



Departmental Overview

Local involvement is critical to ensuring successful, effective, and long-lasting conservation results. The executive order that I have signed today on cooperative conservation will help us make sure that decisions made in Washington, D.C. are well-informed by those closest to the land and their communities.

President George W. Bush, August 26, 2004

Over the past four years, Secretary of the Interior Gale A. Norton has managed the Department with a vision of achieving healthy lands and waters, thriving communities, and a dynamic economy. In continuing to implement that vision, four principles shape our 2006 budget. First is the power of partnerships to leverage resources and achieve results. Second is the imperative of fiscal constraint to maintain a dynamic economic context. Third is an emphasis on investments that will help Interior work smarter, more efficiently, and more effectively. Fourth is the importance of funding those activities and programs linked to core Departmental responsibilities.

Those responsibilities are broad and geographically dispersed. The Department of the Interior delivers services and programs that touch the lives of all Americans. Interior's multi-faceted mission encompasses the four mission goals of the Department's strategic plan: resource protection, resource use, recreation, and serving communities. The President's 2006 budget for the Department of the Interior maintains performance across these goals and funds Presidential commitments and other high-priority Administration initiatives.

The President's 2006 budget provides an integrated package of management improvements; funding for essential, non-discretionary cost increases so that we can maintain current performance; a small number of program investments to enhance performance; and spending reductions in activities that, while important, are less central to the Department of the Interior's core mission, have ambiguous goals, duplicate activities of other agencies, or require less effort because key goals have been achieved.

The Department's 70,000 employees contribute to the Nation's environmental quality, economic vitality, and the well being of communities, including the collection of nearly \$14 billion annually in revenues. The Department:

- Manages one in every five acres of land in the United States.
- Operates over 800 dams and irrigation system facilities.
- Oversees water projects that irrigate lands generating 60 percent of our Nation's vegetables.
- Manages lands and waters that generate one-third of the Nation's domestic energy supply.
- Undertakes research and provides scientific information to advance knowledge of our surroundings.
- Serves American Indians, Alaska natives, and affiliated island communities.
- Works with States to restore abandoned mine lands and protect communities.
- Manages 388 national park units and 545 wildlife refuges.

In her four years as Secretary of the Interior, Gale Norton has improved management effectiveness and efficiency, enhanced the delivery of services, and focused resources on highest-priority strategic goals. Over the past four years, Interior has:

- Completed or planned over 4,000 improvement projects through the President's commitment to address the park maintenance backlog.
- Removed hazardous fuels from more than four million acres—double the number treated in the preceding eight years—to reduce the threat of catastrophic fire and reestablish healthy forest and rangeland conditions.
- Undertaken over 17,000 partnerships to advance the President's commitment to promote cooperative conservation.
- Built nine new Indian schools, with 25 more in design or under construction to replace, improve, or repair schools in poor condition.
- Added over 60 new hunting and fishing programs at 51 wildlife refuges.
- Significantly increased the number of approved energy permit applications to drill and reduced the long-standing permit backlog.
- Dramatically improved management across all areas, including financial accountability, information technology, human resources, facilities management, emergency planning and response, and strategic planning.

Performance lies at the center of the President's 2006 Interior budget request. Within the context of the President's plan to reduce the deficit, the Department's budget proposal maintains and enhances performance in meeting the goals of Interior's strategic plan. In doing so, the proposal continues to meet the President's commitments for Interior and support other high-priority Administration initiatives.

The President's 2006 budget proposes funding to maintain strong partnerships to maintain healthy lands, thriving communities, and dynamic economies. The budget will:

Resource Protection

- Support healthy and productive lands through cooperative conservation and private stewardship.

- Revamp the Abandoned Mine Land program to expedite the clean up of hazardous abandoned mine sites.
- Fulfill the President's commitment to address the deferred maintenance backlog in the national parks.
- Help local communities find self-sustaining ways to manage historical properties and promote heritage tourism through Preserve America.

Resource Use

- Reduce conflict over water in the West by increasing the efficiency of water use through Water 2025.
- Develop the Nation's energy resources efficiently and responsibly.

Recreation

- Enhance recreation opportunities on Federal lands by improving visitor services at national parks, refuges, and other public lands and by transitioning from the Recreational Fee Demonstration program to fully implement the Federal Lands Recreation Enhancement Act.

Serving Communities

- Provide better service and greater accountability to Indian trust beneficiaries through reform and improved management of trust programs.
- Improve the operations and maintenance of BIA detention centers.
- Promote healthy forests, dynamic economies, and safer communities through the President's Healthy Forests Initiative.
- Enhance earth sciences information and analysis to improve resource management and reduce risks from natural hazards, including tsunamis.

Management Excellence

- Continue investments to integrate Interior's business and financial management systems, enhance information technology security, and achieve greater efficiencies through strategic management of the workforce.

**BUDGET AUTHORITY AND RECEIPTS
FOR 2004, 2005, AND 2006**
(in millions of dollars)

	2004 Actual	2005 Enacted	2006 Request	Change from 2005
BUDGET AUTHORITY				
Total Current Appropriations	10,880	10,864	10,763	-101
Permanent Appropriations.....	3,646	5,163	4,195	-968
Total.....	14,526	16,027	14,958	-1,069
[Net discretionary BA in above]	[10,796]	[10,766]	[10,647]	[-119]
RECEIPTS				
Outer Continental Shelf	5,105	5,886	7,131	+1,245
Onshore Mineral Leasing	2,384	3,751	3,678	-73
Other Offsetting Receipts.....	1,809	2,607	2,350	-257
Non-Offsetting Receipts.....	600	622	621	-1
Total.....	9,898	12,866	13,780	+914

Note: Numbers may not add due to rounding.

THE NUMBERS

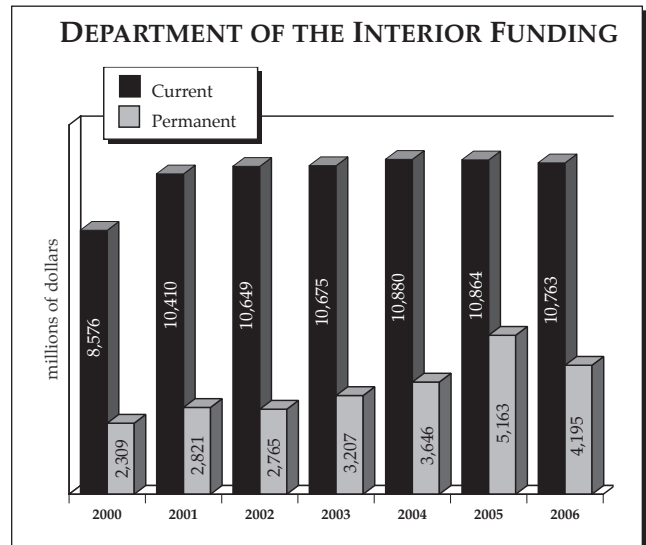
The 2006 budget request for current appropriations is \$10.8 billion. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional \$4.2 billion for a total 2006 Interior budget of \$14.958 billion.

