

Achieving Key Goals



Interior has outstanding employees. They are our greatest asset. Our accomplishments exemplify Interior's core values: Stewardship for America with Integrity and Excellence.

*Dirk Kempthorne, Secretary of the Interior
November 13, 2007*

The Department's 2009 budget continues funding for high-priority initiatives and makes investments in strategically important programs. Key among these are the initiatives proposed in the 2008 President's budget for Safe Indian Communities and Improving Indian Education. As these initiatives were significantly advanced by Congress in 2008, the 2009 budget builds on the 2008 programs with targeted increases to achieve key outcomes.

The 2009 budget also continues strong funding levels for programs important to achieving strategic goals for natural and cultural resource protection, energy security, recreation, and management capability. These ongoing commitments to Interior programs and investments address important needs for the Nation including:

- Continuing Investments in Indian Country for Safe Communities and Indian Education.
- Advancing the Administration's vision for cooperative conservation and strengthening coordination with States, Tribes, landowners, and others.
- Enhancing energy security through implementation of the Energy Policy Act and supporting the President's National Energy Policy.
- Investigating climate change impacts on the management of Interior lands.
- Achieving the goals of the Healthy Forests Initiative.
- Meeting fiduciary responsibilities to Indians and tribal communities.

- Enhancing recreation on public lands to contribute to the well-being of Americans.
- Connecting people to their special places through volunteerism.
- Maintaining a legacy of management excellence with continued implementation of the President's management agenda.

SAFE INDIAN COMMUNITIES

The 2009 budget continues the second year of the Safe Indian Communities initiative. The 2009 proposal builds on the congressional support provided in 2008 and includes \$26.6 million, an increase of \$2.9 million over the 2008 enacted level. With a total increased investment of \$50.3 million over two years, the initiative will expand efforts to combat the production and distribution of methamphetamine by organized crime and drug cartels. In 2009, increased investments will address related effects, including drug abuse, child neglect and abuse, and staffing for detention centers.

Tribal leaders describe a methamphetamine crisis that has the potential to destroy an entire generation if action isn't taken. They refer to it as the second smallpox epidemic and rank it as the number one public safety problem on their reservations.... We cannot ignore this tragedy. We must help Indian Country remove this scourge from its midst. We will stop these peddlers of poison.

*Dirk Kempthorne
Secretary of the Interior
February 7, 2007*

Overview — Indian Country continues to be under attack from organized crime and foreign drug cartels that take advantage of the widely dispersed law enforcement presence on tribal lands to produce and distribute drugs. The crime rate in some communities is ten to 20 times the national average.

In 2006, the Bureau of Indian Affairs quantified law enforcement and detention staffing shortages in Indian Country through a detailed analysis, which concluded that BIA and tribal programs were at a serious disadvantage in comparison to communities of comparable size and similar geographic context across the Nation.

In order to combat this problem, the Department proposed the Safe Indian Communities initiative in 2008. This multi-year initiative addresses the underlying law enforcement problems in Indian Country that render Indian Country vulnerable to the spread of methamphetamine, organized crime and drug cartels. In 2009, the second year of this multi-year initiative, Interior will provide additional officers for law enforcement agencies and correctional facilities; specialized drug training for existing officers; public awareness campaigns for the Indian public; additional resources to protect tribal lands located on the United States border; and additional social workers. The proposed funding increases will reduce violent crime in Indian Country and enhance detention facility safety.

The Details — The 2008 enacted budget included a \$23.7 million increase for the Safe Indian Communities initiative to combat this growing epidemic in Indian Country. Including this increase, the funding level in 2008 for programs that support justice and social programs totals \$228.1 million. With this infusion of new resources, BIA will put an additional 193 law enforcement agents on the ground in targeted communities and increase training to more effectively combat the problem. The BIA will also expand the use of a mobile meth lab to train tribal police and others about methamphetamine labs, environmental and personal safety hazards, and interdiction and investigation strategies. Funding will focus on Indian communities based on a needs analysis that looks at the violent crime rate, service population, and current staffing levels.

The 2009 budget builds on the 2008 initiative and proposes an increase of \$2.9 million. This increase will provide a total of \$231.1 million for justice and social programs to provide assistance to Indian Country. In 2009, the increased funding will allow

BIA to increase justice programs and begin to focus on issues caused or exacerbated by methamphetamine and related crime problems. These issues impact the safety of Indian communities and result in critical needs for drug treatment and prevention, social work to reduce instances of child neglect and abuse, and expanded detention center space.

The justice component of the Safe Indian Communities initiative is a \$1.4 million increase to strengthen the Bureau's justice programs. This will allow BIA to hire additional personnel for uniform police, detention and correction officers, Internal Affairs Special Agents and to protect the Tribes located along the southwest border of the United States.



The initiative will result in an increase in drug seizures and a substantial reduction in drug trafficking in Indian communities. The budget includes \$6.3 million to combat the highly visible drug crisis by expanding specialized drug enforcement training for BIA and tribal officers. Currently, BIA only has 11 certified drug enforcement officers to pursue drug-related crime on more than 56 million acres of Indian Country. In 2008, BIA is training 200 police officers and criminal investigators to become certified drug enforcement officers; and BIA projects an additional 200 officers will be trained in 2009.

An increase of \$1.5 million will allow BIA to hire additional social workers to deal with rising caseloads directly related to the impact of methamphetamine on Indian families. Social service program workers fulfill vital roles in treatment of meth-addicted parents by finding foster care through extended family networks and seeking specialized child welfare service needs. The Justice and Indian Services programs have joined together to deal more effectively with the range of community issues affected by the methamphetamine crisis in Indian Country.

IMPROVING INDIAN EDUCATION

The 2009 request maintains the Department's ongoing commitment to improve Indian education. The budget sustains increases of \$24.1 million in 2008, and provides an additional increase of \$1.4 million for several key activities. With this increase, the 2009 budget will help schools managed by the Bureau of Indian Education achieve the goals established by the No Child Left Behind Act.

