

DEPARTMENT OF THE INTERIOR

The President's Proposal:

- Fulfills commitments to
 - fully fund the Land and Water Conservation Fund;
 - eliminate the backlog of repairs in our National Parks by 2006; and
 - replace and repair Bureau of Indian Affairs schools and improve the quality of education for American Indian children.
- Launches the Cooperative Conservation Initiative to protect and conserve the environment through partnerships;
- Supports, at record levels, major upgrades to our National Wildlife Refuges;
- Fully funds Indian trust reform efforts in the Office of the Special Trustee and the Bureau of Indian Affairs;
- Significantly advances the protection of threatened and endangered species and their habitat through cooperation and partnerships; and
- Encourages the establishment of a Royalties Conservation Fund to devote royalties from energy production to land conservation and the reduction of maintenance backlogs on public lands.

Department of the Interior

Gale Norton, Secretary

www.doi.gov 202-208-7351

Number of Employees: 69,718

2002 Spending: \$10.3 billion

Organization: Eight bureaus: National Park Service, Bureau of Land Management, Fish and Wildlife Service, Bureau of Indian Affairs, Minerals Management Service, Office of Surface Mining, U.S. Geological Survey, and Bureau of Reclamation.

The Department of the Interior (DOI) manages over 507 million acres of land (roughly one-fifth of the land area of the United States), 700 million acres of subsurface minerals, and the nation's Outer Continental Shelf. DOI protects much of the nation's natural and cultural resources, including providing for their responsible use, and serves as the largest supplier and manager of water in the 17 western states. DOI is responsible for meeting many of the government's trust responsibilities to Indian tribes and affiliated island communities. The agency also disseminates U.S. earth science information and research findings to the public.

Overview

The nation's vast lands, waters, minerals, fish and wildlife, and other natural and cultural resources provide both social and economic benefits to our population. Careful management of these resources is required to ensure they are used in an environmentally responsible manner.

DOI's activities largely fall within four broad categories:

- Conservation (such as wilderness protection, habitat conservation, and historic preservation);
- Recreation (such as hiking, hunting, bird-watching, and camping);
- Energy and Other Resource Development (such as development of oil, gas, coal, and other minerals, as well as cattle grazing and timber production); and
- American Indian programs (including Indian education and trust fund management).

Major units include the 385 National Parks, 538 National Wildlife Refuges, 70 National Fish Hatcheries, 406 hydroelectric facilities and reservoirs, and 264 million acres of Bureau of Land Management (BLM)-administered public lands. DOI also manages trust funds and assets for more than 300 of the 558 American Indian tribes.

Improving management and performance is a common theme throughout the 2003 President's Budget. This chapter explains how the 2003 Budget will help improve management and performance within DOI. It begins with a status report on select DOI programs and identifies strong and weak performers. A short section on congressional earmarks discusses how these unrequested mandates have a tendency to detract from agency performance. The chapter then discusses how the President's Budget helps to address performance issues in key DOI programs. The programs discussed are separated into the four main categories that reflect the main thrust of the agency's work as identified above. The chapter concludes by identifying how DOI will address the specific government-wide management and performance initiatives included in the President's Management Agenda.

Status Report on Select Programs

The Administration is reviewing programs throughout the federal government to identify strong and weak performers. The budget seeks to redirect funds from lesser performing programs to higher priority or more effective ones. In limited cases, the answer to fixing less effective or ineffective programs is increased funding (e.g., increases for national park maintenance). In such cases, plans are underway to improve program performance. In other cases, an effective program—like the National Wildlife Refuge System—gets rewarded with additional funding offset by a reduction in funds from ineffective programs, such as the National Fish Hatchery System. The accompanying table illustrates specific programs that have been rated by the Administration, most of which are discussed in this chapter.

Program	Assessment	Explanation
National Wildlife Refuge System	Effective	Effectively prioritizes identified needs; better performance measures are still needed.
Offshore Minerals Management	Effective	Leases for offshore development are awarded competitively and managed efficiently.
Wildland Fire Management	Unknown	Lacks clear direction and adequate performance measures; program objectives have become muddled.
National Park Service Maintenance and Construction	Unknown	Lacks clear implementation plan and schedule for tracking facility maintenance progress.
National Fish Hatchery System	Ineffective	Lacks clear direction and adequate performance measures. State or private programs may be more effective.
Bureau of Indian Affairs School Performance	Ineffective	Academic performance of many students at BIA schools is far below public school counterparts.

Congressional Earmarks

DOI has, or is developing, systematic methods for determining priority projects for funding. For instance, the Fish and Wildlife Service (FWS) has established its Refuge Operations Needs System to monitor, manage, and prioritize operational staffing, resource conservation, and public use needs on refuges. The President's Budget largely reflects the results of such analysis.

