

Required Supplementary Stewardship Information

(Unaudited,
See Accompanying
Auditors' Report)

Stewardship Investments

Investment in Research and Development provides reliable, credible, objective, and unbiased scientific results to improve the basic understanding of natural resources and to inform land and resource management decisions across the Nation. These research and development activities encompass examinations of geological structures, mineral resources, and products within and outside the national domain. Earth science research and information are used to save lives and property, safeguard human health, enhance the economic vitality of the Nation and its people, assess resources, characterize environments, and predict the impact of contamination. This information aids in solving critical societal problems through research, investigation, and the application of state-of-the-art geographic and cartographic methods.

Interior's research and development activities are presented in the following three major categories.

Basic research. A study to gain knowledge or understanding of the fundamental aspects of specific phenomena or observable facts without specific applications and products in mind.

Applied research. A systemic study to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met.

Developmental Research. The systematic use of knowledge and understanding gained from research for the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes.

Highlights of Research and Development at Interior Bureaus

U.S. Geological Survey (USGS). The USGS is the earth and natural science research bureau of the Department and the only integrated natural science bureau in the Federal Government. By combining biology, geology, hydrology, and geography in one agency, the USGS is uniquely positioned to provide science information and conduct scientific research that ensures an integrated approach to advance scientific knowledge. USGS research and

Investment in Research and Development

(in millions)

Category	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	TOTAL
Basic Research	\$ 71	\$ 79	\$ 72	\$ 63	\$ 65	\$ 350
Applied Research	842	756	699	728	746	3,771
Developmental	78	80	82	76	74	390
TOTAL	\$ 991	\$ 915	\$ 853	\$ 867	\$ 885	\$ 4,511

data products support the Department’s resource and land management needs and provide the science needed by other Federal, State, tribal, and local governmental agencies to guide planning, management, and regulatory programs.

The National Atlas Delivers the World. The USGS staff of The National Atlas of the United States of America® has compiled new, more detailed sets of basic digital cartographic data covering America. These new frameworks (fundamental map information) serve as the basis of an innovative suite of geospatial information products that promote national self-awareness and greater geographic understanding through <nationalatlas.gov>. All of this new data directly facilitates national, continental, even worldwide investigations and specifically supports all aspects of the USGS Science Strategy.

The USGS has bilateral agreements in place with Mexico’s National Institute of Statistics, Geography, and Informatics and with the Atlas of Canada to collaboratively produce an atlas of North America. The initial data offerings were compiled and documented at a scale of 1:10,000,000. Completion of these new frameworks enables the creation of a new continental dataset of much greater detail. In 1996, the United States made a commitment to support the international global map effort, wherein each nation would produce digital cartographic frameworks using a single, shared set of specifications, also at 1:1,000,000 scale. The National Atlas of the United States® assumed responsibility for this endeavor in 2007 and delivered all new data in 2008.

Maui County Invasive Pest Early Detection Project Goes Public. The Hawaiian Islands are in the midst of an attack of invasive species that threaten the State’s unique plants and animals, costs millions in agricultural and tourism losses, as

well as pose a threat to human health. As part of a comprehensive statewide plan to address invasive pest issues, the early detection of new infestations of known invasive plants and animals before they become established is considered a critical step to preventing costly long-term management problems. A new tool <<http://pbin.nbii.gov/reportapest/maui/>> has been introduced to help support countywide teams of individuals to search for new invaders.

The online tool and supporting Web site allows the public and other collaborators to learn about the most threatening, incipient pests to be on the alert for, to submit reports of pests found, and to have those findings assessed and passed on to the appropriate agency for rapid response.

Achieving Efficiencies in Seismic Monitoring. To improve the efficiency and performance of the California Integrated Seismic Network (a regional network within the Advanced National Seismic System), the network has begun shifting away from data transmission using older, more costly Internet-based technologies to transmission using commercial cellular-phone networks. To improve the performance of the network, monitoring equipment is also being modernized at network sites. In particular, newly available instrumentation allows more data processing to be done more quickly at individual network sites, and for data to be transmitted more quickly to central processing sites. This new instrumentation will improve the overall performance of the network, and solve formerly significant logistical barriers to the development of effective early warning systems. The USGS upgraded and added stations close to active strands of the Southern San Andreas Fault System in order to improve delivery of ShakeMap (a product of the USGS Earthquake Hazards Program) to rapidly growing urban areas, obtain crucial data on groundshaking, and lay groundwork for a prototype early warning system.