Overview — The Bureau of Indian Education operates one of two Federal school systems; the other is operated by the Department of Defense. The BIE system schools, located on 63 reservations in 23 States, educate or provide residential facilities to approximately 44,000 students. It is the Department's goal to make this system of 184 schools a model of excellence and achievement of the goals of the No Child Left Behind Act. This Administration has made investments of \$1.7 billion in Indian school construction since 2001. The condition of school facilities, 61 percent of which are in fair to good condition, is dramatically better than six years ago, when 65 percent of the facilities were in poor condition. These improvements have dramatically changed the environment in which Indian students learn. Funding provided from 2001 through 2008 will replace 32 schools and support major repair and improvement projects at 42 other schools.



In addition, BIE developed and is implementing a Program Improvement and Accountability Plan. Ambitious goals to comply with the No Child Left Behind Act have been established for BIE schools so that by 2014:

- Every student will read and do math on grade level or above.

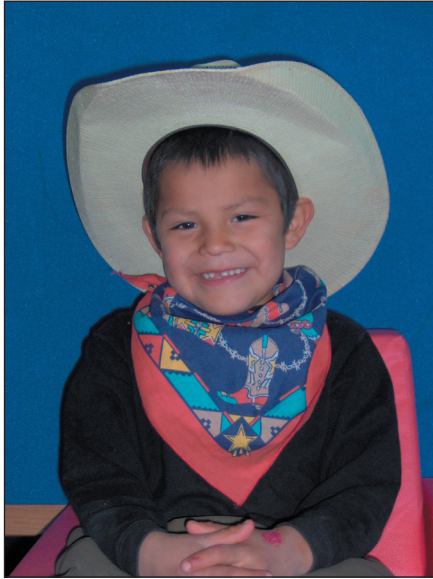
- Schools will account for student achievement through annual assessments.
- Achievement goals and tests will be standardized.

As States across the Nation begin to make strides in improving student achievement under the No Child Left Behind Act, the BIE schools need to make similar gains for Indian children. To date, just 30 percent of BIE schools are achieving their annual progress goals. According to the 2007 National Assessment of Educational Progress, the Nation's report card, student performance in reading and mathematics in BIE schools is lower than that of students in public schools.

In 2008, Interior proposed the multi-year Improving Indian Education initiative to change this situation with investments in BIE for education program enhancements, transportation, and information technology. The 2008 enacted appropriation included increases of \$24.1 million for restructuring schools under the No Child Left Behind Act and for reading, tutoring, mentoring, and intensive math and science initiatives at schools that are required to take corrective actions to increase student achievement. The 2009 budget builds on the 2008 program.

The Details — The 2009 request maintains the robust 2008 funding for the Improving Indian Education initiative. The 2009 request includes an increase of \$1.4 million in key activities to promote gains in student achievement. The 2009 request continues the commitment to education programs at all BIE elementary and secondary schools, technical support for schools, teacher training, and special programs critical to student achievement.

Indian School Equalization Program Formula Funds — The ISEP formula funds are the primary source of funding for the BIE 170 elementary and secondary schools and 14 dorms. Funds directly support schools for core costs of operating education programs such as salaries for teachers, aides, administrators, and support staff; and supplies and classroom materials. As the primary source of school operating funds, they directly affect achievement of the Department's goal of advancing quality communities for Tribes and Alaska Natives and the BIE goal of achieving Adequate Yearly Progress established by the No Child Left Behind Act. The 2009 request of \$367.8 million for ISEP formula funds includes increases of \$6.5 million in teacher pay.



Program Enhancements — The 2009 request of \$5.2 million funds education enhancement programs at a level comparable to the 2008 President’s budget request. Funding will be used to assist schools required to restructure under the provisions of the No Child Left Behind Act and for reading, tutoring, mentoring, and intensive math and science initiatives at schools that are required to take corrective action to promote student achievement. Only 30 percent of BIE schools currently meet AYP goals; the remaining are under various sanctions. This funding will focus on improving performance at the poorest performing schools.

Student Transportation — The 2009 request of \$46.9 million funds transportation programs at a level comparable to the 2008 President’s budget request. The rural school service populations served by BIE schools are often widely dispersed. During the current school year, BIE-funded school buses will travel nearly 15 million miles, often over gravel or dirt roads. The condition of roads increases the wear and tear on vehicles, requiring more routine maintenance and more frequent replacement of vehicles by BIE compared to other school systems. The remote location of the schools also results in higher fuel costs relative to other locales.

Employee Displacement Costs — The 2009 budget request includes \$18.9 million for Education Program Management, including an additional \$1.5 million for employee displacement costs at five schools expected to convert from Bureau-operated to contract or grant status. Funding will cover the payment of separation costs to BIE employees not eligible for retirement and who are not retained by the grantee. The 1988 amendments to the Indian Self-Determination Act state that education program resources cannot be reduced by the Secretary of the Interior to pay the costs of Federal personnel displaced by self-determination contracting. No other source of funds is available to pay for displacement costs.

Education Information Technology — The 2009 budget request includes \$7.4 million for Education Information Technology, an increase of \$1.3 million. The additional \$1.3 million will provide more bandwidth for the education network, which serves as the IT infrastructure for all BIE software applications including e-mail, internet access, administrative reporting, and student tracking. The network serves 184 schools, 14 tribal colleges and universities, adult learning centers, and libraries. Funding will also provide filtering and more comprehensive system monitoring for internet content as required by the Children’s Internet Protection Act. The education network enhancement provides the means to consistently transmit data into a central data warehouse for use in generating reports and analyses.



ADVANCING COOPERATIVE CONSERVATION

Nature itself knows no boundaries—wildlife and their associated habitat, water, and fire all present management requirements that stretch beyond lines on a map. This landscape is giving rise to cooperative conservation—no mere bumper sticker phrase, but an imperative in a world of landscape-scale issues.