Unfortunately, congressional earmarks divert funds from these high priority and effective programs. For example, in 2002, DOI received funding for 284 unrequested projects, totaling \$323 million. Of this amount, \$154 million in earmarks were for construction and land acquisition projects alone, representing 24 percent of all funding in these two categories (see accompanying table). While the Congress reduced its earmarking in 2002 of construction and land acquisition projects, more still needs to be done.

Congressional Earmarks DOI Construction and Land Acquisition Projects			
	Number	BA in millions of dollars	Percent of Total
2001.....	105	180	36
2002.....	101	154	24

Over the past 10 years, more than 40 percent of National Park Service (NPS) construction project funding was earmarked for lower priorities, at a time when national parks were struggling with a deferred maintenance backlog. Important projects that will be further deferred in 2002 due to earmarks include utilities and campground upgrades in Acadia National Park, preservation work on the Lincoln Memorial, and rehabilitation of the park headquarters building at Yellowstone National Park. For

some unrequested projects, park construction funds are not even spent on park facilities—they are simply passed through to others; such is the case with the state-owned Palace of the Governors in New Mexico.

The following sections discuss how the Administration is working to improve the performance of DOI’s programs, in part by redirecting earmarked funds to more effective uses.

Conservation



With one million visitors each year, BLM’s Red Rock National Conservation Area near Las Vegas, Nevada is one of the many unparalleled sites managed by DOI.

DOI plays a key role in protecting and preserving some of the nation’s most remarkable natural areas and is responsible for conserving and protecting threatened and endangered species. The President is committed to the conservation and stewardship of our lands, watersheds, and other natural resources.

To that end, this budget addresses a long-ignored problem by refocusing environmental stewardship on achieving results. For example, in 2003:

- FWS will restore 125,000 acres of wildlife habitat on refuges; help prevent three species from being added to the Endangered Species list; work to remove five more species from the list; and increase wildlife refuge visitation to 40 million visits.
- NPS will restore over 13,500 acres of targeted parklands that have been disturbed by development; contain or restore 102,600 acres of land impacted by invasive plants; and rehabilitate 270 park historic structures, bringing the total amount of park historic structures in good condition up to 46 percent.
- BLM will conduct 50,000 acres of proactive resource inventories; restore and protect 230 “at-risk” cultural and paleontologic sites; implement water quality improvement projects in 14 watersheds within priority areas; remediate 60 abandoned mines; and plug or reclaim 15 orphan wells.

- The U.S. Geological Survey (USGS) will expand data collection and management with 15 new terrestrial and aquatic biodiversity studies to inform land and resource management; add two more decision support systems for ecosystem restoration in the Everglades; and develop a new web-based information system to inform local urban development decisions in coastal areas.
- The Bureau of Reclamation (BOR) will provide approximately 2.5 million acre feet of water to conserve threatened or endangered species and preserve, restore, or establish over 9,776 acres of wetlands habitat and 15 miles of instream or riparian habitat to offset project impacts.

The agency will increasingly rely on these and other performance measures to guide conservation and resource management on DOI lands. In many cases, performance measures for DOI programs are scarce or inadequate, however, the agency has accepted the difficult task of better defining and tracking relevant indicators.

For example, performance measures for the Wildland Fire Management program have traditionally focused on achieving all-out fire suppression goals, regardless of effectiveness or the impact on long-term ecological health. DOI is working to improve its measures for this program, with a significant focus on cost effectiveness and integration of the various parts of the fire program. (See the Department of Agriculture (USDA) chapter for further discussion of the DOI/USDA Wildland Fire Program.)

Complementing this renewed emphasis on performance is an increased focus on utilizing partnerships. By partnering with states, local governments, conservation organizations, tribes, and interested private parties, DOI can leverage non-federal resources to achieve more conservation for each federal dollar spent. The federal government has a broad array of tools and programs to fulfill its conservation responsibilities, including the Land and Water Conservation Fund, the National Wildlife Refuge System, and the Endangered Species Act. The following sections discuss, in greater detail, a number of these important programs and initiatives and how the Administration is emphasizing partnerships within these programs.

Land and Water Conservation Fund

The Land and Water Conservation Fund (LWCF) was established in 1965 to support natural resource conservation and outdoor recreation at the federal, state, and local levels. LWCF funding in recent years has focused on acquiring land. This past year, however, the LWCF funded two of the President's priorities, both of which recognize that federal acquisition is not always the best or only way to conserve land and other natural resources. These programs—Landowner Incentive Grants and Private Stewardship Grants—provide new ways to cooperate with private landowners to enhance habitat for imperiled species and encourage conservation efforts on private lands.

Partnering for Conservation through Better Science

The Department's National Biological Information Infrastructure (NBII) increases access to data and information on the nation's biological resources in order to promote the use of science as a basis for determining local, regional, and national conservation strategies. The NBII website (www.nbii.gov) links the diverse, high-quality biological databases, information products, and analytical tools maintained by this growing network. Federal funding of \$6 million in 2003 is expected to be matched many times over by the more than 200 partners in the NBII network. The amount of data accessible on the NBII site will more than double by 2003.