Minerals Management Service. The MMS manages the energy and mineral resources on 1.76 billion acres of the OCS to ensure that exploration, development, and production activities are conducted in a manner that conserves natural resources, provides for the safety of offshore workers, provides a fair return to the public for the rights conveyed, and assures protection of the environment. Numerous laws, particularly the National Environmental Policy Act, provide the basis for environmental assessment and study of impacts associated with OCS related activities. The OCS Lands Act mandates the conduct of environmental studies needed for the assessment and management of potential environmental impacts on the human, marine, and coastal environments affected by oil, natural gas, or other mineral development. The Oil Pollution Act of 1990 sets down specific areas of research to improve not only the technologies for preventing oil pollution, but also the response to accidental spills. Inherent in this effort is improvement of our understanding of the fate, transport, and effects of oil when spilled. MMS research supports the prediction of potential environmental impacts and aids in the development of mitigating measures to ensure safe, pollution-free operations. The Environmental Studies Program provides environmental and socioeconomic information to support decisionmaking for all phases of the OCS minerals management program. The Technology Assessment and Research program pursues engineering studies focusing on operational safety, pollution prevention, and effective spill response.

The MMS completed a six year study of the effects of air guns used in seismic surveys on sperm whales in the Gulf of Mexico (GOM). Although listed as endangered, worldwide sperm whale populations are increasing and ultimate regulatory determinations on possible effects at a population level will depend on an understanding of the role of sperm whales relative to the worldwide population. Until this study, how sperm whales react to seismic operations and other manmade noise was mostly conjecture. This study was intended to address this concern and provide information necessary for informed Section 7 consultations and Marine Mammal Protection Act take authorizations associated with geophysical activities in the

GOM. The results of the study are being used to establish procedures for allowing continued seismic operations while being protective of this endangered species.

The study was a cooperative effort including support from the Office of Naval Research, Naval Research Laboratory, Industry Coalition, the National Science Foundation, and the National Fish and Wildlife Foundation. Sperm whales are an endangered species and occur in areas subject to deepwater oil and gas exploration and development (the Mississippi River delta area), and also areas planned for future activity (deep water areas at 700 meter depths and greater). While other effects are of concern, the effects of noise were undocumented until this study and, unlike a potential event such as an oil spill, represent the results of normal industry activities. This study obtained a detailed characterization of GOM sperm whales in terms of sex and age distribution in industry-active areas, genetic profiles, habitat use, and seasonal movement patterns. The normal behavior of whales were studied and then compared to that observed when seismic vessels are operating in the study areas. Additional controlled exposure experiments (CEEs) measured sperm whale response to a typical air-gun array.

Ambient noise measurements and physical oceanographic data were collected to allow a detailed habitat characterization – mapping of both physical oceanographic features and ambient underwater noise levels were correlated to sightings of sperm whales and other cetaceans. Acoustic monitoring was conducted to determine whale vocalization patterns and the ambient noise environment of the whales. Several methods were employed including towed hydrophones, near-bottom acoustic recording devices (EARS), near-surface spar buoys, and digital tags (D-tags) attached to sperm whales that will record short-term (< 15-hours) acoustic events in addition to whale orientation and water depth. The D-tags provided data on whale vocalizations, external received sound levels, and swimming behavior. Design and fabrication of the EARS were done in cooperation with ongoing Navy research with additional industry funding support. In addition to D-tags, methods to profile sperm whale dives using passive acoustic

monitoring were developed. For longer-term analysis of dive times and whale movement, satellite tags (S-tags) were tested in FY 2001 and were deployed in FY 2002-05. Using these different study methods, whale vocalizations, dive profiles, and surface movement were characterized and then compared to data when seismic boats are active in the area and/or during CEE's. The FY 2002-03 field seasons included controlled air-gun experiments using seismic vessels provided by the seismic industry. The responses of the whales to the seismic surveys were recorded and the information was used to establish operating procedures such as ramp-up of the sound producing equipment and mandatory shut down should whales or other cetaceans be spotted within 500 meters of the vessel. Thus far, 14 peer-reviewed scientific publications were generated during this study with many more expected.

Bureau of Reclamation. Reclamation invests in applied research programs to aid in the water and energy management challenges facing the arid Western States. Programs focus on the improvement of water management. The information obtained through these programs provides water management solutions and techniques that yield future benefits to the Nation. Research and Development activities support Reclamation's outcome goal to deliver water consistent with applicable State and Federal law, in an environmentally responsible and cost-efficient manner.