P. Lynn Scarlett
Deputy Secretary of the Interior
June 17, 2007



The 2009 budget includes \$321.7 million for cooperative conservation programs, an increase of \$10.4 million. Through these programs, Interior works with landowners and others to achieve conservation goals across the Nation that benefit public lands and resources and leverage Federal efforts, resulting in at least double the Federal investment. The 2009 request includes increases of \$4.7 million within our Birds Forever initiative to fund collaborative efforts to reverse the dramatic decline in bird populations across the Nation. The Healthy Lands Initiative is also included, with increases totaling \$14.0 million to improve land health through partnerships.

Overview — In 2006, Interior joined with other agencies to conduct 26 listening sessions across the Nation on cooperative conservation. Over 30,000 citizens participated—in person or in writing. They offered their insights into how Interior might partner with them to restore wetlands, maintain healthy forests, and protect wildlife. In response, Interior worked with other agencies to develop legislation to facilitate the achievement of priority natural resources and environmental goals through cooperative conservation, as envisioned in the President's Executive Order on the Facilitation of Cooperative Conservation.

The Cooperative Conservation Enhancement Act, submitted to Congress in June 2007, removes barriers to fostering additional cooperation among Federal agencies, State and local governments, and the private sector and expands Departmental opportunities to enter into partnerships with private individuals, companies, organizations, and government entities to achieve conservation goals on a landscape scale. Specifically, the Cooperative Conservation Enhancement Act legislation:

- Clarifies jurisdiction where previous legislation was vague or unclear, such as allowing Interior to promote friends groups.
- Establishes a landscape-scale pilot program to support long-term, multi-partner conservation and restoration projects.
- Formally authorizes conservation programs such as the Fish and Wildlife Service Coastal program.
- Codifies successful cooperative conservation methods, such as the joint Interior and Agriculture Service First program removing barriers to cooperative conservation, and modifies the tax code so that grants for conservation are not treated as income allowing for closer partnership among conservation agencies.



Interior continues to work with Congress to secure enactment of cooperative conservation legislation to reduce barriers and foster landscape-scale conservation partnerships.

The Department continues to build strong foundations for cooperative conservation:

- Since 2001, Interior agencies have restored or protected more than five million acres

and 5,000 miles of stream and shoreline miles through cooperative conservation partnerships.

- To date, Interior has restored, improved, and protected more than three million acres of wetlands, achieving the President's goal to protect, enhance, and restore three million acres by 2009.
- Interior agencies have granted cooperating agency status to States and local governments to give them a greater role in Federal land use planning performed within their jurisdictions.
- Interior has established effective working relationships with State fish and game agencies. As part of this process, all 50 States have submitted, and Interior has approved, State Wildlife Action Plans. Implementation of the plans will result in increased conservation of habitat for wildlife, including threatened and endangered species.
- Through the Appalachian Regional Reforestation initiative during the last two years, the Office of Surface Mining has supported the planting of millions of trees on reclaimed mining lands.

From 2001 through 2008, Interior's cooperative conservation programs will have provided a total of \$2.5 billion in conservation investments.

The Details — The 2009 budget includes \$321.7 million for cooperative conservation programs. These programs provide a foundation for cooperative efforts to protect endangered and at-risk species; engage local communities, organizations, and citizens in conservation; foster innovation;



and achieve conservation goals while maintaining working landscapes. The Cooperative Conservation Initiative is comprised of \$18.1 million for Challenge Cost Share grant programs in the Bureau of Land Management, National Park Service, and FWS; \$21.9 million in Healthy Lands Initiative funding in BLM, FWS, and the U.S. Geological Survey; \$86.2 million in FWS operating programs that leverage Federal funding with non-federal partners; \$195.9 million in funding from a suite of FWS cooperative conservation grant programs; and \$505,000 for the Take Pride in America program.

Bureau of Land Management — The 2009 Cooperative Conservation budget includes \$24.1 million for BLM programs, including \$9.2 million for BLM Challenge Cost Share grants and \$14.9 million for the Healthy Lands Initiative.

Funding for Challenge Cost Share grants will be used for habitat restoration, recreation, and educational projects that will be leveraged with matching efforts by local communities. The 2009 BLM request will fund approximately 500 projects that will construct fencing to exclude cattle from riparian areas; restore fisheries habitat; and protect and re-establish federally listed threatened and endangered species, such as the black-footed ferret. The Healthy Lands Initiative will boost funding for projects in the original six emphasis areas in the western United States, add California as a new emphasis area, and expand the Colorado emphasis area.

Fish and Wildlife Service — The 2009 Cooperative Conservation budget includes \$289.7 million for FWS programs. The Cooperative Conservation portfolio of programs for FWS includes \$6.6 million for Challenge Cost Share grants, \$2.0 million for the Healthy Lands Initiative funding, \$13.2 million for the Coastal program, \$14.9 million for Migratory Bird Joint Ventures, \$48.0 million for the Partners for Fish and Wildlife program, \$5.2 million for the National Fish Habitat Action Plan, \$4.9 million for the Fish Passage program, and \$195.9 million for cooperative conservation grant programs.

The 2009 Cooperative Conservation Initiative increases programs in FWS that support Interior's Birds Forever initiative. The Joint Venture program is funded at \$14.9 million, a programmatic increase of \$4.0 million from the 2008 enacted level. The funds will be used to conduct habitat restoration activities focused on 36 target species. The joint ventures will leverage Federal investments with multi-State activities shaped by State Wildlife Ac-

tion Plans. These efforts will focus on projects in priority habitats along the coastal and central flyways. The budget proposes \$42.6 million for the North American Wetlands Conservation Fund, an increase of \$666,000 from the 2008 enacted level to support conservation of wetlands associated migratory bird habitat. At this level of funding, a total of 496,346 acres of wetlands providing bird habitat will be enhanced or restored in 2009. The budget includes \$4.0 million for the Neotropical Migratory Bird Conservation program in 2009.