The 2006 current appropriations request is a decrease of \$101.2 million or 0.9 percent below the 2005 funding level. If contingent emergency fire funding provided in 2005 is not counted, the 2006 request is a decrease of \$2.6 million or 0.02 percent below the 2005 level.

The 2006 request includes \$9.8 billion for programs funded in the Interior and Related Agencies Appropriations Act, a decrease of \$69.7 million or 0.7 percent from the 2005 level.

The request for the Bureau of Reclamation and the Central Utah Project, funded in the Energy and Water Development Appropriations Act, is \$981.1 million, \$31.5 million or three percent below the 2005 funding level.

Receipts collected by the Department in 2006 are projected to be \$13.8 billion, an increase of \$914 million and equivalent to 128 percent of the Department's current appropriations request.



ACCENT ON RESULTS: MANAGEMENT EXCELLENCE AT INTERIOR

Meeting the Department's many responsibilities requires a constant search for ways to work smarter. In 2006, Interior will continue implementation of the President's management agenda and our Accent on Results initiatives.

Budget and Performance Integration — Budget and performance integration lies at the heart of ensuring both the strategic allocation and efficient use of funds. Interior's approach to this integration extends beyond the cyclic budget formulation process. It includes an intensive and expansive review of base budgets to identify opportunities to redirect resources to higher priorities, realize additional gains in effectiveness and efficiency, and implement the Program Assessment Rating Tool recommendations. Departmental employees are coding their time and purchases to activities that describe the work of the Department through an activity based cost management system. Interior has adopted an SES performance management and appraisal program to emphasize strategic plan goals through the performance of each executive and is in the process of cascading goals down to non-SES employees as the basis for pay, awards, development, retention, removal, and other personnel decisions.

Financial Performance — The Department is transforming its financial management functions to create a world-class financial management structure that links planning and budgeting with performance results; performs efficient and reliable transaction processing; recruits, trains, and rewards top financial management talent; and focuses on analysis to improve the business information available to program managers. Interior received a clean audit opinion on its consolidated statement for the eighth year, completed the 2004 audit within 45 days of the end of the fiscal year, and corrected or downgraded seven material weaknesses from 2003. Interior is migrating financial and other business systems to the Financial and Business Management System, which will replace a variety of outdated, stand-alone, mainframe-based systems that are costly to operate, difficult to secure, unable to provide timely financial and performance information, and do not comply with financial system standards.

E-Government — Interior has significantly improved its IT environment by deploying an e-government strategy and laying plans to move from stove-piped legacy systems to government-wide and Departmental solutions. Using its enterprise architecture, Interior can identify duplicative systems that will come off line with the availability of new systems. Using 20 industry-standard indicators, Interior reduced its IT security vulnerabilities, is continuing ongoing testing, and completed system certification for all systems. Interior continues to improve the capital planning and investment process to promote common technology solutions for shared business needs across the bureaus and eliminate single-use, duplicative, legacy systems.

Human Capital — Interior's efforts to improve the management of human capital build upon the *Strategic Human Capital Management Plan — FY 2003-2007*. As outlined in the plan, bureaus have developed workforce plans that are guiding human resources management throughout the Department. A Human Capital Team provides recommendations for migrating to e-government solutions, including the Learning Management System; leads efforts to develop an inventory of future needs for training programs throughout the Department; and guides consistent approaches to bureau and office practices. The Department has restructured its human resources functions and diversity efforts to better integrate budget, performance, and workforce management as well as realigning law enforcement and information technology organizations to enhance coordination and improve oversight.

Competitive Sourcing — Competitive sourcing provides a means for bureaus and offices to periodically evaluate business practices and develop more effective ways to deliver service. As a result of competitive reviews already completed, the bureaus and offices throughout Interior are realizing savings. In its most recent report to Congress, the Department indicated that it had completed eight competitive reviews involving 383 FTE in 2004. As a result of three standard reviews completed in 2004, the bureaus and offices implemented more efficient business processes while retaining 100 percent of the work performed (based on FTE) in-house and realizing net savings of \$3.2 million.

Asset Management — Under the new Executive Order for federal real property management, the Department has consolidated its leadership functions for real property, asset management, and acquisition into one organization and is developing an asset management plan. The plan will provide the framework for the Department's asset management program, building on successes throughout the Department that include: adoption of a state-of-the-art automated facilities management system; asset condition inventories; use of facility condition indices to measure performance; five-year planning for construction; and capital asset and investment control.

SUPPORTING THE DEPARTMENT'S MISSION

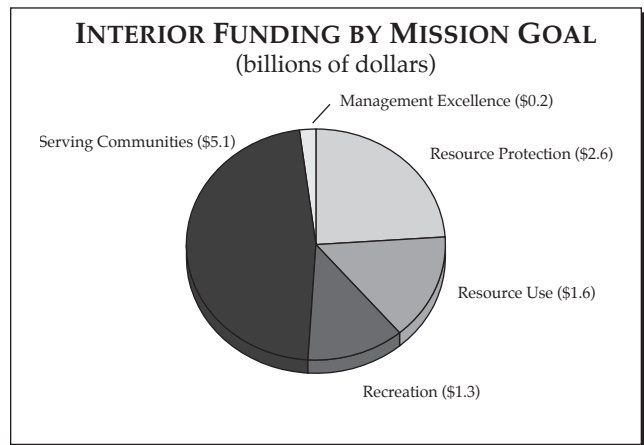
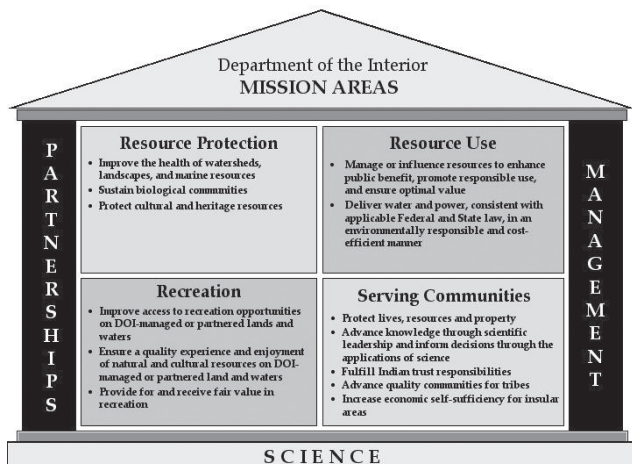
The 2006 current appropriations request of \$10.8 billion aligns with the four strategic mission components of the Department's strategic plan as follows:

Resource Protection — The 2006 budget includes \$2.6 billion for resource protection for programs that improve the health of landscapes and watersheds, sustain biological communities, and protect cultural and natural heritage resources.