Innovation in Conservation

Conservation easements can benefit fish and wildlife as well as agriculture. David Mannix of the Mannix Brothers Ranch in Montana put it best when he said, "Agriculture and wildlife have much in common in that agriculture needs open space to stay in business and wildlife need open space to stay alive." The Fish and Wildlife Service purchase of easements from the Mannix Brothers Ranch provided the money necessary for expansion of their ranch, allowing future generations to stay on the land. Since the land remains in private ownership, local property taxes still flow to the local government, creating a winning scenario for fish, wildlife, agriculture, and the local community.

Conservation easements represent another tool in the effort to protect and conserve land. Easements provide flexibility for landowners who are interested in conserving their land but want to retain ownership (see accompanying box). In some cases, conservation easements can also be more cost effective than outright land purchases. For example, two recently acquired conservation easements at the Fish and Wildlife Service's Dakota Tallgrass Prairie Wildlife Management Area in North and South Dakota were less expensive than outright purchase of the land by 43 percent and 78 percent, respectively.

As promised, the President's Budget fully funds LWCF at over \$900 million to promote conservation in a variety of ways. This includes the programs funded out of LWCF last year, plus an additional four conservation programs designated to receive funding through the LWCF:

Existing LWCF Programs	Added LWCF Programs
<ul style="list-style-type: none"> ● Federal land acquisition ● LWCF State Grants ● State and Tribal Wildlife Grants ● Landowner Incentive Grants ● Private Stewardship Grants 	<ul style="list-style-type: none"> ● Cooperative Endangered Species Conservation Fund ● North American Wetlands Conservation Fund ● Forest Legacy Program¹ ● Forest Stewardship Program¹ <p>¹Programs within USDA's Forest Service.</p>

Each of these programs has a different emphasis, but they all recognize that partnerships encourage the stewardship of our natural resources and can be more powerful and effective than traditional land acquisition or litigation. For example, a dollar spent acquiring land through the North American Wetlands Conservation Fund could leverage anywhere from one to seven dollars in additional funding from partners.

Especially important among these programs is \$200 million for LWCF state grants, including \$50 million as part of the Cooperative Conservation Initiative discussed below. States often have a better sense than the federal government of areas that are locally or regionally important, so the President is proposing a 39 percent increase in these grants—the highest funding level since 1980.

Conservation Tax Credit

The President's Budget also includes an incentive for private, voluntary land protection through a 50-percent capital gains tax exclusion. Private landowners who voluntarily sell land or water to a government agency or qualified conservation organization for conservation purposes are eligible for the exclusion. This incentive is another example of a cost effective, non-regulatory, market-based approach to conservation.

Cooperative Conservation Initiative

We are all stewards of the land. Yet problems arise when national leaders dictate decisions from afar, rather than building partnerships with the states, local governments, and local citizens who are closest to the land and best know the problems and how to fix them.

Partnerships achieve more conservation for the same investment. An excellent example of this approach is the Cooperative Conservation Initiative (CCI). To leverage funds and promote conservation, the CCI allocates \$100 million in matching funds for natural resource conservation projects. Projects can range from working with The Nature Conservancy to remove invasive species from Channel Islands National Park, to working with local communities to reclaim abandoned mine sites on public lands. Half of these funds would be allocated through cost-shared programs between non-federal partners and DOI's NPS, FWS, and BLM. The other half would be distributed to states as part of the LWCF state grant program. However, as with other LWCF programs, all of the funds have a common goal: to get more conservation results by working in concert with the people who know the land.

NPS Natural Resource Challenge

This initiative establishes a framework for measuring the Park Service's performance in preserving natural resource conditions in national parks. The Natural Resource Challenge is designed to collect and inventory baseline data on park resources and then identify and monitor the "vital signs"—such as nitrogen levels in streams or populations of waterbirds—that most effectively show changes in those resources. With an increase of \$18 million in 2003, 52 parks will have monitoring programs to measure park resource health, and NPS will establish vital sign measures in 12 of 32 monitoring networks. Additionally, NPS will complete all resource inventories by 2008, two years earlier than previously planned.

National Wildlife Refuges

In 1903, President Theodore Roosevelt wrote a new chapter in conservation when he set aside land to protect pelicans and other birds on what is now called the Pelican Island National Wildlife Refuge in Florida. Some 95 million acres later, the 538 refuges in the National Wildlife Refuge System (NWRS) stand out as outstanding examples of efforts to effectively balance species conservation with public access.

But the NWRS is not without its problems. Due to poor prioritization of funding in the past and continuous expansion over many years, the refuge system has developed a backlog of unmet operations and maintenance needs. To address this backlog, the Fish and Wildlife Service has developed a well-prioritized list of these needs. These needs reflect an untapped potential for improving species protection and habitat restoration as well as enhancing public use opportunities.