The Partners for Fish and Wildlife program is funded at \$48.0 million, which will help conserve common wild birds, also known as backyard birds, through partnerships with private landowners, school systems, and local governments in urban areas.

For the FWS Cooperative Endangered Species Conservation Fund, the 2009 budget includes \$80.0 million in new budget authority and \$4.5 million in cancelled projects for a net of \$75.5 million. This is an increase of \$1.7 million over the 2008 enacted level. This increased funding will promote species conservation and recovery in collaboration with States and others.

For the State and Tribal Wildlife Grants program, the budget includes \$73.8 million, sustaining funding levels enacted in 2008. All States now have approved State Wildlife Action Plans, a requirement of the State and Tribal Wildlife Grants program. These plans position States to work cooperatively with local and national partners toward achieving effective and efficient landscape conservation.

National Park Service — The budget includes \$2.3 million for NPS Challenge Cost Share grants. The grants protect and restore natural, recreational, and cultural resources. The funds will allow NPS to complete 175-180 projects in 2009 that will support a wide range of projects, including restoring habitat for at-risk species and reducing invasive species. Over 200 partners are anticipated to help complete these projects, leveraging two to three dollars for each Federal dollar.

U.S. Geological Survey — The 2009 budget includes \$5.0 million for scientific support for the Healthy Lands Initiative to assist BLM and FWS in achieving landscape-scale protections for species and habitat in cooperation with partners.

STATE AND TRIBAL WILDLIFE GRANT PROJECTS

In 2007, State and Tribal Wildlife Grant projects included the protection of 1,300 acres in one of New York State's largest and highest quality red maple swamps in the Croton and Housatonic River watershed. This provided breeding habitat for over 80 species of birds and migratory habitat for over 150 species. The area received an Important Birding Area designation by the Audubon Society. In New Jersey, a 1,288 acre project will connect the existing State and county parks and forests and in so doing protect water resources, biodiversity, and forest values while at the same time creating a continuous corridor for recreation.

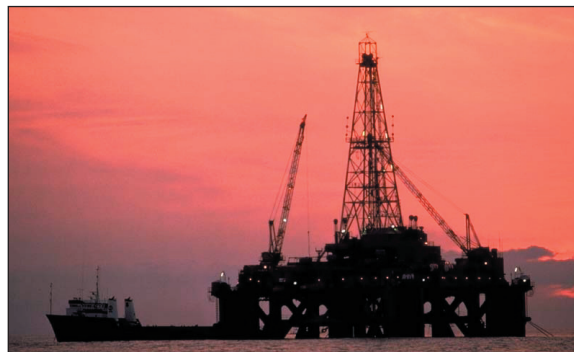


A State and Tribal Wildlife grant project that encompasses 2,260 acres in Berks County, Pennsylvania will protect Pine, Oysterville, and Saucony Creeks, which have been designated by the State of Pennsylvania as "Exceptional Value" streams. This area provides habitat for the federally listed bog turtle and is an important source of drinking water for surrounding communities. Protecting this area will also enhance the water quality of the Schuylkill River, a drinking water source for Philadelphia.

ENHANCING ENERGY SECURITY

Our five-year program is a key element in the President's National Energy Policy. This policy seeks to develop responsibly all sources of domestic energy — traditional, renewable, and unconventional — while at the same time increasing energy conservation.

*Dirk Kempthorne
Secretary of the Interior
April 30, 2007*

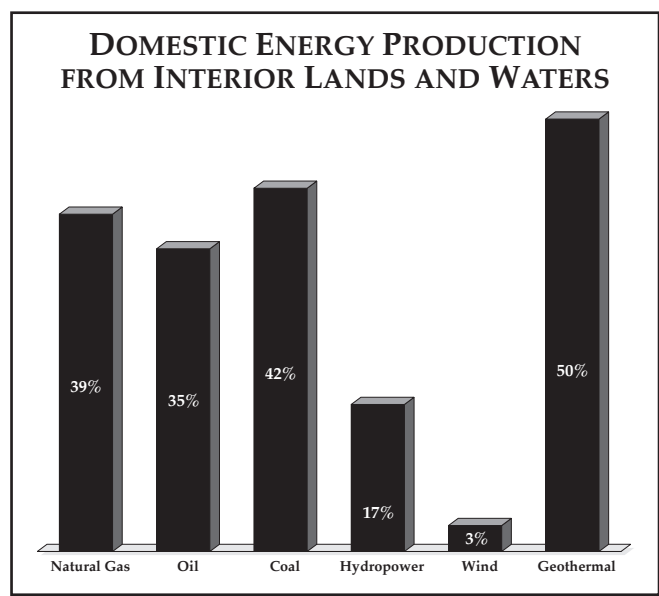


The President's National Energy Policy is an energy strategy for the 21st century to achieve dependable, affordable, and environmentally responsible production and distribution of energy for America's future. Using existing administrative authorities and the tools provided by recent legislation such as the Energy Policy Act of 2005, Interior bureaus are enhancing energy security by encouraging energy efficiency and conservation; promoting the development of and access to public lands for alternative and renewable energy sources; increasing opportunities for new, increased domestic energy production; and advancing the availability of reliable information on domestic energy sources.

Interior's 2009 budget enhances energy security by seeking to increase production while achieving important environmental protections, attaining energy conservation goals, and expanding use of new technologies and renewable energy sources. The budget includes \$528.1 million for energy-related programs in multiple bureaus, an increase of \$15.1 million from 2008.

Overview — The Department plays a key role in implementing the President's National Energy Policy. Roughly one-third of the energy produced in the U.S. each year comes from Federal lands and waters managed by Interior. This includes roughly 42 percent of the Nation's coal, 35 percent of domestic oil, 39 percent of natural gas, and 17 percent of hydropower production.

Interior-managed lands and waters offer tremendous potential for alternative energy programs. Lands managed by BLM provide 50 percent of the Nation's geothermal energy and three percent of the Nation's wind energy production. In July 2006, BLM proposed regulations to encourage greater development of geothermal energy on public lands. In April 2007, BLM issued updated policy guidance to encourage the development of more solar energy. Facilitating the development of renewable energy sources such as wind, wave, solar, biomass, and geothermal energy, along with other alternative energy sources such as oil shale and gas hydrates, is an important component of an energy strategy for the future.



