases, which will be implemented beginning in 2007.

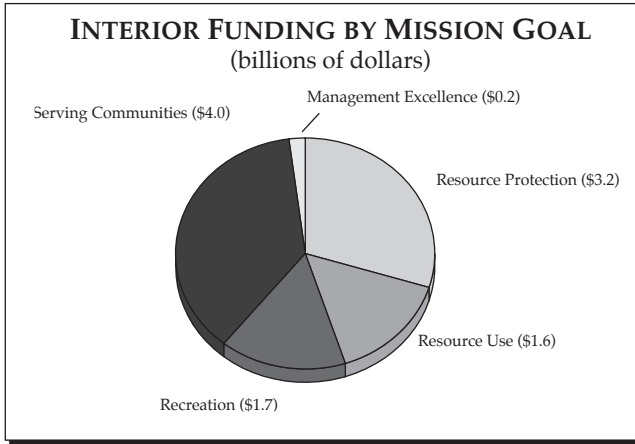
## SUPPORTING THE DEPARTMENT'S MISSION

The Department's revised strategic plan for the period 2007–2012 provides a consistent framework for Interior to undertake its multi-faceted mission. Defined by four mission categories, the strategic plan presents tangible standards by which to gauge success and focus on results. In 2006, the Department met or exceeded 68 percent of performance measures monitored. Of the remaining measures, 18 percent were not reportable in part, because of



In 2008, Interior will continue its strong record of producing revenue for the Treasury. Estimated receipts collected by the Department in 2008 will be \$15.6 billion, a record level of collections that offsets Interior's discretionary budget by nearly 1.5 to one.





insufficient data to estimate performance for some measures or because data were preliminary and had not been verified. Of the 209 performance measures monitored in 2006, 14 percent were not met, a reduction from the 16 percent not met in 2005.

The 2008 budget proposal seeks resources to maintain high performance across the strategic plan goals and improve performance in high-priority initiatives as follows:

**Resource Protection** — The 2008 budget requests \$3.2 billion for programs that improve the health of landscapes and watersheds, sustain biological communities, and protect cultural and natural heritage resources.

**Resource Use** — The 2008 budget requests \$1.6 billion to continue to improve energy access, help provide energy security for the Nation through renewable and nonrenewable programs, meet demands for water, and support the goals of the Healthy Forests Initiative.

**Recreation** — The 2008 budget requests \$1.7 billion to support recreation goals, including improved access to recreational opportunities.

**Serving Communities** — The 2008 budget requests \$4.0 billion to serve communities by increasing efforts to fulfill responsibilities for trust management, supporting services to Tribes and individual Indians, and improving Indian education. The budget for serving communities also supports the wildland fire program, law enforcement, and the generation of relevant scientific information.

See Interior selected performance measures at the end of this chapter.

**SUMMARY OF MAJOR CHANGES**  
(current budget authority in millions of dollars)

**INTERIOR, ENVIRONMENT, AND RELATED AGENCIES**

<b>2007 Continuing Resolution</b> .....	9,463.9
Impact of the Continuing Resolution .....	+138.7
<b>2007 President's Budget</b> .....	9,602.6
Fixed Cost Changes .....	+214.2
<b>NPS</b>	
The President's Centennial Commitment .....	+100.0
Other NPS Operations* .....	+130.0
Healthy Lands .....	+22.0
Safe Indian Communities .....	+16.0
Improving Indian Education .....	+15.0
<b>BLM</b>	
Inspections and Monitoring .....	+3.1
Other BLM Operations .....	-36.6
<b>Fire</b>	
Suppression .....	+37.4
Preparedness .....	-17.2
MMS OCS Leasing/Deepwater .....	+5.3
MMS Restructuring and Cost Recovery .....	-5.0
OSM AML Shift to Mandatory .....	-134.2
USGS Ocean Action Plan .....	+3.0
<b>FWS</b>	
Open Rivers/Fish Habitat Action Plan .....	+8.3
Refuges .....	+4.7
Partners for Fish and Wildlife .....	+5.7
Land Acquisition .....	-9.4
Conservation Grants .....	-39.0
<b>Indian Affairs</b>	
Tribal Education Assistance .....	-12.7
Education Construction .....	-18.4
Housing Improvement Program .....	-23.4
Indian Land Consolidation .....	-49.4
Payments in Lieu of Taxes .....	-8.0
<b>Other</b>	
FBMS .....	+16.0
Patuxent Research Refuge .....	+9.7
NPS Construction .....	-27.7
Net, All Other Program Changes .....	-108.7
<b>2008 Budget Request</b> .....	9,703.2

**ENERGY AND WATER DEVELOPMENT**

<b>2007 Continuing Resolution</b> .....	922.9
Impact of the Continuing Resolution .....	+0.8
<b>2007 President's Budget</b> .....	923.7
<b>Bureau of Reclamation</b>	
Central Valley Project .....	+4.6
Safety of Dams .....	+8.0
Rural Water .....	-13.7
Restore Desert Terminal Lakes Rescission .....	+88.0
Net, All Other Program Changes .....	-18.1
Central Utah Project .....	+8.9
2008 Budget Request .....	1,001.4
<b>Total 2008 Budget Request</b> .....	10,704.6

\*Includes fixed costs of \$54.0 million

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## NONDISCRETIONARY FIXED COSTS TO MAINTAIN CORE PROGRAMS

The Department of the Interior's programs encompass 390 park units and 547 wildlife refuges; 262 million acres of multiple use public land; 83 Indian agency locations and 184 elementary and secondary schools in Indian Country; 472 dams and 348 reservoirs operated by the Bureau of Reclamation; and numerous laboratories, field research facilities, and other offices.

At each of these sites, Interior's 73,000 employees maintain facilities and resources and provide services to those who use or rely on them: park visitors, wildlife watchers and hunters, stockmen and miners, Tribes and individual Indians, farmers, and electric power users.

Pay and benefits for the Interior Department's 73,000 employees are a significant cost component of Interior's core programs, comprising 58 percent of operating budgets. The proportion of Interior's budget committed to personnel costs places it among the top three Federal agencies. Only the Departments of Justice and Commerce have a higher proportion of salary and benefit costs to total budget. Maintaining this dedicated cadre of professionals is essential for the uninterrupted delivery of programs and services.

The Department's 2008 budget request includes \$214.2 million to fully fund increases in nondiscretionary fixed costs. Of this amount, nearly 86 percent, or \$184.4 million, supports increases in employee compensation, including scheduled 2008 pay raises; two additional paid days; and projected increases in health benefits. The budget assumes a three percent pay raise in January 2008. The request also funds increases in workers' and unemployment compensation; rental payments for leased space; and centralized administrative and business systems, services, and programs financed through the Working Capital Fund.