Departmental Offices - Central Utah Project Completion Act. In order to provide for the completion of the Central Utah Project, Public Law 102-575 was enacted on October 30, 1992. Funds authorized pursuant to this Act are appropriated annually to the Secretary of the Interior, and such appropriations are made immediately available in their entirety to the Central Utah Water Conservancy District. Two examples of Research and Development are a Feasibility Study and development by the Utah Division of Water Resources in coordination with the Jordan Valley Water Conservancy District to allow ground water recharge, management, and the conjunctive use of surface water resources with ground water resources in Salt Lake, Utah, Davis, Wasatch,

and Weber Counties in the State of Utah, and The District conducted a hydrologic study of the Provo River Basin and a feasibility study of direct delivery of Colorado River Basin water from the Strawberry Reservoir or elsewhere in the Strawberry Collection System to the Provo River Basin.

Departmental Offices - Utah Reclamation Mitigation and Conservation Commission.

The Commission invests in research calculated to determine the means by which mitigation measures or programs could be achieved (applied) or to determine the best method or design for an identified mitigation measure (developmental). In FY 2008, the Commission's research continued to be focused primarily on the Sage Grouse (a Northern American bird threatened by loss and deterioration of sage-steppe grassland habitat and predation) and the June Sucker (a fish occurring naturally only in Utah Lake and the Provo River and that is federally listed as endangered).

Bureau of Land Management. The primary objective of the BLM's research and development program is to make better use of new data, information, and knowledge to improve the management of the Nation's lands and resources. The BLM's research and development program focuses on working with partners to identify scientific information needs and then communicating those needs to research agencies, universities, and other non-Governmental organizations.

National Park Service. Through appropriations for natural resource stewardship, the NPS performs a wide range of mission-oriented research in support of its natural and cultural resource stewardship responsibilities. This work constitutes applied research focusing on park-based needs for scientific and scholarly information related to park management.

The Natural Resource Preservation Program answers specific questions with immediate application for natural resource management within the NPS, and at present, primarily involves the conduct and acquisition of research related to physical science investigations. These funds are relied on by parks for the highest priority individual projects. The Cultural Resource Preservation

Investment in Human Capital
(in millions)

Category	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	TOTAL
Educational Programs 1/	\$ 570	\$ 549	\$ 542	\$ 565	\$ 589	\$ 2,815
Job Corps Program	57	53	52	-	-	162
Other	12	12	11	-	-	35
TOTAL	\$ 639	\$ 614	\$ 605	\$ 565	\$ 589	\$ 3,012

1/ Educational Programs of Indian Affairs' School Operations, Adult Education Post-Secondary Education, and Other Educational Programs

Program provides funding for comparable cultural resource research and resource management projects in the fields of archeology, ethnography, historical architecture, history, and museum collections. The outlays and expenditure levels for research vary each year in response to the needs and priorities identified by the parks.

A Cultural Landscape Report is being prepared for the Little Rock Central High School National Historic Site. This report covering the school, streetscape, and surrounding neighborhood will assist with preserving and interpreting the story of the 1957 desegregation crisis and implementing the park's recently completed General Management Plan. It will be a catalyst for discussions with the local community and the Little Rock School District that owns the Central High School building and the surrounding campus to encourage preservation of the grounds in front of the school and to maintain the ambience of the 1957 Park Street landscape.

The NPS is part of a multi-agency, collaborative study that includes the National Oceanic and Atmospheric Administration), the USGS, and the Alaska Department of Fish and Game, seeking to understand the causes of a major decline in the harbor seal population in Alaska. Since 1992 the harbor seal population at Glacier Bay National Park and Preserve has declined by an estimated 70%. The timeliness of this study also coincides with recent analyses showing that the park's harbor seal population is genetically distinct from other seals in Alaska, indicating that the harbor seal population in Glacier Bay may become a candidate for federal listing as a threatened or endangered species.

Investment in Human Capital

Investment in human capital refers to education and training programs financed by the Federal Government for the benefit of the public; investment in human capital does not include education and training expenses for Federal employees. The Department plays a vital role in providing quality educational opportunities from early childhood throughout life, with consideration given to the mental, physical, emotional, spiritual, and cultural aspects of the people served.

Job Corps programs are no longer reported by the Department of the Interior due to the 2007 revisions contained in OMB Circular A-136, *Financial Reporting Requirements*, Revised July 2007. Monies received from the Department of Labor for this program are Parent/Child allocation transfers (Interior is the child) and only the parent reports on the funds. The Job Corp funding received for the 477 program (previously reported in the "Other" category) was also a Parent/Child allocation transfer (Interior is the child) and is no longer reported.