The refuge system's centennial offers an excellent opportunity to highlight this effective program and improve the refuge system's performance. The President's Budget proposes an increase of \$52 million for the highest priority operations, maintenance, and planning needs and provides an additional \$5 million for challenge cost share programs on wildlife refuges through the CCI. In future years, the Royalties Conservation Fund proposed in the National Energy Policy would provide additional funds to help reduce maintenance backlogs for refuges as well as other federal lands.

The increase for refuges in the President's 2003 Budget will fund a variety of activities, such as monitoring and protecting listed species of the barrier beach ecosystem at Chincoteague National Wildlife Refuge in Virginia, and constructing viewing decks at Balcones Canyonlands National Wildlife Refuge near Austin, Texas to better observe endangered songbirds, such as the Golden-cheeked warbler. These and other projects in the President's Budget will help ensure that, in 2003, the top priority needs of the refuge system are met, 125,000 acres of habitat are restored, and the system is capable of handling the projected 40 million visitors.

Endangered Species

The Department of the Interior is also charged with conserving threatened and endangered species and their habitat. Preventing species from becoming endangered as defined by the Endangered Species Act (ESA), improving the status of listed species, and taking recovered species off the list are key measurements of the success of the program. In 2001, DOI's efforts helped to keep five species from being listed; stabilized or improved 320 of 616 species listed for a decade or more; and removed the Aleutian Canada Goose from the ESA list of "threatened" species.

The 2003 President's Budget provides \$126 million for the FWS' Endangered Species program. This funding supports the direct efforts of FWS to implement the ESA. The budget also includes \$25

On March 14, 2003, Americans across the nation will celebrate the Centennial anniversary of the National Wildlife Refuge System – a milestone in the history of fish and wildlife conservation in America.



Protecting songbirds, such as this endangered Golden-cheeked warbler, is part of the Department's mission.

million for DOI to help carry out the “reasonable and prudent alternative” of the Columbia River Basin biological opinion.

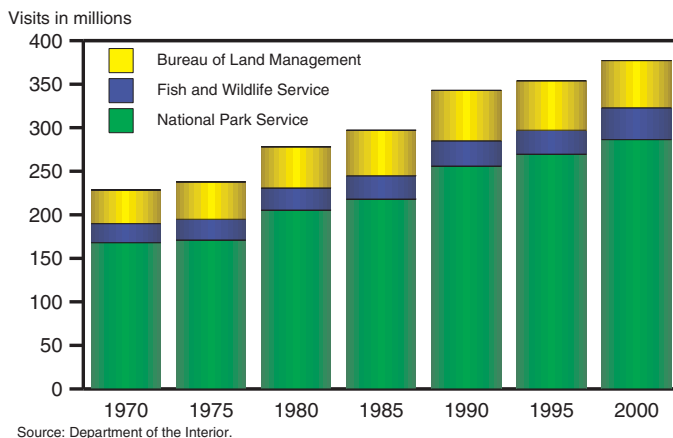
The Administration’s main focus on imperiled species, however, involves working with partners to prevent listings in the first place and to recover those already listed. The budget provides over \$200 million for such activities through various grant programs, including the Cooperative Endangered Species Conservation Fund and the State and Tribal Wildlife, Landowner Incentive, and Private Stewardship grant programs—the latter two of which are Presidential initiatives. These and other programs emphasize working with and encouraging states and landowners to protect a variety of species and their habitat, thereby garnering matching funds and support of these conservation efforts.

In 2003, the President’s Budget will help prevent three species from becoming listed under the ESA, maintain or improve the status of roughly 376 listed species, and remove five species from the ESA list because of recovery efforts. Species that may be taken off the list include the Tinian monarch flycatcher, the Gulf coast population of the brown pelican, and the Douglas County (WA) population of the Columbian white-tailed deer.

Recreation

Protecting and preserving land and open space provides more than just environmental benefits: it benefits our economy as well. Outdoor recreation has become big business in the United States, and the public lands provide countless opportunities for many Americans to engage in healthy, wholesome activities. Every year, more and more Americans turn to DOI’s public lands for a sense of peace and solitude in an increasingly crowded and fast-paced world, and recent events have only heightened this need. Much of the general public’s exposure to the Department of the Interior comes by way of visits to national parks, wildlife refuges, and other public lands. The number of visits is a rough measure of recreational use of DOI lands.

Recreation Visits on DOI Lands



Visitation to DOI sites is steadily increasing. While over 90 percent of visitors to DOI’s public lands rated their experience as good or very good, the quality of visits can be further improved.

In particular, national park facilities are buckling under the weight of heavy use, while funding is stretched by the continuous addition of new parks. Our national parks have a backlog of billions of dollars in deferred maintenance, as evidenced by the broken toilets, washed out trails, and crumbling roads

found in many parks. Eliminating this backlog will improve the quality of visits and encourage more visits while protecting natural resources.