Resource Use — The 2006 budget proposes \$1.6 billion to better meet increasing demands for water resources and to implement important components of the National Energy Policy.

Recreation — The 2006 budget proposes \$1.3 billion in recreation investments that improve visitor services and access to recreational opportunities.

Serving Communities — The 2006 budget includes \$5.1 billion for serving communities, increasing efforts to fulfill responsibilities for trust management; improving services to Tribes and individual Indians; and addressing the needs of Indian education. Funding to serve communities also supports the President's Healthy Forests Initiative and strengthens the wildland fire program; law enforcement activities; and the quality of scientific information upon which policy decisions are based.



MAINTAINING CORE PROGRAMS

The work of the Department is spread across the country at 388 parks and 545 wildlife refuges; on 262 million acres of public land; at 83 field locations and 184 schools serving 562 Indian Tribes and 1.5 million Native Americans; at over 2,500 dams and 348 reservoirs; and at numerous laboratories and field research sites. These sites are not just acres and buildings. Collectively they represent America's heritage. The core responsibility of the Department is to maintain the resources in its charge and to 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.

The work of the Interior Department is people intensive, with 70,000 employees spread across 2,400 operating locations. Pay and benefit costs in the bureau operating appropriation accounts that support the Department's on-the-ground programs are 48 percent of total costs—a percentage higher than for most other Federal agencies.

Over the past four years, the Department has worked smarter, improving the efficiency and effectiveness of our programs through implementation of the President's management agenda and the Department's Accent on Results initiatives. These efforts are summarized on the previous page and described in more detail in the Management Excellence chapter of this volume.

For 2006, a key component of the Department's budget is funding to cover pay increases and other non-discretionary fixed cost increases for health

benefits, workers and unemployment compensation payments, rental payments for leased space, and operation of centralized administrative and business systems. Providing for these costs will allow the Department to maintain basic services and dedicate continuing improvements in efficiency and effectiveness to better serve the public.

The budget includes \$158.6 million for nondiscretionary fixed-cost increases. Of this total, nearly three-quarters, or \$115.7 million, is for higher pay costs. The budget assumes a January 2006 pay increase of 2.3 percent.

In addition to covering nondiscretionary fixed cost increases, the budget includes new investments for tools to enable Interior's employees to do their jobs more efficiently and generate cost savings through implementation of standardized systems.

An increase of \$9.4 million will support continued implementation of the Financial and Business Management System, which is integrating financial management, procurement, property management, and other systems and will be the basis for re-engineered administrative processes throughout Interior. As FBMS becomes fully operational, over 80 legacy systems will be retired and their functionality replaced by standardized business processes within FBMS. The National Park Service and Fish and Wildlife Service are scheduled to transition to FBMS in 2006.

The 2006 budget includes an increase of \$7.0 million to continue implementation of the Enterprise Services Network. The ESN leverages the existing Bureau of Indian Affairs Trustnet, expanding it Department-wide, to provide secure, state-of-the-art internet and intranet connections and a fully functional operational center for data communications. In addition to providing better services for many Interior offices, the system will provide a uniformly secure environment, standardized and efficient 24 hour/7 day operation, and improved technical support.

PROGRAMMATIC BUDGET HIGHLIGHTS

Cooperative Conservation Programs— Through partnerships, Interior works with landowners and others to achieve conservation goals across the Nation and to benefit America's national

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

INTERIOR AND RELATED AGENCIES

2005 Enacted level	9,851.8
Abandoned Mine Reclamation	+58.0
Fire	
Suppression.....	+15.7
Hazardous fuels reduction projects.....	+10.3
Rural fire assistance	-9.9
2005 contingent funding	-98.6
Indian Trust	
Historical accounting.....	+77.8
Trust operations (<i>net</i>).....	+2.3
Land Management Operations	
BLM operations	+15.9
FWS operations	+22.6
NPS operations.....	+50.5
USGS	
Tsunami warning system.....	+5.4
Landsat program.....	+19.5
Minerals Resources program.....	-28.5
Grants and Payments	
Landowner Incentive program	+18.3
Private Stewardship grants	+3.1
State and Tribal Wildlife grants.....	+5.0
N. American Wetlands Conservation Fund	+12.5
Preserve America	+12.5
Save America's Treasures.....	-14.6
Statutory and Contractual Aid.....	-11.2
Heritage Partnership programs	-9.6
LWCF Stateside grants	-89.6
PILT	-26.8
BIA	
Law Enforcement and Detention Centers ..	+19.2
Tribal Colleges and Universities	-9.8
Johnson-O'Malley Assistance Grants.....	-8.8
Education Construction	-89.5
Settlements.....	-19.4
Other	
Range Improvement Fund.....	-10.0
BLM construction.....	-4.9
FWS construction.....	-33.0
NPS construction.....	+22.2
Federal Land Acquisition.....	+11.3
Financial & Business Management System	+9.4
Enterprise Services Network.....	+7.0
Net, all other program changes.....	-4.0
2006 Budget Request	9,782.1
<i>Fixed cost changes (non-add)</i>	<i>[+158.6]</i>

ENERGY AND WATER DEVELOPMENT

2005 Enacted Level	1,012.5
Bureau of Reclamation and Central Utah Project	
Water 2025	+10.5
CALFED	+35.0
Rural Water	-29.5
CUPCA	-13.3
Net, all other program changes.....	-34.2
2006 Budget Request	981.1

Total 2006 Budget Request.....10,763.1

parks, wildlife refuges, and other public lands. The 2006 budget includes \$381.3 million for the Department's cooperative conservation programs. These programs leverage limited 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 Landowner Incentive and Private Stewardship programs are proposed to be funded at a total of \$50.0 million, an increase of \$21.4 million from 2005. These programs work with States, Tribes, communities, and landowners themselves to provide incentives to conserve sensitive habitats, while allowing traditional land management practices such as farming and ranching to continue to maintain the fabric of local communities.