Indian Affairs Education Programs

Within Indian Affairs, the Bureau of Indian Education (BIE) takes the lead in the area of education. The BIE vision and long-range goal is to unite and promote healthy Indian communities through lifelong learning. This goal is implemented through the commitment to provide quality educational opportunities from early childhood throughout life, with consideration given to the mental, physical, emotional, spiritual and cultural aspects of the individual being served.

School Operations

The School Operations Program consists of the Indian School Equalization Program (ISEP), transportation, Family and Child Education (FACE), and administrative cost funds. The ISEP provides formula-based funding for IA-operated, grant, and contract elementary and secondary schools. Funds are distributed using the ISEP formula, which considers Weighted Student Units in order to provide basic educational programs for Indian children in grades K through 12. This funding is for operating the IA funded schools, i.e. funding for school staff, school programs, textbooks, and general supplies that are used by the school to educate Indian children.

Adult Education Programs

The Adult Education Program provides opportunities for adult Indians and Alaska Natives to obtain the General Equivalency Diploma. It also provides basic skills for transition to community college or job placement. In addition, this program specifically provides educational opportunities for American Indians and Alaska Natives to improve their employment skills and abilities while enhancing the local economy and their economic competitiveness on reservations. It also reduces their economic dependence on welfare programs. In sum, the tribes support the continuing Adult Education Program with several education programs under the Tribal Priority Allocations (TPA) funding process.

Postsecondary Education Programs

The Post-Secondary Education Programs are an important component in the economic development of tribal communities. The programs support the Department's goal on "Improving Communities" by promoting growth within Indian communities. Post secondary programs primarily consist of operating grants and supplemental funds for Tribal Colleges and Universities. In addition, the funds support the Undergraduate and Graduate Scholarship Programs, Haskell Indian Nations University in Lawrence, Kansas, and Southwestern Indian Polytechnic Institute, in Albuquerque, New Mexico. Two other post-secondary institutions that provide Indian education are Navajo Technical College and United Tribes Technical College

The Undergraduate and Graduate Scholarship Program is administered by the BIE and by tribes under self-determination contracts, grants, or self-governance compacts. The Undergraduate Scholarship Program provides financial assistance for eligible American Indian and Alaska Native students attending accredited post-secondary institutions. Each scholarship award is based on the student's certified financial aid requirements for Title IV Federal Assistance, such as the Pell Grant.

Other Education Programs

Other TPA programs that benefit Indian communities include the Tribal Design Program (TDP) and Johnson O'Malley (JOM) Program. TDPs allow tribes to design services to meet the needs of their local communities and support the goals outlined in the IA's Annual Performance Plan. Several tribes use this program to upgrade and improve tribal employee skills in the use of computer technology.

The JOM Program provides supplemental financial assistance to meet the unique and specialized education needs of eligible Indian students (Ages 3 through Grade 12) attending public schools. JOM is the only BIE program that provides for the culturally-related and supplementary academic needs of Indian children attending public schools.

Investment in Non-Federal Physical Property

The Department of the Interior provides a long-term benefit to the public by maintaining its commitment to investing in non-Federal physical property. Non-Federal physical property refers to expenses incurred by the Federal Government for the purchase, construction, or major renovation of physical property owned by State and local governments and Insular Areas, including major additions, alterations, and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets. Property may include major additions, alterations, and replacements to fixed assets; the purchase of major equipment; and/or, the purchase or improvement of other physical assets.

Several programs are no longer reported by the Department of the Interior due to 2007 revisions contained in OMB Circular A-136, *Form and Content of PAR*, Revised July 2007. Monies received from the Department of Education and Department of Transportation for this program are Parent/Child (Interior is the child) and only the parent reports the funds.

In 2008, the FWS adjusted its methodology for collecting the non-Federal physical property information. A change in grant reporting requirements did not include the detailed information previously reported. To ensure uniformity in reporting, the amounts for FY 2004, 2005, 2006, and 2007 have been revised to conform with the new methodology.

Indian Affairs. IA's investment in non-Federal physical property includes schools, dormitories, and other infrastructures.

The Office of Facility Management and Construction, in conjunction with the IA, owns or provides funds for a considerable number and variety of buildings and other associated facilities across the Nation, including buildings with historic and architectural significance. The IA's construction program is a multifaceted, intricate operation that encompasses the areas of Education, Public Safety and Justice, Resource Management, and General Administration.