Recreation and user fees have greatly helped to reduce backlogs in national parks and other public lands, now that agencies can retain fee receipts and spend them on priority needs. The amount of fee receipts available to agencies has gone from less than \$15 million in 1996 to nearly \$200 million in 2000, principally due to the Recreation Fee Demonstration program, which the budget proposes to make permanent.



Fort Yellowstone jail is slowly crumbling from lack of maintenance. Water intrusion and subsequent freezing and thawing have caused half of this historic structure to erode.

National Park Service Maintenance Backlog

The President's Budget will make visiting our national treasures better than ever. First, the President committed to eliminating the current deferred maintenance backlog in national parks by 2006. This budget keeps that promise on track. NPS funding for facility maintenance and construction is at an all-time high (over \$660 million, compared to \$354 million as recently as 1996). In the future, the proposed Royalties Conservation Fund would also provide funds to reduce the maintenance backlog in our national parks.

But more money does not always mean the parks will get fixed faster. Therefore, the President's proposal also takes the first step to identify and prioritize what needs fixing and figure out a way to measure progress for getting the job done. The Service will complete initial assessments of park facility conditions by the end of 2003. As assessments are completed, NPS will compile a Facility Condition Index to evaluate the status of facilities and, starting with the 2004 Budget, measure agency performance in improving those conditions.

Energy and Other Resource Development

In addition to scenic vistas, wildlife habitat, and recreation, our public lands also provide critical resources such as oil, coal, minerals, and timber for the general welfare of our nation. DOI manages these natural resources for a strong economy, while balancing these needs with the need for a healthy environment.

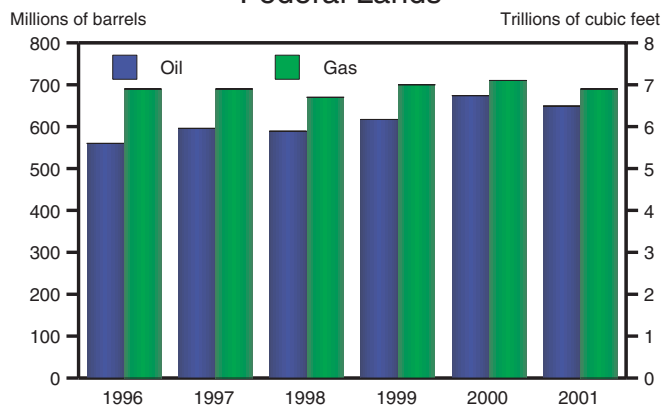
Oil and Natural Gas

The United States currently consumes about 19 million barrels of oil a day and almost 7 billion barrels every year, of which over half is imported. Of the oil and gas that is domestically produced, 29 percent and 35 percent is produced on federal lands, respectively. However, over the last five years, production on federal lands has leveled off.

The National Energy Policy proposes to expand and diversify our nation's energy supplies. Diversity is important not only for energy security, but also for national security. To carry out

the National Energy Policy, DOI's Minerals Management Service (MMS) and BLM are issuing or proposing leases on federal offshore (Outer Continental Shelf) and onshore tracts with known or probable petroleum deposits and where safe and environmentally sound mineral development can occur, consistent with current drilling moratoria. After review of the bids submitted to ensure fair market value, the company with the highest bid wins the lease and is encouraged to develop the resource as quickly as possible or risk losing the lease.

Oil and Natural Gas Production On Federal Lands



Source: Department of the Interior. Includes offshore and onshore production.

To ensure environmentally sound OCS oil and gas development, the MMS seeks to limit oil spilled to 10 barrels spilled per million barrels produced. In 2000, the actual oil spill rate was 5.35 barrels per million barrels produced. MMS estimates naturally occurring oil seeps introduce 150 to 175 times more oil into U.S. marine waters than do OCS oil and gas activities.

DOI is carrying out the National Energy Policy by:

- working with the Congress to authorize exploration and, if resources are discovered, environmentally responsible development of the most promising reserve areas within the coastal plain of the Arctic National Wildlife Refuge;
- moving forward with Outer Continental Shelf oil and natural gas leasing and approving exploration and development on predictable schedules;
- considering additional oil and natural gas development in the National Petroleum Reserve-Alaska (NPR-A), which the Congress established in 1976;
- promoting enhanced oil and natural gas recovery from existing wells through new technology; and
- implementing economic incentives for offshore oil and natural gas development.

Renewable Resources

DOI also manages the use of renewable resources such as rangeland forage, timber, and renewable energy sources such as hydroelectric, wind, solar, biomass, and geothermal power. The Bureau of Land Management administers over 21,000 grazing allotments, covering 161 million acres of public rangeland, and manages over 49 million acres of forested land for multiple uses, including supply of timber and other forest products. For several years, BLM has struggled with a grazing permit backlog resulting from insufficient planning and a spike in the number of expiring permits. In 2003, BLM will process approximately 1,500 expiring grazing permits, allowing the backlog to be completely eliminated by 2004.