Over the past six years, Interior has improved the effectiveness and efficiency of its programs. The Department has:

- Completed Program Assessment Rating Tool reviews for all of the Department's programs. During 2007, Interior will complete the single PART not yet complete, evaluate completed PART reviews for program improvements, and implement

PART recommendations to enhance efficiency and effectiveness.

- Undertaken competitive reviews encompassing 4,050 FTE, generating \$12.0 million in annual cost savings, and yielding improved performance.
- Received unqualified audits for the last ten years and eliminated all but one material weakness - Indian trust. The 2006 audit was completed within the 45-day mandated time frame.
- Provided leadership in e-Government, as the managing partner for Recreation One-Stop, Geospatial One-Stop, and the Geospatial Line of Business. The geospatial line of business projects government-wide savings of \$51.8 million. The Department has consolidated thirteen bureau and office wide area networks into its Enterprise Services Network and certified and accredited 98 percent of its systems.
- Reduced hiring timeframes to less than 45 days for general schedule positions.

In addition to nondiscretionary fixed costs, the budget continues investments in tools to enable employees to do their jobs more effectively and efficiently. Through the deployment of enterprise systems, Interior has improved information technology security, consolidated services and achieved other efficiencies, while improving system reliability and access by remote users.

The Enterprise Services Network is fully operational, providing a secure network backbone for telecommunications in all bureaus and offices. In 2007 and 2008, bureaus will continue to upgrade outdated, slow connections, and optimize circuit configurations. In addition, ESN is serving as the platform to consolidate directory services, web hosting, messaging, data warehousing, help desks, and other applications and systems. It will also serve as the foundation for implementing the required internet protocol version six technology.

The Department's Financial and Business Management System will replace more than 100 legacy accounting, acquisition, property, grants, and budget systems and subsystems. In 2006, the Minerals Management Service and the Office of Surface Mining were successfully migrated to the Financial and Business Management System. These bureaus are



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now operating financial and accounting processes on this new system, and in 2007, FBMS will provide support for their acquisition services. In 2008, the Department anticipates that it will deploy core financial, acquisition, property, and grants components of FBMS to BLM. The 2008 budget includes \$40.4 million for FBMS, including a program increase of \$16.0 million, to complete this deployment to BLM and prepare for deployments to other large and complex bureaus including NPS, FWS, and Reclamation. System deployment completion is anticipated in 2011.

## OTHER BUDGET PRIORITIES

**Cooperative Conservation** — Through partnerships, Interior works with landowners and others to achieve conservation goals across the Nation and to benefit America's national parks, wildlife refuges, and other public lands. The 2008 budget includes \$324.0 million for Interior's cooperative conservation programs, \$34.6 million over the 2007 continuing resolution, \$6.4 million less than the 2007 request, and \$6.6 million above 2006. These programs leverage Federal funding, typically providing a non-Federal match of 50 percent or more. They provide a foundation for cooperative efforts to protect endangered and at-risk species; engage local communities, organizations, and citizens in conservation; foster innovation; and achieve conservation goals while maintaining working landscapes.

The 2008 cooperative conservation budget includes \$21.0 million of the Department's Healthy Lands Initiative. This Initiative will enlist States, local and tribal governments, industry, and non-government entities to restore habitat on a landscape scale and avoid conflicts in areas where the demand for energy development and other uses compete with the needs of species and long-term viability of wildlife habitat. The BLM estimates that this Federal investment, combined with partner investments, will restore over 400,000 acres of habitat.

Also new to the suite of cooperative conservation programs highlighted in 2008 are the multi-agency Open Rivers Initiative and the National Fish Habitat Action Plan. These fisheries conservation programs will leverage \$16.2 million in Federal resources with State, tribal, local, nonprofit and private groups to protect, enhance, and restore aquatic habitats. A program increase of \$6.0 million for the Open Rivers Initiative will provide FWS with \$11.0 million for fish passage. Using these funds, FWS will work with the National Oceanic and Atmospheric Administration

to repair vital riverine ecosystems that will provide communities increased recreational opportunities and enhance populations of key trust species.

The FWS will enhance its fish passage program by eliminating an additional 303 obsolete stream barriers such as small dams and opening an additional 2,132 miles for the free passage of fish. The 2008 budget also includes an additional \$2.3 million to implement the National Fish Habitat Action Plan, a nationwide fisheries conservation effort to help reverse declines in fisheries. With this increase, \$5.2 million in Federal resources will be available and will leverage resources provided by State, tribal, local, nonprofit, and private groups to protect, enhance, and restore aquatic habitats.

The 2008 budget continues funding for high priority cooperative conservation activities of three programs, including \$13.3 million for the FWS Coastal program, \$4.0 million for Neotropical Migratory Birds, and \$80.0 million for the Cooperative Endangered Species Conservation Fund. The 2008 budget request for the North American Wetlands Conservation Fund is \$42.6 million, an increase of \$6.0 million above the 2007 continuing resolution and \$1.0 million above the 2007 President's budget. Funding for the Partners for Fish and Wildlife program is \$48.4 million, an increase of \$5.7 million above 2007. These programs provide an effective, cooperative approach to conservation and leverage Federal funds. In 2008, these programs will attract over \$270 million in non-Federal matches and restore over 800,000 acres of habitat for at-risk species and migratory birds.

**Refuge Operations and Species Protection** — Targeted increases for the national wildlife refuge system and other FWS species conservation programs will focus new resources on conserving and restoring the habitat necessary to sustain endangered, threatened, and at-risk species and prevent additional species from being listed under the Endangered Species Act. A program increase of \$4.7 million for refuge wildlife and habitat management will allow the refuge system to increase the number of recovery plan actions completed in 2008 by 111, or eight percent, compared to 2007 and protect or restore an additional 57,983 acres. The 2008 budget also includes \$2.2 million in programmatic increases for the recovery of the gray wolf and the Yellowstone grizzly bear.

**Healthy Forests Initiative** — In 2008, through the Healthy Forests Initiative, Interior will reduce the threat of catastrophic wildfire and improve forest

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and rangeland health. The 2008 budget request funds the Hazardous Fuels Reduction program at \$202.8 million, an increase of \$3.0 million for fixed costs over the 2007 level. An additional \$1.8 million in the hazardous fuels program will be shifted from program support activities to on-the-ground fuel reduction to help treat high-priority acres.