Challenge cost share programs in FWS, NPS and the Bureau of Land Management are funded at \$44.8 million. These cost share programs better enable the land management agencies to work together and with adjacent communities, landowners, and other citizens to achieve common conservation goals. The 2006 proposal represents an increase of \$25.7 million.

Increased funding is also proposed for a suite of FWS cooperative programs including the Partners for Fish and Wildlife program, Coastal program, and Migratory Bird Joint Ventures program. These programs provide a significant foundation for a cooperative approach to conservation.

Level or increased funding is proposed for FWS grant programs, including the North American Wetlands Conservation Fund, State and Tribal Wildlife grants program, and Cooperative Endangered Species Conservation Fund.

Sustaining Biological Communities — Targeted increases in FWS and BLM will focus new resources on the recovery of endangered, threatened, and at-risk species and increase interagency efforts to curtail harmful invasive species. These include a programmatic increase of \$1.9 million for general program activities in the FWS Endangered Species Act recovery program and \$7.0 million in BLM to strengthen and expand efforts to conserve and restore sagebrush habitat to maintain sage-grouse populations. An increase of \$2.3 million in FWS,

BLM, and the U.S. Geological Survey will support a focus on invasive species on an eco-region basis.

Abandoned Mine Lands — Consistent with the Administration's 2005 reauthorization proposal for the 1977 Surface Mining Control and Reclamation Act, the 2006 budget supports the Administration's vision for reauthorizing the AML program. It provides \$147.5 million in AML grants to non-certified States, and another \$58.0 million in AML grants to certified States and Tribes. Under the funding formulas in the 1977 Act, AML funding is increasingly directed to States with significant current coal production, but few if any abandoned mines. The Administration's approach would direct new AML funding to reclamation of unhealthy and unsafe abandoned mines and provide for repayment to States that have completed mine reclamation of their statutory share of AML fees collected under the 1977 law.

Park Maintenance Backlog — The 2006 budget includes \$716.6 million for construction and park facility maintenance, an increase of \$27.1 million. Included within the increase are \$22.2 million more for NPS construction and \$3.4 million in the repair and rehabilitation program for repair of high-priority historic buildings. Including recreation fees and funds in the President's proposal for reauthorization of the Transportation Equity Act for the 21st Century, NPS deferred maintenance funding will exceed \$1.1 billion in 2006. The 2006 request will bring funding for park maintenance over five years to \$4.9 billion, as pledged by then-Governor George W. Bush in 2000.

Everglades Restoration — Within the 2006 request for NPS construction is \$25.0 million for the modified water deliveries project, a key to restoration of natural flows in the Everglades. Under a new agreement between the Department and the Corps of Engineers, the cost to complete the project will be shared by NPS and the Corps. The 2006 budget for the Corps includes \$35.0 million for the Mod Water project. Over the period 2007 to 2009, the Corps will contribute an estimated additional \$89.0 million and NPS an additional \$42.0 million. The 2006 NPS contribution consists of \$8.0 million in new funding and \$17.0 million redirected from unobligated balances for Everglades land acquisition that are not currently needed for high-priority acquisitions.

Preserve America — Through the Preserve America program, the President and the First Lady

are encouraging community efforts to preserve the Nation's historic and cultural heritage. The 2006 budget includes \$12.5 million for Preserve America grants to support communities in finding sustainable uses of historic and cultural sites and developing economic and educational opportunities related to heritage tourism.

Water 2025—Preventing Crises and Conflicts in the West — The 2006 budget request includes an increase of \$10.5 million for Water 2025, for a total funding level of \$30.0 million. In many basins in the West, water demands for people, cities, farms, and the environment exceed the available supply even in normal, non-drought years. The goal of Water 2025 is to improve the efficiency of existing water uses, stretching water supplies to meet increasing demand and preventing crises and conflicts over water in the West.

Trust Programs — The budget provides \$591.4 million to continue the Department's ongoing efforts to reform management of its fiduciary obligations to Tribes and individual Indians, to continue historical accounting efforts for trust funds, and to reduce the exponentially growing costs of maintaining fractionated interests of Indian lands. Within this total, funding for historical accounting is proposed to increase from \$57.2 million to \$135.0 million. An increase of \$9.6 million would strengthen efforts to address the current backlog of unresolved probate cases.

BIA Detention Centers — The budget includes increases of \$16.7 million for detention centers in Indian country. Of the total, \$7.3 million will support detention operations at four new centers currently under construction with Department of Justice funding and for facility operations and maintenance at 19 detention centers built with Department of Justice grants since 2001. The balance of the increase addresses substandard facility conditions in older BIA detention facilities highlighted in a recent Inspector General report. The budget for detention center improvement and repair will nearly double, with an additional \$4.4 million. An increase of \$5.0 million will support contracts to place arrested and convicted persons in non-BIA detention facilities that meet national standards when adequate BIA facilities are unavailable.

Indian Education — To complement BIA efforts to implement the No Child Left Behind Act, the 2006 budget proposes \$2.0 million to pilot leadership academies at four BIA schools. Leadership

academies in public school systems have been successful in raising the academic performance of school children and motivating them to continue their education. To continue the improvement of facility conditions at BIA schools, the budget includes \$173.9 million for education construction. This amount will fund replacement of the Porcupine Day School in South Dakota, and the first phase of replacement of the Crownpoint Community School in New Mexico, and will also fund four major facilities improvement and repair projects. In order to allow focus on the 25 school replacement projects funded in prior years that are in design phases or under construction, the education construction budget reflects a reduction of \$89.5 million from 2005.

Healthy Forests — The 2006 budget supports the President's Healthy Forests Initiative with a \$211.2 million budget for hazardous fuels reduction in the wildland fire program, a net program increase of \$7.8 million over the 2005 enacted level. The hazardous fuels budget includes a program increase of \$10.3 million for fuels projects, partially offset by a scheduled \$2.5 million reduction in funding for development of the LANDFIRE vegetative mapping and imaging system.

Funding in the wildland fire program together with funds for forest and range improvement in the land management agencies and BIA, will provide approximately \$313.0 million in 2006 to reduce the build-up of hazardous fuels in the Nation's forests and rangelands, reduce the risk of catastrophic fire to communities, protect threatened and endangered species, and support other activities under the Healthy Forest Restoration Act of 2003.