The Bureau of Reclamation operates 58 hydroelectric plants that produce over 10 percent (or 42 billion kWh) of the electricity in 17 states, while the Bureau of Land Management administers geothermal leases in several high resource areas such as Nevada and Southern California. The National Energy Policy places a high priority on developing alternative energy sources that may reduce our dependence on foreign oil and eventually replace fossil fuels. Working closely with the Department of Energy, DOI is doing its part to evaluate and remove unnecessary impediments to the development of alternative energy on DOI lands, while ensuring that the environment is protected in the process. The two departments recently held a joint renewable energy summit to discuss opportunities to expand the use of renewable energy on our public lands. (See the Department of Energy chapter for additional discussion of renewable energy issues).

Coal

As America's most abundant fuel source, coal is expected to remain the dominant fuel in meeting increasing electricity demand through 2020. Recognizing this, the National Energy Policy also calls for increased domestic coal production. New clean coal technologies show that air pollution can be reduced and energy efficiency increased. DOI plays a large role in domestic coal production. In 1999, coal mined on lands controlled by DOI's BLM accounted for about 35 percent of domestic coal production. However, unnecessary delays in lease application processing can be costly to businesses and may even result in missed opportunities. Currently, the average processing time for a coal lease application is 18 months. DOI is examining ways to expedite permits and other actions necessary for energy-related project approvals. The agency is also actively working to resolve disputes between coal and natural gas producers in one of the country's largest coal-producing regions, the Powder River Basin in Wyoming and Montana.



With development costs declining, wind farms—like this one on BLM land near Palm Springs, California—increasingly offer a clean, affordable alternative to fossil fuels.

American Indian Programs

DOI is responsible for fulfilling the federal government's trust responsibilities to Native Americans and promoting self-determination on behalf of tribal governments, American Indians, and Alaska Natives.

Enhancing Educational Opportunities for American Indian Children

Through treaty requirements and federal statutes, the federal government has a responsibility to ensure American Indian children have access to quality educational opportunities through specific Indian education programs. The Bureau of Indian Affairs (BIA) operates, either directly or through tribal grants and contracts, 185 schools serving more than 48,000 students (approximately 10 percent of all Indian students in the country in elementary and secondary schools) in 23 states. While there have been some success stories, such as the Gila Crossing Day School, a recent General Accounting Office study found that “the academic achievement of many BIA

Gila Crossing Day School in Laveen, AZ, serving 241 students in grades K through 6, is a success story for tribally operated schools. Gila Crossing’s reforms include: standards-based math, after-school tutoring, guided reading, and an extended school year.

Over a period of three school years, student proficiency in math skills jumped from 33 percent to 63 percent, while language skills proficiency soared from 26 percent to 90 percent. Enrollment increased by 73 percent, while daily attendance also increased from 89 percent to 97 percent.

students...is far below the performance of students in public schools.” The President’s 2003 Budget places new emphasis on improving academic performance at BIA schools and continues the 2002 initiative to eliminate the school maintenance and repair backlog.

Academic Performance at BIA Schools

The President proposes to use competition to improve the worst performing BIA-operated schools and to enhance the opportunities for American Indian children to succeed in learning. The accompanying table illustrates the dramatic differences between student performance at BIA schools and public schools in the critical skills of reading, writing, and math in the grades tested. While external factors do contribute to poor academic performance, the time has come to reevaluate BIA’s role in the education of American Indian children. Following tribal consultations, the BIA will solicit private entities to manage those schools that the tribes do not elect to contract themselves through self-determination grants.

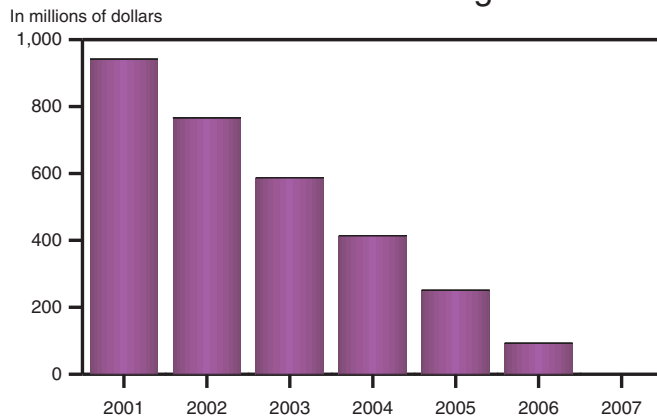
AVERAGE STUDENT PERFORMANCE					
State Assessment Tests in 1999-2000 School Year					
State	BIA Schools		Public Schools		Measure ¹
	Low	High	Low	High	
North Dakota.....	25	33	64	71	Percentile Range
South Dakota	25	28	60	67	Percentile Range
Arizona.....	—	27	15	71	Percent

Source: General Accounting Office Report O1-934

¹North and South Dakota use average national percentile rankings while Arizona uses four categories—Falls Far Below, Approaches, Meets, or Exceeds. For Arizona, only students meeting or exceeding standards are represented here.