Interior's energy programs are also significant for the revenues they generate. These revenues, projected at over \$17 billion for 2009, significantly exceed the annual Interior discretionary appropriations. Since 1982, \$176.6 billion in revenues have been generated from energy programs on the Outer Continental Shelf and Federal and Indian lands. Many States benefit directly by receiving a share of these revenues, and a portion of these revenues support historic and environmental preservation in all 50 States. The Department has already made significant strides in meeting its commitments towards enhancing energy security, including:

- Announced the 2007-2012 Five Year Outer Continental Shelf Oil and Gas Leasing program that will expand oil and natural gas production in American waters and enhance energy security for the Nation.

The program could produce 10 billion barrels of oil and 45 trillion cubic feet of natural gas over the next 40 years. The program was submitted to the President and Congress on April 30, 2007 and took effect on July 1, 2007.

- Established roles, responsibilities, and delegations of authority among Federal agencies in seven BLM oil and gas pilot offices. The pilot offices enhance interagency coordination with Federal and State agencies and streamline the processing of permits for oil and gas projects on Federal lands.
- Increased access to meet the Nation's energy needs and enhanced energy security by more than doubling the approval of applications for permits to drill since 2001.
- Published proposed regulations to encourage greater development of geothermal energy on public lands and held competitive geothermal lease sales in Idaho, Utah, California, and Nevada. Initiated preparation of a programmatic geothermal leasing environmental impact document.
- Updated policy guidance to encourage the development of more solar energy.
- Issued research, development, and demonstration leases for five oil shale projects in Colorado and Utah. Took steps toward completion of a programmatic environmental impact statement for oil shale and tar sands. Issued final regulations to provide for tar sand leases.

The Department has also made progress in identifying, characterizing, and prioritizing the numerous orphaned and abandoned well sites on the Alaska North Slope. The BLM has completed the remediation of the highest-priority site, Dalton Well and is positioned to initiate clean-up of a well at Atigaru, Alaska in 2008.

Beginning in 2007, the Department is allocating coastal restoration and conservation grants to States authorized by the Energy Policy Act of 2005, based on guidelines issued in the Federal Register on September 29, 2006. These grants total \$250.0 million in each of the fiscal years 2007-2010 and are allocated

to producing States, including Alabama, Alaska, California, Louisiana, Mississippi, and Texas.

Beginning in 2009, mandatory funding will be provided to States for Land and Water Conservation Fund assistance grants from revenues generated from new leases in the expanded Gulf region of the Outer Continental Shelf. The anticipated collections in 2009 total \$6.3 million.

The Details—In 2009, Interior bureaus will improve upon the Department's strong legacy in providing energy for the Nation.

Bureau of Land Management — The 2009 budget proposes total budgetary resources of \$179.1 million for BLM energy and minerals related activities in 2009, \$2.9 million above 2008 enacted. The regular discretionary appropriations request is \$22.0 million over the enacted level, largely reflecting the expiration of the \$4,000 fee on applications for permits to drill, which was included in the 2008 appropriation and is expected to generate \$25.5 million in offsetting collections. The 2009 budget proposes to permanently implement a cost recovery fee for processing applications for permits to drill.

The Administration will re-propose legislation to amend Section 365 of the Energy Policy Act of 2005 to allow BLM to promulgate a rulemaking to permanently institute cost recovery fees on APDs. The BLM will implement a cost recovery fee in 2009 to generate an estimated \$34.0 million, \$8.5 million more than the \$25.5 million in APD fee-generated offsetting collections provided by Congress in 2008. The Administration's legislative proposal will further amend Section 365 to redirect mineral leasing revenues from the BLM Permit Processing Improvement Fund back to the Treasury. Within the energy and minerals budget, the funding resources available for oil and gas in 2009 represent a net program increase of \$7.8 million over the 2008 level.

APPLICATIONS FOR PERMITS TO DRILL PROCESSED				
	2001 Baseline	2007 Actual	2008 Plan	2009 Estimate
APDs Received	4,819	8,370	9,000	9,100
APDs Processed	4,266	8,964	9,255	9,500
APDs Approved	3,636	7,561	TBD	TBD

A continued major thrust of BLM's energy program efforts is implementation of Section 349 of the Energy Policy Act to address the environmental risks posed by legacy wells on the Alaska North Slope. The 2009 BLM oil and gas management program includes a program increase of \$11.2 million which, when combined with \$5.6 million in legacy well base funding, will enable BLM to complete the remediation of the Atigaru site, the next highest priority legacy well site on the Alaska North Slope. The BLM plans to initiate contracting on the Atigaru project in late 2008 with approximately \$300,000 so that the contractor is capable of deploying to the Atigaru site at the beginning of the 2008-2009 winter season, and successfully complete the remediation project in one year in order to constrain total project costs.



To increase our understanding of the Alaskan environment and to better ensure that energy development occurs in an environmentally sound manner, the BLM budget also includes an increase of \$376,000 for the North Slope Science Initiative. To address these high priority needs on the Alaska North Slope, BLM will defer efforts on gas hydrate research, a reduction of \$425,000.

The BLM's Oil and Gas Management program will continue to emphasize environmentally responsible development of energy resources on public lands. The budget retains a \$2.0 million increase for inspection and monitoring activities provided in 2008, and will redirect \$400,000 from completed oil shale planning to further enhance BLM's capacity for conducting oil and gas inspections in 2009.

The BLM will continue to encourage and facilitate domestic energy production to help improve the Nation's energy security through its oil and gas

program. The bureau will strive to process applications for permits to drill in a timely manner, to reduce the number of APDs in backlog status, and to process various sundry notices in a timely fashion. The amount of sundry notices work has increased dramatically for BLM as the ramp up in APDs submitted by industry has slowed.