**Oceans Conservation** — Interior bureaus conduct activities with growing significance to ocean and coastal conservation and that advance understanding of the processes and status of ocean and coastal resources. The 2008 President's budget includes \$929.5 million to support the President's Ocean Action Plan. This funding will allow Interior bureaus to continue their high-priority work within the Action Plan. Included in the request is an additional \$3.0 million for USGS. The USGS will begin implementation of the oceans research priorities plan and implementation strategy by conducting observations, research, sea floor mapping, and forecast modules. Work on the Ocean Research Priorities Plan and Implementation Strategy 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 begin implementation of the interagency national water quality monitoring network. The national water quality monitoring network will address and integrate watershed, coastal waters, and ocean monitoring based on common criteria.

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

## PROGRAM TERMINATIONS

**Landowner Incentive and Private Stewardship Grant Programs** — In 2008, Interior does not request funding for the Landowner Incentive and Private Stewardship Grant programs, in order to concentrate conservation funding in fewer, high-performing programs. This results in a \$22.0 million reduction to the 2007 continuing resolution and a \$33.8 million reduction to the 2007 President's budget. The conservation of at-risk species would benefit from shifting resources from these two programs to other programs that can demonstrate greater results, such as the refuge system, the Partners for Fish and Wildlife, and the North American Wetlands Conservation Act programs. The Landowner Incentive and Private Stewardship grant programs

will continue to allocate and administer grants from funds appropriated in prior years.

**Housing Improvement Program** — This Bureau of Indian Affairs program services about 375 Indian families per year, providing grants for repairs and renovations of existing homes or for construction of houses for tribal members with sufficient land suitable for housing on or near a reservation. The budget proposes a \$23.4 million reduction to eliminate this program. The program is duplicative with the Housing and Urban Development Native American Housing Assistance and Self-Determination Act program, which has authority to provide assistance to all HIP applicants. The proposed elimination is commensurate with priorities established during tribal consultation on the 2008 budget that emphasizes programs and projects that benefit Tribes on a nationwide basis.

## OTHER MAJOR CHANGES BY BUREAU

In the following sections, discussions of the 2008 budget and funding changes within each bureau at the account level use comparisons with the 2007 continuing resolution. Discussions at the program, activity, or sub-activity level use comparisons with the 2007 President's budget.

### BUREAU OF LAND MANAGEMENT

The 2008 BLM request, excluding Wildland Fire Management, is \$1.0 billion, \$25.2 million above the 2007 continuing resolution and \$6.9 million above the 2007 President's budget. The budget proposes \$989.7 million for BLM's two operating accounts, an increase of \$41.7 million over the 2007 continuing resolution and an increase of \$14.0 million over the 2007 President's budget.

As discussed earlier, the BLM budget supports energy development and habitat protections in 2008 with an increase of \$15.0 million requested for the Healthy Lands Initiative. The budget request also includes a program increase of \$3.1 million for expanded oil and gas inspection and monitoring activities. The 2008 budget request also provides additional resources to enable BLM to improve its management of the hard rock mining program. The budget proposes a \$2.0 million increase for the Mining Law Administration program that is expected to be fully offset with annual mining claim maintenance fees.

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The 2008 President's budget request includes \$36.6 million in program reductions. The major reductions include \$3.0 million in the Cultural Resources Management program, \$4.7 million in the Wild Horse and Burro Management program, \$3.0 million in the Resource Management Planning program, \$4.3 million in the Deferred Maintenance program, \$3.2 million in the Cadastral Survey program, \$1.8 million in Alaska Conveyance, and \$5.0 million in the Oregon and California Grant Lands account. The budget request also includes a reduction of \$5.5 million in BLM's budget for information technology that will be achieved through savings resulting from the consolidation of functions and cost efficiencies. The BLM will also achieve savings of \$2.0 million by implementing management improvements and other efficiencies through a realignment of functions in its business center and in applied science areas. There is an additional \$2.2 million reduction for travel.

For BLM land acquisition, the 2008 budget proposes a \$1.4 million reduction below the 2007 continuing resolution. This is a reduction of \$7.1 million below the 2007 President's budget. The budget proposes to allow BLM to retain receipts from the sale of subsurface mineral estate that contain no known mineral value and use these funds for land acquisition. Using existing authority in the Federal Land Policy and Management Act, BLM will convey mineral interest to the surface owner to reduce the administrative burden of split estate acres. The budget estimates \$5.0 million will be generated from this authority in 2008.

### **WILDLAND FIRE MANAGEMENT**

The 2008 budget proposes \$801.8 million to support fire preparedness, suppression, fuels reduction, and burned area rehabilitation. This amount represents a net increase of \$32.6 million above the 2007 continuing resolution and \$32.3 million above the 2007 President's budget.

The 2008 budget request includes \$294.4 million for suppression operations, an increase of \$37.4 million over 2007. This budget will fully fund the expected costs of fire suppression in 2008 based on the ten-year average.

A total of \$202.8 million is included in the 2008 request for the hazardous fuels reduction program, which adjusts the 2007 level by including an increase for fixed costs. The Department will shift \$1.8 million within the Hazardous Fuels Reduction program to treat an additional 6,000 high-priority acres. The

Interior Department plans to discontinue funding for the University of Montana Center for Landscape Analysis and other activities.

The 2008 Wildland Fire Management Preparedness program is \$268.3 million, a program reduction of \$17.2 million from the 2007 level. A significant portion of this reduction will be achieved by eliminating management and support positions and lower-priority activities.

To reduce the number of large, costly fires, the Wildland Fire Management program will also realign its preparedness base resources to better support initial attack capability, which will include the addition of over 250 firefighters. These actions will help maintain initial attack success.

The Joint Fire Science program is funded at \$4.0 million, or \$1.9 million below 2007. In 2008, the Joint Fire Science program will process and apply the research results from journal papers and symposia funded in prior years.

### **MINERALS MANAGEMENT SERVICE**

The 2008 budget for MMS current appropriations is \$161.5 million, \$3.2 million above the 2007 continuing resolution, and \$2.1 million below the 2007 President's budget. Collections from OCS rents and other fee sources will provide \$135.7 million, \$13.0 million above the 2007 continuing resolution and \$7.0 million above the 2007 President's request. The total 2008 MMS operations budget, including offsetting collections, is \$297.2 million, \$16.2 million above the 2007 continuing resolution and \$4.9 million above the 2007 President's budget.