School Maintenance and Repair Backlog

Eliminating the BIA School Maintenance Backlog



In 2001, the backlog of BIA school maintenance and repair work was pegged at about \$942 million. The President is committed to eliminating the backlog by the end of 2006. The 2003 Budget provides a second installment (\$164 million) for school maintenance and repairs. When it is not feasible to repair an existing school, the entire facility will be replaced. The budget also provides \$120 million to build six replacement schools, leaving only three schools on the BIA’s current priority replacement list.

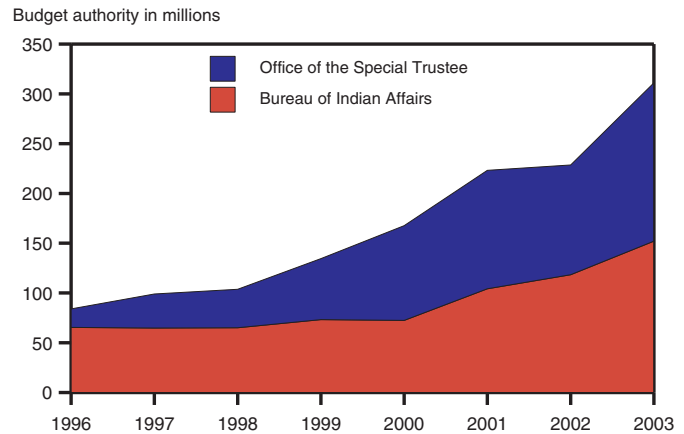
Indian Trust Fund Management

The President’s 2003 Budget provides a significant increase of \$84 million to remedy deficiencies in trust programs and meet the mandates of a U.S. District Court in the *Cobell v. Norton* case. For decades, Indian trust funds have lacked modern accounting systems, reliable management systems, and effective financial control systems. In December 1999, a federal judge ordered the agency to correct the breaches of trust responsibilities and file progress reports on trust reforms. Secretary Norton has undertaken actions to strengthen DOI’s trust reform efforts.

BIA manages 56 million acres of Indian trust lands owned by tribes and their members. Over 110,000 oil, gas, timber, and other leases generate about \$1.1 billion in annual income for the Indian landowners. The Office of the Special Trustee for American Indians (OST) is responsible for the distribution of \$800 million each year to 1,400 tribal trust accounts and \$300 million each year to about 285,000 individual trust accounts. The OST budget includes \$161 million, a \$49 million increase, to implement modern land title, leasing, and accounting systems; address probate backlogs and improve risk management analyses; consolidate fractionated ownership

of trust lands; and undertake other related trust management improvements, such as improving information technology (IT) security. BIA's budget includes \$153 million, a \$35 million increase, to further expand trust program operations and services at headquarters, regional, and tribal levels. DOI is continuing to make changes to its trust reform strategy, organization and management, and improvement projects in response to recent court reports and independent consultant reviews.

Funding for Indian Trust Reforms



Strengthening Management



Consistent with the President's Management Agenda, DOI intends to improve management and performance in 2003. One of the first steps is to address the government-wide management and performance initiatives identified in this agenda.

As DOI's performance measures reflect, it is charged with diverse responsibilities. The agency acts as steward for vast amounts of federal land, collects billions in oil and gas leasing revenues, serves as the trustee for Native Americans and Territorial Island communities, and contributes to a vast array of scientific disciplines.

Because of its large geographic domain and varied missions, DOI's bureaus have tended to go their own way—creating many management challenges for DOI as a department. Although DOI has centralized some management systems such as time and attendance, financial accounting, and contracting, the agency does not have standardized performance measures or program cost definitions. DOI plans to centralize more of its administrative operations to gain cost savings and increase the use of common standards. DOI will also develop an integrated financial and performance system, and will revise its strategic plan so that it is based on priority management goals and measures, rather than a loose collection of bureau plans.

The following table provides a snapshot of DOI's 2001 status for each of the five government-wide management initiatives along with descriptions of each initiative and the steps DOI is taking to improve in these areas.