Wildland Fire — In addition to funding additional hazardous fuels reduction projects, the 2006 wildland fire budget includes increases of \$15.7 million to fund suppression operations at the 10-year average and \$5.0 million to maintain the 2004 aviation fleet reconfiguration. In total, the 2006 budget for wildland fire management is \$756.6 million, a net increase of \$23.9 million over 2005, not including \$98.6 million in 2005 contingent emergency funding.

Tsunami Warning System — As part of a \$37.5 million two-year commitment by the Administration to expand U.S. tsunami detection and monitoring capabilities, the 2006 budget includes \$5.4 million for USGS facilities and operations to provide more robust detection and notification of

earthquakes that could trigger tsunamis. A 2005 budget supplemental request will seek \$8.1 million for USGS to begin work on these enhancements. The balance of the funding for the tsunami warning system is in the National Oceanic and Atmospheric Administration budget.

Landsat — The 2006 budget requests \$7.5 million for USGS to begin work on an upgraded ground-processing system to acquire, process, archive, and distribute data from a new generation of satellite-based land image sensors. The first Landsat Data Continuity Mission sensor will be flown on a NOAA polar orbiting satellite scheduled for operation in 2009. To continue the 30-year unbroken record of data on the Earth's continental surface collected by the Landsat program, the budget includes a \$12.0 million increase to support continued operation of the Landsat 7 satellite in 2006 and to repay a planned reprogramming for 2005 Landsat 7 operations. Although Landsat 7 data remains valuable and usable, revenue from commercial sale of the data that normally supports the Landsat program has sharply decreased as a result of the failure of the satellite's scan line corrector.

Payments in Lieu of Taxes — The PILT payments are made to local governments in lieu of tax payments on Federal lands within their boundaries and to supplement other Federal land receipts shared with local governments. The 2006 budget proposes \$200.0 million for these payments. The 2006 request is 60 to 97 percent higher than the PILT payments during the 1990's and is the same level as 2001, but is a reduction of \$26.8 million from the record high 2005 payment level.

PROGRAM TERMINATIONS AND REDUCTIONS

As part of the President's effort to reduce the budget deficit by half over five years, the 2006 budget for the Department makes difficult choices to terminate or reduce funding for programs that are less central to the Department's core missions, have ambiguous goals, duplicate activities of other agencies, or require a lower level of effort because key goals have been achieved. Terminations and reductions include lower priority and one-time earmarks enacted in 2005. Other terminations and reductions include the following:

LWCF State Grants — The 2006 budget terminates

funding for Land and Water Conservation Fund State grants, a reduction of \$89.6 million from the 2005 level. The LWCF State grants support State and local parks that have alternate sources of funding through State revenues and bonds. As the Nation strives to trim the Federal deficit, focusing on core Federal agency responsibilities is imperative. A 2003 PART review found the program could not adequately measure performance or demonstrate results. The 2006 budget continues funding for the administrative portion of the grant program at \$1.6 million, which will be used to review the accountability and performance of grants provided in previous years.

Rural Fire Assistance — The 2006 budget for Wildland Fire continues partnerships with local fire departments, proposing an increase in the Preparedness program to provide advance training to local firefighters to help build a ready reserve of local firefighters that can support extended attack and thereby improve the effectiveness of Federal cooperation with local firefighting agencies. Rural Fire Assistance grants, which provided funds to local fire departments for equipment and basic training, are eliminated as a separate funding source in anticipation that the equipment and training needs of local fire departments will be met through the much larger Forest Service and FEMA fire assistance programs.

Jobs-in-the-Woods — The budget proposes to discontinue the Jobs-in-the-Woods program, which was created in the early 1990s as a temporary program to assist displaced timber workers in the Pacific Northwest by offering resource-based job opportunities to improve water quality and restore Oregon's coastal salmon populations. As most workers have transitioned and timber sales are increasing, the budget proposes to focus resources on programmatic priorities, including offering the full allowable sale quantity under the Northwest Forest Plan and supporting the Plan's requirement that late-successional reserves be managed to stimulate old growth characteristics.

USGS Minerals Resources Program — The budget reduces funding for the USGS Minerals Resources program by \$28.5 million. The budget continues funding for minerals surveys and studies that are relevant to ongoing Federal energy, land management, regulatory, and remediation activities. Funding is reduced for studies and information gathering for regional and local activities that are more oriented to the interests of States, local

governments, and universities, all of whom are significant users of information generated by the Minerals Resources program.

Johnson-O'Malley — The budget includes a reduction of \$8.8 million for the Johnson O'Malley grant program. These grants for Indian children attending public schools do not currently address a focused goal for academic achievement and duplicate similar funding made available by the Department of Education. The budget provides \$7.8 million for grants to continue the highest-priority components of this program.

NPS Statutory and Contractual Aid — The budget does not continue funding for \$11.2 million in Statutory and Contractual Aid activities that are secondary to the primary mission of NPS.

OTHER MAJOR CHANGES BY BUREAU

BUREAU OF LAND MANAGEMENT

The budget proposes \$960.2 million for BLM's two operating accounts, an increase of \$15.9 million over the 2005 enacted level.

Major program increases not discussed above include: an increase of \$1.0 million for law enforcement to hire additional officers and fund agreements and initiatives with State and local agencies; a \$400,000 increase to expand BLM's ongoing work on Columbia River salmon recovery; and a \$1.6 million increase for information technology improvements.

The request for BLM operations also includes \$35.0 million in program reductions. This includes a \$9.0 million reduction to the Alaska conveyance program to return the pace of the program to the more sustainable level envisioned in the 2005 President's budget. A \$2.5 million reduction to the wild horse and burro program is made possible by management improvements and cost efficiencies that have recently been identified. The budget proposes a decrease of \$2.1 million in the energy and minerals program, which will be more than offset by \$9.0 million in increased cost recoveries, enabling the program to more expeditiously eliminate its applications for permits to drill backlog and respond to demand for access to domestic energy sources. There is a \$1.7 million reduction for the

Alaska minerals program, funding the program at the same level as the 2005 request. Other decreases include reductions for low-priority projects, narrowband radios, and savings achieved from adopting efficiency measures.

The BLM budget includes an increase of \$2.2 million for land acquisition and a reduction of \$4.9 million for construction. The Central Hazardous Materials Fund is shifted from BLM to the Department.