Education facilities serve a number of schools that provide educational opportunities for approximately 44,500 students. The IA also provides funding for administrative buildings at a number of tribal locations. Facilities benefitting from this program include dormitories, roads, forestry, detention centers, numerous irrigation facilities, and dams requiring repair to alleviate hazardous conditions. Additionally, program subactivities include minor improvements, repair and replacement, portable classrooms, emergency repairs, demolition and reduction of excess space, environmental projects, telecommunication improvements and repair, seismic safety, and emergency management systems. Finally, the IA is continually striving to correct building code and standard deficiencies when identified.

Bureau of Reclamation. Reclamation's investments in non-Federal physical property provide assistance through a variety of measures, all related to water and other water structures. Reclamation incurs expenses for specific programs to provide for the construction or improvement of structures and facilities used in State and local irrigation projects and water quality improvement projects.

Fish and Wildlife Service. FWS's investments in non-Federal physical property include major additions, alterations, or replacements; the purchase of major equipment; and the purchase or improvements of other physical assets for purposes of enhancing fish and wildlife management in States. The investments may also be used for land restoration, species protection, recreational hunting and boating improvements, and habitat loss prevention.

National Park Service. Congress may appropriate funds annually to the NPS for work on non-NPS facilities that is done by individuals who are not NPS employees. These funds are referred to as "Pass Through" appropriations because the role of the NPS is limited primarily to preparing an agreement that allows the funds to be obligated and certifying and processing subsequent payments for the work. More than 90 percent of the funds are obligated within the year they are appropriated. Once obligated, fund expenditure is entirely dependent on the party receiving the funds. Only cash assets are associated with these projects.

The National Park Service awards a variety of grants to state and local governments to facilitate public recreation opportunities and to promote the preservation and conservation of the nation's cultural, historic, pre-historic, and archeological resources. Only cash assets are associated with these projects, although NPS does maintain responsibility for assuming that recreation project areas remain in public use for perpetuity. A description of several major grant programs follows as related specifically to non-federal physical property investments.

Investment in Non-Federal Physical Property
(in millions)

Category	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	TOTAL
Dams & Other Water Structures	\$ 224	\$ 278	\$ 342	\$ 281	\$ 446	\$ 1,571
Land	95	97	115	165	128	600
Roads and Bridges	218	99	111	4	2	434
Schools and Public Buildings	100	89	94	114	66	463
Ranges	0	1	1	2	2	6
Not Classified	1	15	19	10	23	68
Total	\$ 638	\$ 579	\$ 682	\$ 576	\$ 667	\$ 3,142

Departmental Offices - The Office of Insular Affairs. The Office of Insular Affairs (OIA) is a small office which carries out the Secretary's responsibilities for U.S.-affiliated insular areas. These include the territories of Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands, as well as the three freely associated states: the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. OIA will achieve its mission by improving the financial management practices of insular governments, increasing economic development, and increasing Federal responsiveness to the unique needs of island communities. OIA hopes to increase the resources available to the insular area governments while promoting economic self-sufficiency. The total OIA budget for fiscal year 2009 is \$401.6 million, of which all but \$50.2 million is mandatory funding.

In prior years the Supplementary Stewardship Information identified certain funds expended in the Freely Associated States. However, in recent years it has been determined that these funds, which are provided to the freely associated states by the United States Government as authorized under the Compacts of Free Association, are investments to non-U.S. governments and the properties are not owned by the U.S. states, its territories or local governments.

Departmental Offices - Central Utah Project Completion Act. The Central Utah Project Completion Act expressly authorized the Utah Reclamation Mitigation & Conservation Commission to invest in fish and wildlife habitat improvements on non-Federal properties because the Federal reclamation projects in Utah affected fish and wildlife resources beyond the boundaries of the Reclamation projects, and opportunities to mitigate on Federal lands are often limited.

Minerals Management Service. The Energy Policy Act (Public Law 109-58) was signed into law by President Bush on August 8, 2005. Section 384 of the Act establishes the Coastal Impact Assistance Program (CIAP), a grant program that authorizes fund distribution to OCS oil and gas producing states to mitigate the impacts of OCS oil and gas activities. Funds are derived from OCS revenue receipts.

The CIAP authorizes the Secretary of the Interior, as delegated to the MMS, to distribute to producing States and Coastal Political Subdivisions (CPS's) \$250 million for each of the fiscal years 2007 through 2010. Qualified OCS revenues will be shared among 6 producing States (Alabama, Alaska, California, Louisiana, Mississippi, and Texas) and 67 eligible CPS's within those States, based upon allocation formulas prescribed by the Act. In order to receive CIAP funds, States are required to submit a coastal impact assistance plan that MMS must approve prior to disbursing any funds (Section 1356a(c)(2)(A)). All funds will be disbursed through a grant process.