Initiative	2001 Status
<p>Human Capital—DOI, like most other federal agencies, faces human capital-related challenges such as an aging workforce with retirements expected in critical skill areas. For example, DOI's Fish and Wildlife Service expects 40 percent of its 201 law enforcement officers to retire by the end of 2005. The agency will develop a comprehensive five-year plan to coherently guide human capital management decisions to address these challenges. The plan will identify specific organizational changes to address competitive sourcing, skill-mix changes, streamlining and other management objectives. In addition, DOI will pursue co-location of BLM and USDA Forest Service field offices and conduct a Regional Office study for the FWS to help assess potential areas where it can become more citizen-centered.</p>	●
<p>Competitive Sourcing—To meet the Administration's goal of completing public-private or direct conversion competition of federal employees performing commercial functions, DOI plans to compete or directly convert no fewer than 1,015 positions (five percent) in 2002. An additional 2,320 positions (10 percent) will be competed or directly converted in 2003 for a total of 3,335 positions, or 15 percent of the agency's commercial activities workforce. To provide guidance, assistance, and oversight of this effort, the Department is launching a Center for Competitive Sourcing Excellence in 2002 and has designated a senior coordinator for this initiative. DOI's plan has been offered as a model for other agencies to use in the development of their competition plans.</p>	●
<p>Financial Management—Due to problems with its tribal trust accounting, DOI cannot provide assurances that its trust management systems and internal controls meet federal standards. All other DOI components, however, do meet these standards, and the department did receive a clean audit opinion. DOI has developed a High Level Implementation Plan to complete the trust accounting systems and implement the internal controls required to correct its trust accounting weaknesses. Additionally, DOI will finish an enterprise architecture study to launch a new financial system enabling it to better integrate performance and budget information.</p>	●

Initiative	2001 Status
<p>E-Government—Historically, DOI has made major information technology (IT) investments without thorough analysis of realistic cost, schedule, and performance goals for new acquisitions. As a result, DOI puts large sums of public funds at high risk for failure and does not comply with either the Paperwork Reduction Act or the Clinger-Cohen Act. For example, the agency does not fully develop business cases for major IT investments and lacks an enterprise architecture to make Department-wide IT investment decisions. However, DOI is committed to improving its review and approval of IT investments centrally, and has already hired a contractor to survey DOI’s IT environment and make recommendations, due in June 2002, that will guide future investment decisions. DOI’s Inspector General is reviewing the Department’s IT investment process as well. DOI has taken a government-wide leadership role as managing partner for an intergovernmental Recreation One-Stop project and a similar One-Stop project for geospatial information.</p>	
<p>Budget/Performance Integration—DOI cannot monitor with sufficient precision the cost and effectiveness of many of its programs. For example, DOI does not know how much it costs to house its park rangers or reservation school teachers. Many programs, such as wildland firefighting and national park facilities maintenance, lack measures to evaluate interim progress towards long-term outcomes. Performance measures for USGS are particularly weak. DOI’s operating and financial systems are not linked, and the Department has few agency-wide performance measures for program analysis. The agency is revising its Strategic Plan to use DOI-wide measures and is pursuing activity-based costing to better track full costs.</p>	

Department of the Interior

(In millions of dollars)

	2001	Estimate	
	Actual	2002	2003
Spending:			
Discretionary Budget Authority:			
National Park Service.....	2,346	2,388	2,422
Bureau of Indian Affairs.....	2,168	2,245	2,269
Bureau of Land Management.....	2,109	1,911	1,875
Fish and Wildlife Service.....	1,342	1,308	1,316
U.S. Geological Survey.....	918	950	904
Bureau of Reclamation/Central Utah Project.....	835	891	867
Office of Surface Mining.....	320	311	284
Minerals Management Service.....	149	167	181
Office of Special Trustee for American Indians.....	120	112	161
All other programs.....	206	220	231
Subtotal, Discretionary budget authority adjusted ¹	10,513	10,503	10,510
Remove contingent adjustments.....	-248	-267	-274
Total, Discretionary budget authority.....	10,265	10,236	10,236
Emergency Response Fund, Budgetary Resources:			
National Park Service.....	3	57	—
Bureau of Reclamation.....	—	30	—
All other programs.....	—	2	—
Total, Emergency Response Fund, Budgetary resources.....	3	89	—
Mandatory Outlays:			
Oil and Gas Receipts from Outer Continental Shelf lands.....	-7,195	-3,806	-2,832
All other programs.....	-772	94	306
Legislative proposal (OST Trust deficiency payments).....	—	—	7
Subtotal, Mandatory outlays adjusted ¹	-7,967	-3,712	-2,519
Remove contingent adjustments.....	-8	-9	-9
Total, Mandatory outlays.....	-7,975	-3,721	-2,528
Credit activity:			
Direct Loan Disbursements:			
American Samoa direct loan.....	13	6	—
Bureau of Reclamation direct loans.....	25	48	9
Subtotal, Direct loan disbursements.....	38	54	9
Guaranteed Loans:			
Indian loan guaranteed program.....	52	65	55
Total, Guaranteed loans.....	52	65	55

¹ Adjusted to include the full share of accruing employee pensions and annuitants health benefits. For more information, see Chapter 14, "Preview Report," in *Analytical Perspectives*.