MINERALS MANAGEMENT SERVICE

The request for MMS direct appropriations is \$167.4 million, a net decrease of \$6.4 million from the 2005 enacted level. Collections from Outer Continental Shelf rents and other fee sources will provide an additional \$122.7 million, for a total of \$290.2 million for MMS operations. This is a net increase of \$12.6 million over the 2005 enacted level.

The MMS 2006 budget supports the National Energy Policy, which focuses on increasing and diversifying the Nation's sources of traditional and alternative fuels. The 2006 budget proposes \$1.6 million for a deepwater helicopter initiative to meet industry demands, which continue to move further offshore. The budget also proposes a \$1.0 million increase for Gulf of Mexico region interpretive technologies to support oil and gas evaluations and estimates. An increase of \$1.2 million would allow MMS to begin a records management improvement project. The 2006 budget includes a \$630,000 increase to improve oversight of tribal cooperative audits. The MMS 2006 budget also includes a \$9.8 million increase for the royalty-in-kind program, for administration costs previously funded through receipts.

The 2006 request also includes \$19.0 million in additions to offsetting collections, with a corresponding \$19.0 million reduction to appropriated funds. These collections will include \$13.5 million for a new permit-processing fee, \$4.5 million for adjusted rental rates due to inflation, and an additional \$1.0 million in cost-recovery fees. The budget includes program decreases of \$2.5 million for office closures, consolidation of administrative support, and other operational cost savings.

OFFICE OF SURFACE MINING

The OSM 2006 budget requests \$356.5 million, consistent with the Administration's approach to AML reauthorization as discussed earlier. The

2006 AML budget will result in the reclamation of 8,200 acres of disturbed land and other hazards that threaten human health and welfare and environmental quality, removing an estimated 142,000 people from risk. In addition to the increase for AML grants discussed earlier, the budget includes increases of \$1.0 million for high-priority projects and \$1.1 million for watershed cooperative agreements.

The 2006 request for the Regulatory and Technology account is \$110.5 million, a \$2.2 million increase over the 2005 enacted level. This increase will expand OSM's national technical training program, the technical innovation and professional services program, and will fund applied sciences initiatives for such things as underground mine mapping.

BUREAU OF RECLAMATION

The 2006 Reclamation budget requests \$946.7 million in current appropriations, including the \$30.0 million for Water 2025 discussed above. This is \$18.2 million below the 2005 enacted level.

The budget emphasizes Reclamation's core mission of delivering water and power, with a focus on ensuring facility integrity, site security, and working smarter to efficiently manage the West's limited water supplies. Individual project/program figures do not include undistributed reductions of \$30.2 million for under-financing in anticipation of delays in construction schedules and other planned activities.

A total of \$69.9 million is requested for the Safety of Dams program, an increase of \$6.4 million. The increase includes \$44.6 million to initiate safety-of-dams corrective actions and \$18.5 million for safety evaluations of existing dams.

The \$128.0 million request for the Central Valley Project includes a \$3.1 million increase for the CVP replacements, additions, and maintenance program. The 2006 request includes \$16.6 million for the Colorado – Big Thompson project, an increase of \$5.6 million.

A total of \$50.0 million is requested for site security to ensure the safety and security of facilities, an increase of \$6.8 million. The 2006 budget proposes that the operation and maintenance-related security costs for Reclamation facilities be reimbursed by project beneficiaries, consistent with the practice for other operation and maintenance expenses.

The budget includes \$52.0 million for the Animas La Plata project to continue implementation of the Colorado Ute Settlement Act. This is the same level of funding as the 2005 enacted level and will provide for continued construction of the Ridges Basin Dam and the Durango pumping plant.

The request funds rural water supply projects at \$57.5 million, \$29.5 million below the 2005 enacted level. Funding is requested for the Mni Wiconi, Garrison, and Lewis and Clark projects. The overall reduction is due, in part, to a decrease of \$17.0 million resulting from the projected completion of the Mid-Dakota rural water project in 2005. The balance of the reduction results from a decision to focus primarily on ongoing rural water projects until establishment of a formal Reclamation rural water program, as recommended in earlier PART and common measures evaluations.

The budget proposes to re-allocate repayment of capital costs of the Pick-Sloan Missouri Basin program. Power customers would be responsible for repayment of all construction from which they benefit, whereas to date they have only been responsible for a portion of the costs. This change would increase reimbursements from power customers by \$33.0 million in 2006, and declining amounts in future years. Rate increases for power customers could be phased in over time. Authorizing legislation will be submitted.

The budget requests \$35.0 million for CALFED pursuant to the new 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 San Francisco Bay-Delta is proactively addressing conflicts over water scarcity.

U.S. GEOLOGICAL SURVEY

The USGS budget request is \$933.5 million, \$1.9 million below the 2005 enacted level. The 2006 budget refocuses research priorities to ensure that USGS not only maintains, but also build its expertise in the areas of science most needed by today's land managers and other decisionmakers. The budget adds \$50.5 million in new program and fixed cost funding, which is offset by redirecting \$36.7 million from lower-priority research activities, eliminating \$12.0 million in earmarked funding, and achieving \$3.7 million in administrative savings.

As discussed earlier, the budget strengthens the

hazards program with additional funding for the earthquake detection and warning system and funds a new Landsat Data Continuity Mission and the 2005 and 2006 revenue shortfalls associated with the Landsat 7 failure. The budget also provides an additional \$864,000 for volcano monitoring in the wake of volcanic events at Mt. Saint Helens and increased activity at Three Sisters and Mauna Loa.

Other increases include \$2.3 million in biological research, including increases to meet the science needs of Interior bureaus and to support research activities at the Grand Canyon. Additionally, the budget adds \$400,000 for the water availability efforts currently underway in the Great Lakes, \$500,000 for geothermal assessments, and \$912,000 to strengthen ecosystem studies in Puget Sound.

FISH AND WILDLIFE SERVICE

The 2006 FWS budget proposes \$1.3 billion, an increase of \$30.9 million over the 2005 level.

The request for Resource Management, the principal operating account, is \$985.6 million, a net increase of \$22.6 million. Included within this request are programmatic increases of \$2.3 million for hatchery operations and \$3.1 million for migratory bird conservation and monitoring.

The budget also proposes net programmatic increases in the Resource Management account of \$4.2 million for the Partners for Fish and Wildlife program, \$3.0 million for the Coastal program, \$7.7 million for the refuge system challenge cost share program, and \$2.6 million for the Migratory Bird Joint Ventures program. These increases, part of the Secretary's cooperative conservation program, are to be funded out of the Land and Water Conservation Fund.