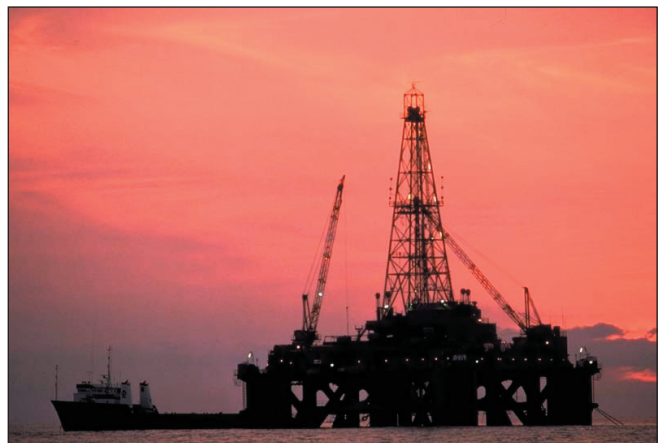
Minerals Management Service — The 2009 budget request for MMS energy programs is \$301.0 million, \$10.5 million above the 2008 enacted budget. An increase of \$8.5 million is requested for environmental studies, resource assessments, and leasing consultations in areas of new leasing activity in Alaska and the Gulf of Mexico as identified in the 2007-2012 Outer Continental Shelf Five Year Plan.

The Outer Continental Shelf is a vital source of domestic oil and natural gas for America, especially in light of sharply rising energy prices and increasing demand for these resources. This energy production will create jobs, provide greater economic and energy security for America and can be accomplished in a safe and environmentally sound manner.

*Dirk Kempthorne
Secretary of the Interior
April 30, 2007*

An increase of \$1.0 million is requested to allow MMS to implement its alternative energy responsibilities outlined in the Energy Policy Act by funding environmental work and permitting of alternative energy projects. Over a dozen companies are planning to submit applications as soon as the program is ready to receive them.

An additional \$1.1 million for information technology system improvements will allow MMS to keep pace with industry's use of geoscientific analysis of resources and ensure that lease bids



meet their fair market value. In response to Office of Inspector General recommendations, the 2009 budget includes a \$2.0 million increase to implement recommendations for improving audits and compliance reviews, including increasing the audit staff by four FTE. An increase of \$1.7 million will be used to improve automated interest billing that, once implemented, will allow MMS to streamline and expedite interest invoicing, enhance internal controls, reduce manual intervention, allow the closure of audit cases sooner, and redirect staffing to other high-priority projects.

CLIMATE CHANGE

In short, how well we do our jobs touches the lives of each and every American. It is, therefore, imperative that we understand climate dynamics, evaluate changes on the landscapes we manage, and take prudent steps to adjust and adapt our management to new circumstances.

P. Lynn Scarlett
Deputy Secretary of the Interior
April 26, 2007

In September 2007, President Bush outlined a constructive international framework for addressing climate change. Interior's 2009 climate change budget of \$31.4 million aligns with this framework. We focus on the actions needed to better understand the impacts of change and the need to adapt to these changes, mitigate greenhouse gases through carbon sequestration, and reduce Interior's greenhouse gas emissions through use of alternative energy and improved efficiencies.

Overview — With lands that range from the Arctic to the Everglades, Interior's managers are beginning to observe the sometimes dramatic effects of a changing climate, including melting permafrost and glaciers, long-term changes in precipitation patterns, dust storms, and sea level rise. At an April 2007 hearing before the House Appropriations Subcommittee on Interior, Environment, and Related Agencies, scientists and land managers testified about these observable impacts and about the importance of timely, relevant information to address climate change challenges. No university, State, or Federal agency is providing science at a scope and scale needed to help land and natural resource managers prepare for climate change impacts. With extensive land holdings and broad stewardship responsibilities, Interior can lead the Nation in better understanding on-the-ground landscape changes, developing

GREENHOUSE GASES

The Department's climate change program also plays an important role in implementing the Energy Independence and Security Act of 2007. In particular, Title VII relates to the potential to capture and sequester greenhouse gases on Federal lands, including Interior managed lands. In the legislation, Interior is charged with developing and implementing a methodology to undertake a carbon dioxide capacity assessment; developing a methodology to assess ecosystem methane and nitrous oxide emissions, conduct a carbon dioxide inventory, and determine what is currently being sequestered on Federal lands; and develop a framework for geological carbon sequestration on public lands.

Interior has already been conducting work related to these requirements, and will continue to make strides in developing new and more effective methods to understand, assess, and sequester carbon dioxide and other gases. Part of the 2008 climate change funding will be used to develop the methodology, which could be used to assess geologic carbon sequestration, potentially nationally. Such activities will continue in 2009 as the methodologies are developed and implemented.

strategies to adapt to these changes, and pioneer adaptive management approaches to address the effects of climate change.

The Details — In 2008, the Congress provided an increase of \$7.4 million in the USGS budget to expand high-priority research and establish a National Global Warming and Wildlife Science Center. Work has begun in earnest to examine the most pressing issues relevant to land managers, including the impacts of melting permafrost on energy and other infrastructure, modeling of watersheds to better manage timing and delivery of water by taking into account changing precipitation patterns, and investigation of the potential for geologic formations to sequester carbon.

The 2009 USGS budget continues its climate change program of \$31.4 million, sustaining \$5.0 million of the increase enacted in 2008 by the Congress. The 2009 budget will focus on priority climate change needs to fill critical information gaps with a two-

part strategy to establish an integrated approach to scientific understanding of the impact of changing climate, and develop adaptation and mitigation strategies that anticipate the effects of a changing climate. This approach addresses long-term solutions to climate change issues and includes components with more immediate solutions.

The 2009 budget and the Department's climate change management priorities will benefit from the results of the Secretary's Task Force on Climate Change. The three subcommittees that comprise the task force will guide Interior's comprehensive approach to the study and model of the impacts of climate change on the environment as well as guide adaptive management programs for the Department's land managers.