The 2008 MMS budget includes a program increase of \$4.0 million to implement the 2007-2012 Outer Continental Shelf Leasing program; \$1.3 million to accommodate the surge in exploration activity and development in the ultra-deepwater area of the Gulf of Mexico; and \$1.5 million for the first year of a two-year initiative to institute an interactive payment reconciliation and billing system. The budget also includes \$940,000 for an Adjustment Line Monitoring initiative and \$820,000 to address long-term recovery issues in the Gulf of Mexico resulting from the hurricanes of 2005.

The 2008 budget also includes \$9.9 million in decreases from the 2007 level. Changes include a reduction of \$3.0 million, which will be offset by an alternative energy cost-sharing proposal that requires parties submitting applications for non-competitive renew-

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able energy projects to fund the cost of independent environmental analyses. The budget includes a \$2.0 million reduction in the OCS program to reflect anticipated savings from increased productivity and efficiencies. A \$1.4 million reduction in the OCS connect program is proposed as the system transitions from development and planning to implementation and maintenance. System upgrades to meet new requirements in the Energy Policy Act will be completed in 2007, allowing \$750,000 to be redirected to other priorities. Technological advances will allow MMS to eliminate dial-in service to access the Minerals Revenue Management network and result in \$250,000 in cost savings. Other decreases include \$1.0 million in Environmental Studies and \$1.0 million in methane hydrate work. The completion of a four-year phased replacement of equipment at the National Oil Spill Response Test Facility will allow a \$500,000 reduction in this program.

### **OFFICE OF SURFACE MINING AND RECLAMATION**

The OSM 2008 budget requests \$168.3 million in current appropriations, a decrease of \$123.5 million below the 2007 continuing resolution and \$129.9 million below the 2007 President's budget. This request reflects changes to funding the Abandoned Mine Reclamation Fund program, as required by the Surface Mining Control and Reclamation Act Amendments of 2006. The 2008 budget reduces OSM's discretionary appropriation by \$134.2 million, reflecting the shift of AML State and tribal reclamation grants funding to a mandatory program.

After transfer of State and tribal reclamation grants to mandatory funding, the 2008 budget for the Abandoned Mine Reclamation Fund is \$52.8 million, a decrease of \$130.0 million below the 2007 continuing resolution and \$133.1 million below the 2007 President's budget. The 2008 budget funds activities under Section 402(g)(3)A-D of SMCRA, including high-priority Federal reclamation efforts, State and Federal emergency programs, and OSM operations.

The 2008 budget for the Regulation and Technology account is \$115.5 million, \$6.6 million above the 2007 continuing resolution and \$3.3 million above the 2007 President's request. This includes an increase of \$2.2 million to fund program increases for the State regulatory programs. States with approved regulatory programs are awarded grants of up to 50 percent of the administrative expense the Federal government would incur in regulating coal mining. Should a State relinquish primacy, the entire responsibility for operation of the regulatory program becomes the responsibility of OSM. In taking over

the full cost of the program, the cost to the Federal government would be significantly greater.

### **BUREAU OF RECLAMATION**

The 2008 Reclamation budget request is \$958.4 million in current appropriations, which is \$69.6 million above the 2007 continuing resolution and \$74.8 million above the 2007 President's budget.

The 2008 budget emphasizes Reclamation's core mission of delivering water and power. Reclamation priorities include a focus on ensuring facility integrity and site security and resolving major western water challenges. Consistent with the 2007 President's budget, under-financing, undistributed reductions in anticipation of delays in construction schedules and other planned activities, is eliminated in the 2008 budget.

The budget includes \$1.0 million for a loan guarantee program, which is a new strategy for Reclamation to address its aging infrastructure and associated asset management issues. The loan guarantee program recognizes the obstacles facing water districts regarding securing funds for expensive rehabilitative repairs without being able to use Federal facilities as collateral to obtain financing.

The budget also includes \$11.0 million for Water 2025, Reclamation's approach to provide the tools to prevent water crises and conflict in the West. Water 2025 includes 50:50 challenge cost share grants for on-the-ground improvements to existing facilities, implementation of water management tools, and system optimization reviews to identify system or basin wide improvements that will maximize efficiency. Legislation will be transmitted to Congress to seek permanent authorization for the Water 2025 program.

The budget requests \$31.8 million for CALFED pursuant to the October 2004 authorization for this water management, ecosystem restoration, water quality, water supply, and flood protection program. This adaptive management program in California's Central Valley and the San Francisco Bay-Delta is addressing conflicts over water supply.

A total of \$77.0 million is requested for the Safety of Dams program, an increase of \$8.0 million from 2007. The increase is needed to address dam safety issues at Folsom Dam in California. The funding includes \$57.1 million to initiate safety-of-dams corrective actions and \$18.5 million for safety evaluations of existing dams. Also included is \$1.4 million for the Department of Interior Dam Safety Program.

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The request for the Central Valley Project is \$124.8 million, an increase of \$4.6 million to address fish passage at Red Bluff Diversion Dam. A total of \$27.2 million is requested for the Central Arizona Project, essentially the same level as 2007.

A total of \$35.5 million is requested for site security of dams to ensure the safety and security of facilities. The 2008 budget assumes that, consistent with project allocations, the operation and maintenance-related security costs for Reclamation facilities will be reimbursed by project beneficiaries.

The budget includes \$58.0 million, continuing the 2007 level, for the Animas La Plata project to implement the Colorado Ute Settlement Act. The Klamath Basin project is funded at \$25.0 million and the Middle Rio Grande project is funded at \$23.2 million, both essentially at the 2007 level.

The request funds rural water supply projects at \$55.0 million, \$13.7 million below the 2007 level. Funding is requested for the Mni Wiconi, Garrison, and Lewis and Clark projects.

### U.S. GEOLOGICAL SURVEY

The 2008 USGS budget is \$975.0 million in current appropriations, \$12.3 million below the 2007 continuing resolution, and \$30.2 million above the 2007 President's budget. The 2008 budget continues to focus USGS capabilities on the highest-priority research needs, while ensuring that USGS builds the expertise it needs to continue answering the complex research questions. The budget includes \$16.3 million in program increases and \$24.0 million in fixed costs, which are offset by \$10.1 million in program reductions.

The budget includes programmatic increases of \$5.0 million for the Healthy Lands Initiative and \$3.0 million for activities that support the Ocean Action Plan, as discussed in previous sections. The National Streamflow Information program is funded at \$18.9 million in 2008, an increase of \$1.7 million. This increase will ensure that ongoing operations continue with stream flow stations in over 80 percent of the Nation's river basins. In support of the bureau-wide multi-hazards demonstration project, the increase will also enable installation of three new streamgages in southern California and the deployment of storm surge monitors. The budget also includes an increase of \$4.7 million to complete necessary infrastructure repair and rehabilitation at the Patuxent Wildlife Research Refuge, a facility shared with FWS.