Increases in the Resource Management account are partially offset by reductions of one-time or lower-priority earmarks.

To support conservation partnerships, the budget proposes increases for FWS cooperative grant programs, including \$18.3 million for Landowner Incentive Program grants, \$3.1 million for Private Stewardship grants, \$5.0 million for the State and Tribal Wildlife grants program, and \$12.5 million for the North American Wetlands Conservation Fund. Funding is \$80.0 million for the Cooperative Endangered Species Conservation Fund.

The land acquisition request is \$41.0 million, a \$3.8 million programmatic increase over 2005. This includes funding for land and water rights acquisition in the Upper Klamath basin. This project will enhance water quality and restore habitat for the endangered Lost River and shortnose suckers as well as anadromous fish populations downstream of Upper Klamath Lake.

A reduction of \$33.0 million is proposed for the Construction account.

NATIONAL PARK SERVICE

The NPS budget request is \$2.2 billion, a decrease of \$65.6 million below the 2005 enacted level. The request includes significant increases in the Operation of the National Park System account and the Construction account. The overall decrease for NPS reflects termination of the State LWCF grants and elimination of funding for statutory and contractual aid projects.

For the ONPS account, the 2006 budget request seeks \$1.7 billion. The budget request maintains the funding levels provided in the 2005 appropriation, which included a net increase of over \$60.0 million over 2004 in recurring park base funding. In addition, the operations account includes increases to fully fund fixed costs for the upcoming fiscal year, with the President's 2006 request for park base totaling \$1.069 billion. The ONPS account also includes an increase of \$3.4 million for repair and rehabilitation of historic buildings and an increase of \$5.4 million for information technology activities.

The Historic Preservation Fund request is \$66.2 million, including \$12.5 million for the Preserve America initiative discussed earlier and \$15.0 million for Save America's Treasures.

The National Recreation and Preservation appropriation is reduced by \$24.2 million. As discussed earlier, this reflects reductions in Statutory and Contractual Aid. Heritage areas are funded at \$5.0 million, a reduction of \$9.6 million from the 2005 enacted level. The Government Accountability Office reported last year that this program lacks a clear process for designating qualified sites and results-oriented performance goals. This funding reduction reflects the need for enactment of legislation to address these concerns and to encourage national heritage areas to become self-sufficient, as originally envisioned.

The request for Federal land acquisition is \$52.9 million, a net decrease of \$2.3 million.

BUREAU OF INDIAN AFFAIRS

The 2006 BIA budget request is \$2.2 billion, a net decrease of \$108.2 million below the 2005 appropriation level.

The budget includes increases of \$2.0 million to pilot a leadership academy concept at four BIA schools and \$1.5 million for the National Indian Programs Training Center for BIA and OST employees. In addition, the budget includes an increase of \$800,000 for irrigation operations and maintenance for the Middle Rio Grande Conservancy District. An increase of \$1.2 million for the Modoc Point Irrigation District for mitigation costs associated with removal of the Chiloquin Dam in the Klamath Basin is requested, along with a reduction of \$2.1 million for the one-time costs associated with the removal of the dam.

The 2006 budget request also includes \$500,000 to expand the student loan repayment program, \$500,000 to establish an economic development commission, and \$320,000 to provide base funding for two new Tribes.

The budget includes \$37.5 million in program reductions due to the elimination of one-time projects, lack of performance accountability, duplication of other Federal or State programs, and the implementation of management efficiencies. In addition to those discussed earlier, these reductions include \$6.4 million for welfare assistance; \$1.2 million for community fire protection; \$431,000 for energy development grants; \$1.4 million for agency office administrative costs; \$2.0 million for water management and planning; \$2.4 million for water rights negotiations and litigation; and \$2.0 million for the endangered species program.

The budget proposes to reduce funding for Tribally Controlled Community Colleges to \$43.4 million, \$9.8 million below 2005, which funds the program at the 2005 request level.

The 2005 budget for land and water settlements is decreased by \$19.4 million reflecting a decrease in the amount required for the Zuni Pueblo water claims settlement in New Mexico and completion of the Cuba Lake land claims settlement with the Seneca Nation in New York. Funding is continued for the Colorado Ute settlement and Cherokee,

Choctaw, and Chickasaw settlement. The budget proposes to fund the Quinault settlement in FWS rather than BIA. There are no new settlements this year.

OFFICE OF THE SPECIAL TRUSTEE

The 2006 budget proposal is \$303.9 million, an increase of \$75.9 million, or 33 percent above the 2005 enacted level.

In addition to major funding increases for trust-related activities discussed earlier, the 2006 budget includes increases of \$1.0 million for additional field space and a net \$496,000 increase for information technology security and Enterprise Services Network costs. The budget also includes a \$6.7 million reduction reflecting completion of project task efforts, elimination of one-time costs, or management efficiency gains.

DEPARTMENTAL MANAGEMENT

The 2006 President's budget request for Departmental Management is \$330.0 million, including \$89.2 million for the Salaries and Expenses account, \$200.0 million for the Payments in Lieu of Taxes program, \$9.9 million for the Central Hazardous Materials Fund, \$7.4 million for appraisal services, and \$23.6 million for the Financial and Business Management System.

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

As recommended in the Statement of the Managers accompanying the 2005 Interior Appropriations Act, the 2006 budget proposes to transfer funds from bureaus for the appraisal function in the DM budget. The appraisal function is funded in DM at \$7.4 million.

The 2006 budget proposes to transfer the responsibility for management of the Central Hazardous Materials Fund from BLM to the Office of the Secretary. The 2006 budget continues funding for the cleanup of Federal lands in this program at \$9.9 million, the same as the 2005 level.

OFFICE OF INSULAR AFFAIRS

The OIA 2006 budget is \$79.1 million in current funding, a \$1.9 million decrease from 2005 that mainly reflects the reduction of earmarked increases. Included in the 2006 budget proposal is a \$1.0 million increase to provide for a grant program that will fund water and wastewater projects in the U.S. Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa. In addition, grants to the Territories have been increased by \$436,000. Permanent appropriations for OIA in 2006 total \$313.3 million, which includes \$198.3 million in Compact of Free Association payments and \$115.0 million in payments to Guam and the Virgin Islands.

OFFICE OF THE SOLICITOR

The Solicitor's 2006 budget request is \$55.8 million, an increase of \$4.1 million over 2005. The increase includes program increases of \$1.2 million for information technology, \$520,000 for additional attorney positions, \$212,000 for employee support, \$200,000 for two additional positions for the Freedom of Information Act function, and \$1.9 million for fixed costs.