Interior has also undertaken habitat restoration to promote carbon sequestration and the use of alternative energy and energy conservation in its facilities and transportation systems. Over 18 percent of Interior's facility electricity comes from alternative energy technologies.

HEALTHY FORESTS INITIATIVE

Collaboration lies at the heart of our fuels reduction and fire program including Community Wildfire Protection Plans and multi-agency firefighting.

*P. Lynn Scarlett
Deputy Secretary of the Interior
July 14, 2005*

The 2009 budget includes over \$300 million for the Healthy Forests Initiative that will advance the President's goal of improving forest health and reducing the risk of catastrophic fire. The 2009 budget will enable Interior to continue to significantly reduce heavy fuel loads in areas of greatest risk.



Overview—The Healthy Forests Initiative, launched in August 2002 by President Bush, is reducing risks to communities from wildland fires and restoring forest health. By protecting forests, woodlands, shrublands, and grasslands from unnaturally intensive and destructive fires, HFI improves the condition of our public lands, increases firefighter safety, and protects communities. The Administration made a significant commitment to mitigate the risk of catastrophic wildfires and improve forest health when it unveiled the Healthy Forests Initiative and signed the Healthy Forests Restoration Act.



Long-term drought and the expansion of the Wildland-Urban Interface are heightening risks to communities from catastrophic wildland fires. Yet significant underlying causes of these risks include the buildup of forest fuel and changes in vegetation composition in the western United States over the last century. Unnaturally dense stands competing for limited water, nutrients, and sunlight are at increased risk of uncharacteristically intense wildland fires and insect or disease outbreaks. This fuel buildup is the one wildfire risk factor that the Department can most influence and remedy through the Healthy Forests Initiative.

The Department of the Interior, with the Forest Service, has devoted considerable effort and resources to fulfilling the President's commitment to protecting communities, wildlife habitats, and municipal watersheds from catastrophic wildfire. Since 2002, using fuels treatment funding and the regulatory tools provided by the HFI and the Healthy Forests Restoration Act, Interior is more efficiently and strategically conducting fuels treatments. The Department continues to emphasize and improve coordination with State and local partners to identify and prioritize projects by making extensive

use of the Community Wildfire Protection Plans as authorized and encouraged by the Healthy Forests Restoration Act.

The Details—The 2009 budget for Interior’s Healthy Forests Initiative activities is over \$300 million, including \$202.8 million for hazardous fuels, and over \$100 million for scientific, resource management, habitat restoration, and other resource programs that promote forest health.



Hazardous Fuels Reduction — The 2009 budget includes \$202.8 million for the Hazardous Fuels Reduction program, \$3.2 million above the 2008 enacted level. At the request level, Interior plans to treat a total of 1,001,000 Wildland-Urban Interface and non-WUI acres. This is slightly below the 1,097,000 acres that the Department estimates will be treated in 2008 with its regular appropriations. In 2008, the Department estimates that it will treat an additional 24,000 acres with \$10.0 million in emergency supplemental appropriations.

In 2008 and 2009, the hazardous fuels reduction program is withholding a portion of total project funding from initial allocations between the WUI and non-WUI in order to allocate the funds based on the Ecosystem Management Decision Support system. The increased prioritization and collaboration through EMDS ensures that the acres at greatest risk are identified and the projects selected provide the highest level of risk mitigation and environmental benefits. Refining our focus on treating the highest priority acres may also lead to the treatment of some areas with higher treatment costs per unit

HAZARDOUS FUELS REDUCTION ACCOMPLISHMENTS

From 2001 through 2007, Interior has spent nearly \$1.4 billion specifically to reduce hazardous fuels. With this funding, Interior has treated over eight million acres during this period. Together with the Forest Service, fuels treatments through 2007 total approximately 24.2 million acres, including 18.8 million acres treated through hazardous fuels reduction programs, and 5.5 million acres of other landscape restoration projects.

Wildland-Urban Interface — The Department has steadily reduced hazardous fuels in the Wildland-Urban Interface. From 2001 through 2007, Interior invested nearly \$860 million to treat three million WUI acres. The number of acres treated annually around and near communities at risk from wildfire increased from 164,337 in 2001 to over 586,000 in 2007, an increase of more than two and one-half times those treated in 2001. Interior will continue to emphasize fuels reduction treatments in the WUI in 2008 and 2009 by allocating at least 60 percent of its fuels funding to WUI fuels treatments.

Other Hazardous Fuels Reduction — From 2001 to 2007, Interior invested \$525.9 million to treat about five million non-WUI acres.

area. The information gained from monitoring will be used to adapt future treatments, thereby improving the quality and effectiveness.

Community Protection — The Department, in collaboration with the Forest Service and our non-Federal partners, continues to increase the community protection emphasis of the hazardous fuels program. Community Wildfire Protection Plans are essential for localities to reduce risk and set priorities. Over 1,100 CWPPs covering 3,300 communities have been completed nationally and an additional 450 plans are progressing toward completion. In 2009, the overwhelming majority of WUI acres treated will have been identified in locally developed CWPPs. The high percentage is possible through increased local collaboration to identify and prioritize areas in need of hazardous fuels reduction.

Improved Tools for Prioritization — The Department's processes to identify, prioritize, and select hazardous fuels treatments are evolving. In 2007, Interior collaborated with the Forest Service to develop a more systematic approach to project selection. The Forest Service has developed the Ecosystem Management Decision Support system, which, as part of their Hazardous Fuels Prioritization and Allocation system, incorporates the logic and decision models used by the Forest Service in their 2007 hazardous fuels project allocation process. As a pilot, Interior successfully used the EMDS system to allocate five percent of its fuels project funds and to analyze the Department's entire land base in 2007. The Department intends to use EMDS to allocate 15 percent of its fuels project funds to bureaus in 2008 and continue the transition to integrate the EMDS completely over the next few years, including the allocation of funds to bureau regional levels.