The 2008 President's budget reduces funding for the Minerals Research and the Cooperative Water programs. A \$2.6 million reduction to geologic resource assessments in the Minerals Research program is proposed, which will result in a 2008 Minerals Research program of \$29.9 million. A \$2.2 million reduction to the Cooperative Water program is proposed for a total 2008 program of \$62.4 million. The 2008 President's budget also reduces priority ecosystems science by \$2.0 million, retaining \$8.7 million for the highest-priority projects.

### FISH AND WILDLIFE SERVICE

The 2008 FWS budget request is \$1.3 billion, an increase of \$16.3 million compared to the 2007 continuing resolution, and a decrease of \$4.8 million compared to the 2007 President's budget.

The request for Resource Management is \$1.0 billion, an increase of \$36.9 million compared to the 2007 continuing resolution and an increase of \$38.9 million compared to the 2007 President's budget. Included within this request are programmatic increases of \$22.2 million for managing at-risk species to prevent listing under the Endangered Species Act, recovering species that are listed, and resolving challenges associated with growing energy activities in the West and the potential conflicts that result at the wildlife interface. This amount includes \$5.3 million for the Partners for Fish and Wildlife program, \$6.0 million for the Open Rivers Initiative to improve fish passage through streams and rivers, \$2.0 million for habitat and species conservation activities in Wyoming's Green River Basin, an additional \$2.3 million to implement the National Fish Habitat Action Plan, and \$4.7 million for refuge system wildlife and habitat management. The budget also includes an increase of \$2.2 million for gray wolf and Yellowstone grizzly bear recovery activities.

To support conservation partnerships, the budget includes \$42.6 million for the North American Wetlands Conservation Fund, \$80.0 million for the Cooperative Endangered Species Conservation Fund, \$4.0 million for the Neotropical Migratory Bird Conservation Fund, and \$69.5 million for State and Tribal Wildlife grants.

The land acquisition request is \$18.0 million, a \$1.7 million reduction compared to the 2007 continuing resolution and a \$9.1 million reduction compared to the 2007 President's budget. The budget includes \$4.5 million for land acquisition in the Upper Klamath Basin to enhance water quality and restore habitat for the endangered Lost River and shortnose suckers

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and for anadromous fish populations downstream from the Upper Klamath Lake.

The construction request totals \$23.1 million, a decrease of \$16.7 million compared to the 2007 continuing resolution, and an increase of \$3.3 million compared to the 2007 President's request. This includes funding of \$5.0 million for rehabilitation of facilities at the Patuxent Research Refuge in cooperation with USGS, and \$2.3 million for fuel tank replacement at Midway Atoll NWR.

The National Wildlife Refuge Fund budget is \$10.8 million, \$3.4 million below the 2007 continuing resolution and equal to the 2007 President's budget.

### NATIONAL PARK SERVICE

The NPS budget request is \$2.4 billion, an increase of \$261.2 million above the 2007 continuing resolution and \$208.0 million above the 2007 President's budget.

The 2008 budget includes \$2.1 billion for operations, an increase of \$290.3 million above the continuing resolution and \$230.0 million above the 2007 President's budget. As described earlier, this operational increase includes \$100.0 million for the National Parks Centennial Commitment. To realize the full philanthropic potential for parks, the National Parks Centennial Challenge seeks to engage public support to provide \$100 million in donations to signature projects and programs that will be matched by up to \$100.0 million in new, mandatory Federal funding.

The 2008 budget includes \$63.7 million for Historic Preservation, \$5.0 million above the 2007 continuing resolution, and \$8.2 million below the 2007 President's budget. The Historic Preservation budget includes \$10.0 million for Save America's Treasures, \$10.0 million for Preserve America, \$39.7 million for historic preservation grants-in-aid to States, Territories, and Tribes, and \$4.0 million for the National Inventory of Historic Properties.

The 2008 budget for the National Recreation and Preservation program is \$48.9 million, \$1.7 million above the 2007 continuing resolution and \$15.6 million above the 2007 President's budget. The 2008 President's budget does not include funding for Statutory and Contractual Aid and proposes \$8.7 million for Rivers, Trails, and Conservation Assistance, an increase of \$1.0 million from 2007. This includes a programmatic increase of \$650,000 to RTCA to provide technical assistance to connect trails to parks by engaging with communities sur-

rounding parks and providing technical assistance on new trail partnership projects.

The NR&P budget proposes \$22.7 million for Cultural Programs, a program increase of \$2.5 million from 2007. The increase includes an additional \$1.0 million to coordinate a national effort to inventory and monitor historic properties and \$1.5 million for American Battlefield grants to award 50 grants in 2008 on a competitive basis, as authorized by the American Battlefield Protection Act. The American Battlefield Protection program promotes the preservation of significant historic battlefields associated with wars on American soil.

The 2008 NR&P budget request includes \$10.0 million for the Heritage Partnership program, an increase of \$2.6 million from the 2007 budget, which requested these funds under the Historic Preservation Fund account. The Heritage Partnership program provides seed money for congressionally designated but locally managed national heritage areas.

The 2008 President's budget continues to support implementation of the NPS asset management program. Total construction and maintenance funding is \$663.3 million in 2008, an increase of \$40.5 million from 2007, reflecting increased funding totaling \$50.0 million for cyclic maintenance and repair and rehabilitation. The construction amount of \$201.6 million includes reductions of \$16.8 million in line-item construction, \$1.9 million in the Employee Housing Replacement program, \$9.8 million for narrowband radio conversion, and \$2.3 million in construction planning.

### INDIAN AFFAIRS

The 2008 Indian Affairs budget request is \$2.2 billion in current appropriations, or \$1.0 million below the 2007 continuing resolution, and \$7.0 million above the 2007 President's request.

In addition to the increases for education and law enforcement and the elimination of the housing program discussed above, the budget includes programmatic reductions of \$3.8 million for Rights Protection programs, \$12.7 million for tribal education assistance, and \$4.6 million for trust-related activities. The reduction to the unified trust budget includes reductions to environmental quality projects, real estate services, and forestry projects.

The education construction budget is \$139.8 million, \$17.6 million below the 2007 continuing resolution and the 2007 President's budget. The request for

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construction includes \$14.8 million to fully fund the replacement of the Circle of Life Survival School in Minnesota and the Keams Canyon Elementary School in Arizona, and \$22.6 million to complete replacement of structures at Standing Rock Community School in North Dakota and to fully fund replacement of dormitories at Riverside Indian School in Oklahoma. The education construction account also includes \$30.2 million for Major Facilities Improvement and Repair projects, \$19.9 million for minor FI&R projects and \$50.7 million for annual maintenance. Employee housing is funded at \$1.6 million in this request.