OFFICE OF THE INSPECTOR GENERAL

The 2006 budget request for the Office of Inspector General is \$41.0 million, an increase of \$3.7 million over 2005. The budget proposes a \$2.2 million increase for investigations, Federal Information Security Management Act compliance, and a new Office of Evaluation and Management Services. This includes program increases of \$761,000 for audits, \$1.2 million for investigations, and \$213,000 for administrative services and information management. The request seeks \$1.6 million for fixed costs.

NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION

The 2006 budget request is \$6.1 million, an increase of \$369,000 over 2005. The increase will accelerate the restoration of hundreds of acres of lands and resources injured by the release of hazardous substances or oil. By funding enhanced science support, the increase will improve and expedite design, implementation, and monitoring of restoration projects.

MANDATORY PROPOSALS

The 2006 budget is accompanied by several legislative proposals that affect receipt or spending levels in 2006 or in future years. These proposals will be transmitted separately from the budget for consideration by Congressional authorizing committees. The principal proposals include:

ANWR — The President's National Energy Policy aims to improve America's energy security by increasing domestic production of fossil fuels, stimulating the development of alternative energy sources, and promoting greater energy conservation. The coastal plain in Alaska is this Nation's single greatest onshore prospect for future oil and based on USGS estimates, could sustain daily production larger than the current daily onshore production in any other State. In support of the NEP, the 2006 budget assumes enactment of a legislative proposal to open the Section 1002 area of the coastal plain in the Arctic National Wildlife Refuge to oil and gas exploration and development. Further details of this proposal are included in the Resource Use chapter.

Southern Nevada Public Lands Management Act — The budget proposes to amend the Southern Nevada Public Land Management Act of 1998 to return 70 percent of the receipts from land sales under the Act to the Treasury, where receipts from land sales have historically been deposited. The Act, as amended, authorizes the disposal through sale of approximately 49,000 acres of Federal land in Clark County, Nevada. Five percent of the proceeds are provided to the State of Nevada for use in the State's general education program and ten percent are provided to the Southern Nevada Water Authority for water treatment and transmission facility infrastructure in Clark County. The remaining 85 percent of funds are deposited in a special account to acquire environmentally sensitive lands in Nevada; make capital improvements to areas administered by NPS, FWS, and BLM in Clark County; develop a multi-species habitat plan for Clark County; develop parks, trails and natural areas and implement other conservation initiatives in the county; and reimburse BLM for costs incurred in arranging sales and exchanges under the Act.

The receipts generated by these land sales have been nearly eight times higher than anyone antici-

pated, with future revenue projections exceeding \$1 billion per year. When the Act was originally passed, proceeds from land sales under the bill were estimated at roughly \$70 million per year. Sale proceeds were \$535.0 million in 2004 and are estimated to be \$1.2 billion in 2005.

When the law was enacted, there was general agreement that a substantial portion of the revenues generated would be spent to acquire and conserve other lands around Nevada. However, as land sale receipts under the Act have increased in the last few years, the available funding has outpaced land acquisition needs. These funds are increasingly being dedicated to local projects—and many more projects than originally anticipated are being formulated without the accountability of further consideration by the Congress.

The budget proposes that, beginning in 2006, 70 percent of all revenues from these lands sales would be returned to the Treasury, with the percent of receipts deposited in the special account set at 15 percent. The amount of revenue currently provided to the State and to the water and airport authorities would not change. Total combined revenues retained in the State would total 30 percent, with revenues for 2006 for these purposes projected at \$292.3 million.

BLM Range Improvement— The budget for BLM proposes to discontinue mandatory appropriations from the Range Improvement Fund totaling \$10.0 million annually. Instead, revenues will be deposited to the Treasury. To address rangeland improvement needs, the discretionary budget request for BLM includes \$7.0 million in the maintenance program for range improvement projects and \$3.0 million as part of the Department's cooperative conservation request to focus on projects to improve rangeland health conditions, such as weed control, replacing funding provided through the Fund. Other operational increases for BLM, including \$7.0 million for sagebrush habitat and sage grouse protection and \$1.3 million for invasive weed control, will also support rangeland improvement goals.

RECEIPTS

The Department projects that it will collect \$13.8 billion in receipts in 2006. This is an increase of \$913.0 million from estimated 2005 receipts, primarily due to increased OCS royalties.

The largest share of receipts collected by the Department of the Interior, \$7.1 billion, goes to the general fund of the Treasury.

DEPARTMENT OF THE INTERIOR FACTS

Land — Interior manages 504 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 388 units of the national park system, 545 national wildlife refuges, 70 national fish hatcheries, as well as 13 national conservation areas and 15 national monuments in BLM's national landscape conservation system.

People — Interior has over 70,000 employees located in approximately 2,400 locations across the United States, Puerto Rico, U.S. Territories, and freely associated states.

Volunteers — Interior benefits from over 200,000 volunteers who provide almost nine million hours of service, valued at over \$153 million per year.

Conservation — Over 190,000 acres of abandoned coal mine sites have been reclaimed through the OSM's Abandoned Mine Lands program. The FWS acts to protect 1,823 endangered and threatened species; 1,264 are in the United States.

Revenues — Revenues collected annually vary from \$6 to \$14 billion, including revenues from energy, minerals, grazing, timber, lands sales, and other revenue producing activities.

Water — The Department is the largest supplier and manager of water in the 17 western States. Reclamation manages 471 dams and 348 reservoirs that deliver irrigation water to 31 million people and one out of every five western farmers irrigating 10 million acres of farmland.

Energy — Interior manages lands, subsurface rights, and offshore areas that produce approximately 30 percent of the Nation's energy, including 35 percent of natural gas, 35 percent of oil, 43 percent of coal, 17 percent of hydropower, and 50 percent of geothermal.

Visitation — Annually over 68 million visits are made to BLM public lands, 280 million visits to national park units, 39 million visits to national wildlife refuges, and 90 million visits to 308 Reclamation recreation sites.

American Indians — The Department maintains relationships with 562 federally-recognized Tribes in the contiguous 48 States and Alaska, and provides support to a service population of 1.5 million people. The BIA provides education services to nearly 48,000 students in 23 States attending 184 elementary and secondary schools and dormitories and supports 28 tribally controlled community colleges, universities, and post-secondary schools. There are 39 BIA owned detention centers and 201 BIA funded law enforcement programs.