The 2008 budget for BIA Indian Land and Water Claim Settlements includes \$9.4 million for two new settlements, including \$7.0 million for the initial payment to the Puget Sound Regional Shellfish Settlement Trust Fund, and \$2.4 million for the initial payment for the Pueblo of Isleta settlement. There is also an increase of \$1.4 million for the Snake River Water Rights settlement, which fully funds the settlement for 2008. The 2008 budget includes \$10.7 million in reductions for two completed settlements—the Cherokee, Choctaw, and Chickasaw water settlement and the Quinault Indian Nation settlement.

#### **OFFICE OF THE SPECIAL TRUSTEE**

The 2008 OST budget request is \$196.2 million, \$15.4 million above the 2007 continuing resolution, and \$48.3 million below the 2007 President's budget.

The budget includes a \$3.6 million increase for the Office of Historical Accounting to assist with the increased workload associated with additional tribal trust lawsuits. The OST budget includes a \$49.4 million reduction for Indian Land Consolidation, funding the program at \$10.0 million. The 2008 budget also includes a \$3.6 million net reduction as a result of completion of trust reform tasks reflecting efficiencies and improvements in services to beneficiaries, completion of project task efforts, and management efficiencies.

#### **OFFICE OF THE SECRETARY**

The budget includes \$101.4 million for Salaries and Expenses, an increase of \$29.2 million above the 2007 continuing resolution and \$4.8 million above the 2007 President's budget. The S&E budget includes a fixed cost increase of \$5.1 million, net transfers that result in a reduction of \$429,000, and restoration of \$24.3 million that was omitted in the 2007 continuing resolution.

#### **OFFICE OF INSULAR AFFAIRS**

The 2008 budget request for Insular Affairs is \$79.8 million in discretionary funding, \$425,000 below the 2007 continuing resolution, and \$560,000 above the 2007 President's budget. The proposal includes a \$200,000 increase to accomplish required National Environmental Policy Act reviews of infrastructure projects in the insular areas.

Permanent appropriations in 2008 total \$324.1 million, which includes \$205.1 million in Compact of Free Association payments and \$119.0 million in payments to Guam and the U.S. Virgin Islands.

#### **OFFICE OF THE SOLICITOR**

The Solicitor's 2008 budget request is \$58.9 million, \$4.3 million above the 2007 continuing resolution, and \$2.2 million above the 2007 President's budget. The proposal includes program increases of \$145,000 for information technology, \$98,000 for an FBMS Working Capital Fund program change, and \$2.0 million for fixed costs.

#### **OFFICE OF INSPECTOR GENERAL**

The Office of Inspector General's 2008 budget request is \$42.3 million, \$3.8 million above the 2007 continuing resolution, and \$1.6 million above the 2007 President's budget. There are no program changes requested.

#### **DEPARTMENT-WIDE PROGRAMS**

**Payments in Lieu of Taxes** — The budget includes \$190.0 million for the Payments in Lieu of Taxes program, \$42.5 million below the 2007 continuing resolution, and \$8.0 million below the 2007 President's budget.

**Central Hazardous Materials Fund** — The 2008 budget for the Central Hazardous Materials Fund is \$10.0 million, an increase of \$2.7 million over the 2007 continuing resolution, and \$31,000 above the 2007 President's budget. The proposed increase maintains funding in this program at historic levels.

**Natural Resource Damage and Restoration** — The NRDA 2008 budget request is \$6.2 million, \$760,000 above the 2007 continuing resolution, and \$115,000 above the 2007 President's budget. There are no program changes requested.

**Financial and Business Management System** — The 2008 budget includes \$40.4 million for the

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Financial and Business Management System, a program increase of \$16.0 million over 2007. This amount includes \$22.2 million requested as direct appropriations in the Department's Working Capital Fund and \$18.2 million in WCF revolving fund charges billed to and budgeted by the Interior bureaus. In part, these funds replace prior year recoveries and franchise funds used to supplement resources in recent years. The 2008 request for FBMS supports implementation of all modules for BLM: core financials, acquisition, property, and initial budget formulation. The 2008 request represents the peak funding year for the project, as it involves deployment and planning for the migration of large, complex bureaus and would allow the Department to retire more than 100 legacy systems.

## MANDATORY PROPOSALS

The 2008 budget is accompanied by legislative proposals that will affect receipt or spending levels in 2008 or in future years. These proposals will be transmitted separately from the budget for consideration by congressional authorizing committees. The principal proposals include:

**National Park Service Centennial Challenge Matching Funds**— The budget assumes enactment of a legislative proposal that would provide a new, dedicated source of funding for the Centennial Challenge over ten years of up to \$100.0 million per year of annual mandatory Federal spending to be made available to match at least dollar for dollar \$100 million in private contributions for signature projects and programs. Currently, NPS receives about \$27 million annually in donations in addition to in-kind contributions. If that level is maintained, for every additional dollar donated to the NPS, the new program will match dollar-for-dollar up to \$100 million. The match is contingent on maintaining current donation levels.

**MMS Net Receipt Sharing**— The Department proposes to reinstitute a net receipt sharing provision to return to a more equitable Federal-State distribution of revenues. Currently, States receive an equal share of the revenues from Federal energy production without sharing in the administrative costs of the onshore mineral leasing program. In 2006, for example, \$4.3 billion in revenues were collected, of which \$2.1 billion was provided to States. The Department proposes a flat, two percent deduction that will be taken from the State's share of Mineral Leasing Act revenues from public domain lands before disbursement to the States. For the five-year

period 2008-2012 this will increase revenues to the Treasury by more than \$225 million. This provision is simple to administer, can be estimated quite accurately based on projected disbursements to States, and can be adjusted by Congress as necessary.

**Coal Bonuses**— The 2008 Interior budget assumes increased revenue from coal bonuses over the next five years by requiring the full payment of bonuses on all new coal leases at the time of lease sale. The Administration will propose legislation to amend the Mineral Leasing Act to require the payment of bonuses at the time of sale, consistent with oil and gas leases. The Act currently provides that at least 50 percent of the total acreage offered for lease by the Secretary in any one year shall be leased under a system of deferred bonus payment. Under current regulations implementing the deferred bonus payment system, lessees pay the bonus in five equal installments over five years, with the first installment submitted with the bid. This proposal is estimated to generate an additional \$851.4 million in revenues over the five-year period 2008 through 2012, to be shared 50:50 with States.

**Federal Land Transaction Facilitation Act**— The Administration will propose legislation to amend BLM's land sale authority under the Federal Land Transaction Facilitation Act. The legislation will update the public lands available for disposal under FLTFA and change the distribution of the proceeds of those sales. Under the Act, BLM is currently limited to selling lands that had been identified for disposal in land use plans in effect prior to the enactment of FLTFA and makes the proceeds available for the acquisition of other non-Federal lands within specially designated areas such as national parks, refuges, and monuments. The 2008 budget proposes to amend FLTFA to allow BLM to use updated management plans to identify areas suitable for disposal; allow a portion of the receipts to be used by BLM for restoration projects; return 70 percent of the net proceeds from these sales to the Federal Treasury; and cap Interior receipt retention at \$60.0 million per year. This proposal is estimated to generate an additional \$193 million in revenues over the five-year period 2008 through 2012.

**Arctic National Wildlife Refuge**— The President's National Energy Policy aims to improve America's energy security by increasing domestic production of fossil fuels, promoting increased energy conservation, and stimulating the development of alternative fuels. The coastal plain in the Arctic National Wildlife Refuge is the Nation's single greatest onshore prospect for future oil. The 2008 budget assumes



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enactment of legislation opening the Section 1002 area of the coastal plain in ANWR to energy exploration and development, with a first lease sale occurring in 2009 that would generate \$7.0 billion in bonus receipts. The budget estimates a total of \$8 billion in revenue would be generated through 2012. These receipts would be split 50:50 between the U.S. Treasury and the State of Alaska.

**BLM Range Improvements**—The 2008 BLM budget proposes to discontinue mandatory appropriations from the Range Improvement Fund totaling \$10.0 million annually. Legislation will be transmitted to amend the Federal Land Policy and Management Act and direct that 50 percent of grazing fee receipts currently deposited in the Range Improvement Fund, the Federal share of such receipts, be deposited in the General Fund of the Treasury. The BLM's new grazing rule will allow permittees to share title to range improvements. Therefore, permittees should be able to bear more of the cost of these improvements in the future.

**Repeal of Section 365 of the Energy Policy Act of 2005**—The 2008 BLM budget assumes enactment of legislation to repeal provisions of Section 365 of the Energy Policy Act. Section 365 diverts mineral leasing rental receipts from the General Fund to the newly created Permit Processing Improvement Fund and prohibits BLM from establishing cost recovery fees for processing applications for permits to drill. The BLM will promulgate regulations to phase in full cost recovery for processing APDs, which will be in place by 2008. The rulemaking will begin with a fee amount that generates an estimated \$21.0 million in 2008, fully replacing the estimated amount that would otherwise be provided by rental receipts, thus sustaining the program's capabilities.

**Geothermal Energy Receipts**—The Administration will resubmit legislation to repeal Sections 224 and 234 of the Energy Policy Act of 2005. Prior to passage of the Energy Policy Act, geothermal lease payments were directed 50 percent to States, 40 percent to the Reclamation Fund, and 10 percent to the General Fund. The Energy Policy Act changed this beginning in 2006 to direct 50 percent to States, 25 percent to counties, and 25 percent to a new BLM Geothermal Steam Act Implementation Fund. The repeal of Sections 224 and 234 will reverse these changes and restore the disposition of geothermal revenue to the historical formula of 50 percent to the States and 50 percent to the Treasury.

**Deep Gas and Deep Water Incentives**—The 2008 budget proposes to repeal Section 344 of the Energy

Policy Act of 2005, which extended existing deep gas incentives in two ways. First, it mandated an increase in the royalty suspension volumes from 25 to 35 billion cubic feet of natural gas in a third drilling depth category, greater than 20,000 feet sub-sea. Second, it directed that incentives for all three drilling depth categories also be applied to leases in 200-400 meters of water. The 2008 budget also proposes to repeal Section 345 of the Energy Policy Act, which provided additional mandatory royalty relief for certain deep water oil and gas production. Additional royalty relief for oil and gas exploration is unwarranted in today's price environment. A legislative proposal will be transmitted to Congress to propose repeal.

**Trust Accounting**—The Office of the Special Trustee for American Indians, through the Office of Trust Funds Management, is responsible for the financial management of the funds held in trust for tribal and individual Indian beneficiaries. Currently, the sum of all positive Individual Indian Monies account balances is approximately \$6.0 million less than the sum of all financial assets currently invested by OST on behalf of the IIM beneficiaries. This imbalance was identified and isolated in 1998 and has been reported in the annual reports of independent auditors since that time. The significance of the imbalance is twofold. First, IIM account holders with positive balances are not earning positive income on the \$6.0 million. Second, in the unlikely event that every positive IIM account balance is withdrawn, OST would fall approximately \$6.0 million short of being able to pay all account holders.

The imbalance will continue to exist until funding in the amount of the imbalance is authorized and credited to the IIM investment pool account held by OST. Therefore, the Department will transmit legislation in 2007 to balance the accounts that would authorize up to \$6.0 million be made available to credit the investment pool.

**Pick-Sloan Missouri Basin Program**—The budget proposes to reallocate the repayment of capital costs of the Pick-Sloan Missouri Basin program. Power customers would be responsible for repayment of all construction investments from which they benefit. This change would increase reimbursements to the Treasury from power customers by \$23.0 million in 2008. A legislative proposal will be transmitted for consideration to the appropriate congressional authorizing committees.

**San Joaquin River Restoration Fund Proposed Legislation**—The 2008 budget reflects the settlement of

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*Natural Resources Defense Council v. Rodgers*. The Administration will submit authorizing legislation, the San Joaquin River Restoration Settlement Act, which will include a provision to establish the San Joaquin River Restoration Fund. Under the settlement, the legislation will propose to redirect \$7.5 million per year of payments from the Central Valley Project Friant Division and \$9.8 million from the Reclamation Fund, into the San Joaquin River Restoration Fund, which would be available without further appropriation to implement the provisions of the settlement.

## OTHER PROPOSALS

The 2008 budget also proposes changes to ongoing permanently funded programs that are highlighted.

**Sale of Subsurface Mineral Estate** — The budget includes a proposal to credit to the BLM Land Acquisition account proceeds from the sale of subsurface mineral estate to the surface owner, sales which are already authorized under Section 209 of the Federal Land Policy and Management Act. The sales proceeds will be used to purchase lands or interests in land, and for administrative expenses for purchasing the lands, as authorized by FLPMA. The proposal caps the collections that can be credited to the Land Acquisition account at \$5.0 million in 2008 and establishes a minimum sale price of \$10 per acre. The

budget assumes that \$5.0 million will be credited to the Land Acquisition account in 2008.

**OCS Revenue for Land and Water Conservation Fund State Grants** — The 2008 budget includes appropriations language to allow the use of five percent of the mandatory funds for administration of a new program. Under the recently enacted Gulf of Mexico Energy Security Act of 2006, NPS is authorized to receive mandatory funding for LWCF State grants from OCS revenues. Beginning with 2008, 12.5 percent of qualified OCS revenue will be set aside for these purposes and become available for expenditure beginning in 2009. Funds will be available for Gulf producing States: Alabama, Louisiana, Mississippi, and Texas.

## IMPACT OF THE CONTINUING RESOLUTION

In 2007, the Department is operating under a continuing resolution that provides an annual rate of \$10.4 billion, a decrease of \$139.5 million from the 2007 President's budget, and \$568.2 million below the 2006 enacted level that excludes supplemental funding. The 2008 budget restores the priorities of the 2007 President's budget, including programmed fixed cost increases, eliminates unrequested 2006 congressional earmarks, and funds the program enhancement and program reduction initiatives included in the 2007 President's budget.

## DEPARTMENT OF THE INTERIOR

### FACTS

**Land** — Interior manages more than 500 million acres or about one-fifth of the land area of the United States and 700 million acres of subsurface minerals. The Department has jurisdiction over an additional 1.76 billion acres of the Outer Continental Shelf.

**Parks, Refuges, Public Lands** — Interior manages 390 units of the national park system, 547 national wildlife refuges, 71 national fish hatcheries, as well as 17 national conservation areas and 15 national monuments in BLM's national landscape conservation system.

**People** — Interior has over 73,000 employees located in approximately 2,400 locations across the United States, Puerto Rico, U.S. Territories, and freely associated states.

**Volunteers** — Interior benefits from approximately 200,000 volunteers who provide over eight million hours of service, valued at \$162 million per year.

**Conservation** — About 200,000 acres of high-priority abandoned coal mine sites have been reclaimed through OSM's Abandoned Mine Reclamation Fund program. The FWS acts to protect 1,879 endangered and threatened species; 1,311 are in the United States.

**Revenues** — Revenues collected over the last eight years vary from \$6.1 to \$14.5 billion, including revenues from energy, minerals, grazing, timber, lands sales, and other revenue producing activities. Interior's estimated revenue projections in 2008 are \$15.6 billion.



**Water** — The Department is the largest supplier and manager of water in the 17 western States. Reclamation manages 472 dams and 348 reservoirs that deliver irrigation water to 31 million people and one out of every five western farmers irrigating ten million acres of farmland.

**Energy** — Interior manages lands, subsurface rights, and offshore areas that produce approximately 30 percent of the Nation's energy, including 39 percent of natural gas, 35 percent of oil, 44 percent of coal, 17 percent of hydropower, and 50 percent of geothermal.

**Visitation** — Annually more than 56 million visits are made to BLM public lands, 273 million visits to national park units, 52 million visits to national wildlife refuges, and 90 million visits to 308 Reclamation recreation sites.

**American Indians** — The Department maintains relationships with 561 federally recognized Tribes in the lower 48 States and Alaska and provides support to a service population of more than 1.6 million people. The Bureau of Indian Education provides education services to nearly 46,000 students in 23 States attending 184 elementary and secondary schools and supports 28 tribally controlled community colleges, universities, and post-secondary schools. The BIA funds 78 detention centers and 191 law enforcement programs.

**DEPARTMENT OF THE INTERIOR  
SELECTED PERFORMANCE MEASURES**

Selected Performance Measures from Resource Protection Mission Area		
	Met or Exceeded	
		E = Estimated P = Preliminary
Performance Measure	FY 2005	FY 2006
#1: Wetland areas—Percent of acres achieving desired conditions	91%	84% E
#2: Riparian areas—Percent of stream-miles achieving desired conditions	88%	86% E
#3: Upland areas—Percent of acres achieving desired conditions	57%	73% E
#5: Number of land acres reclaimed or mitigated from the effects of degradation from past mining	7584	8168 E
#32: Number of acres restored or enhanced to achieve habitat conditions to support species conservation consistent with management documents, program objectives	383,478	487,670 E
#40: Percent of cultural properties on DOI inventory in good condition	57%	59% E
Selected Performance Measures from Resource Use Mission Area		
#50: Implement National Energy Policy by holding 17 offshore sales consistent with the Secretary's 5-Year Program (MMS)	4	2
#56: Percent of revenues disbursed on a timely basis per statute (MMS)	98%	95%
#57: Number of pending cases of permits and lease applications that are in backlog status for fluid energy minerals (APDs) (BLM)	2461	2310
#61: Number of targeted basins with oil and gas resource assessments available to support management decisions (USGS)	7	6
#78: Water infrastructure area in fair to good condition as measured by the Facilities Reliability Rating (FRR) (Reclamation)	96%	98%
Selected Performance Measures from Recreation Mission Area		
#88: Satisfaction with quality of experience	94%	93% E
#99: Customer satisfaction with value for fee paid	89%	87% E
#102: Percent of recreation fee program receipts spent on fee collection	17%	20% E
Selected Performance Measures from Serving Communities Mission Area		
#116: Percent of unplanned and unwanted wildland fires controlled during initial attack	97%	98% E
#117: Number of acres burned by unplanned and unwanted wildland fires	8,681,252	3,074,232 E
#119: Number of acres treated that are in the wildland-urban interface and are identified as high priority through collaboration consistent with the 10-Year Implementation Plan as X percent of all acres treated	43%	49% E
#124: Percent of sampled stakeholders reporting adequacy of science base to inform decision-making for each hazard management activity	99%	100%
#134: Percent of financial information accurately processed in Trust beneficiary accounts	100%	100%
#153: Average number of months that active probate cases are before the Office of Hearings and Appeals	6 months	5.7 months
#174: Percent of children able to read independently by the 3rd grade	41%	46%
#184: Total average months late for all insular general fund financial statements	19	12
Selected Performance Measures from Management Excellence Strategic Goal Area		
#191: Volunteers: Number of volunteer hours per year supporting DOI mission activities (Take Pride in America Office)	9,467,427	8,231,390 E
#193: Obtain unqualified audit for DOI's consolidated financial statements (Office of Financial Management or PFM)	Yes	Yes
#202: Percent of IT investment expenditures for which actual costs are within 90% of cost estimates established in the project or program baseline (CIO)	87%	93%
#209: Percent of facilities that have a calculated FCI.	75%	100% P