Data from the LANDFIRE project, which is 50 percent complete for the conterminous United States, are helping set hazardous fuel treatment priorities by local field units and regionally, and are used in managing large, long-duration wildfires burning across landscapes. The U.S. Departments of Agriculture and Interior are also testing methods of modeling fire risk with LANDFIRE data to improve upon the use of data in the fuel treatment prioritization process. The completion of all map zones for the LANDFIRE project is scheduled for September 30, 2009.



The Implementation Plan of the 10-Year Comprehensive Strategy was updated and released in December 2006. The goals and guiding principles from the 2001 document are constant, but performance measures and implementation tasks have been updated to reflect the progress made toward National Fire Plan goals in the past five years and refine metrics to reflect increased knowledge. Interior also continues to report on the interagency National Fire Plan measures.

Administrative Improvements — To improve management, oversight, and accountability of the

entire Wildland Fire Management budget, the 2009 Interior budget reflects the Department's decision to shift the Wildland Fire Management account from the Bureau of Land Management to the Office of the Secretary.

MEETING INTERIOR'S FIDUCIARY RESPONSIBILITIES TO INDIAN COMMUNITIES

The 2009 budget proposes \$482.3 million for Indian trust programs. This amount includes a net program increase of \$2.9 million over the 2008 enacted budget. The 2009 Unified Trust Budget reflects savings from the completion of certain trust reform tasks as well as new investments in probate services.

Overview — Interior has responsibility for the largest land trust in the world. Today, the Indian trust encompasses approximately 56 million acres of land. Over ten million acres belong to individual Indians and 46 million acres are held in trust for Indian Tribes. On these lands, Interior manages over 100,000 leases for uses such as farming, grazing, and oil and gas production on behalf of individual Indians and Tribes.

Indian Trust Accomplishments — From 1996 through 2008, the Department will have invested \$4.4 billion in the management, reform, and improvement of Indian trust programs. These investments have allowed Interior to better meet fiduciary trust responsibilities, provide greater accountability at every level, and operate with staff trained in the principles of fiduciary trust management. The Office of Historical Trust Accounting continues to reconcile past transactions in individual and tribal trust accounts. Accomplishments to date include:

- Distributed more than \$79 million to individual Indian trust account holders who were previously on the "Whereabouts Unknown" list, through collaborative efforts between the Office of the Special Trustee for American Indians, BIA, and tribal governments.
- Collected, safeguarded, and protected more than 400 million pages of Indian trust documents for future use at the state-of-the-art American Indian Records Repository in Lenexa, Kansas.



- Developed a nationwide toll-free information call center to answer beneficiary questions.
- Purchased more than 360,000 fractionated interests through the Indian Land Consolidation purchase program to reduce fractionated ownership of land.
- Provided fiduciary trust training to over 3,000 Interior and tribal employees working in trust matters and provided records management training to more than 500 BIA and OST records contacts and 381 tribal employees.
- Installed, updated, and upgraded technology for trust management at BIA and OST offices across the country, including: new accounting, title, leasing, and funds receivable systems, and a centralized commercial “lockbox” process for the collection of trust payments.
- Made available tribal and individual trust beneficiary services from Regional Trust Administrators and Fiduciary Trust Officers, experienced in fiduciary trust matters.
- Improved management of land survey issues in Indian Country by establishing new BLM Indian lands surveyors, hired to support Indian Country needs, located at the 12 BIA Regional Offices.
- Converted trust accounts in agency locations to new technology and trust systems, ensuring account holders receive improved, comprehensive statements listing assets they own and encumbrances associated with their land.

- Opened the new National Indian Programs Training Center in Albuquerque, New Mexico, in the spring of 2006, through a partnership with BIA and OST. The NIPTC provides training in areas such as trust programs, social services, law enforcement, and education.
- Implemented the use of direct deposit enabling Individual Indian Monies account holders who receive disbursements from their trust accounts to use their funds more quickly.
- Recently introduced a Debit Card Pilot program to provide another funds disbursement option.
- Deployed 52 Fiduciary Trust Officers across Indian Country allowing individual Indian and tribal beneficiaries direct access to trust information from a dedicated source for the first time.

The Details — The 2009 budget request proposes \$482.3 million for Indian trust programs. This amount includes \$181.6 million in the Office of the Special Trustee and \$300.7 million in the Bureau of Indian Affairs.

Operation of Trust Programs — The budget for Office of the Special Trustee includes \$125.2 million for operation of trust programs, an increase of \$1.2 million above the 2008 level. This includes an increase of \$941,000 for trust beneficiary services. The 2009 budget also includes a reduction of \$3.3 million as a result of the completion of certain trust reform efforts reflecting efficiencies and improvements in services to beneficiaries, completion of project task efforts, and management efficiencies.

Historical Trust Accounting — The 2009 budget proposal includes \$56.4 million to support the Office of Historical Trust Accounting, an increase of \$941,000. The Office of Historical Trust Accounting plans, organizes, directs, and executes the historical accounting of 275,000 Individual Indian Monies and Tribal Trust accounts. The OHTA expects to allocate approximately \$40 million to historical accounting for individual Indian accounts, with the balance used for tribal trust accounting. The OHTA estimates that by allocating approximately \$40 million per year to the IIM historical accounting, work could be completed by 2011.

The remainder of the funding is for the workload associated with tribal trust cases, for a total of \$16.4 million. At present, there are 102 tribal trust lawsuits from over 250 Tribes. This is a tenfold increase in the number of Tribes involved in trust-accounting lawsuits from last year. The workload associated with these cases includes tribal reconciliation reports, document production, data validation, litigation support, analyses of mismanagement claims, historical accountings, and settlement negotiations.

Indian Land Consolidation — The 2009 budget includes a \$9.8 million reduction for the elimination of the Indian Land Consolidation program. Although the program is terminated in 2009, the Department will explore other options for addressing the critical issue of fractionation.

BIA Trust Services — Management of trust assets for Tribes and individual Indians is a key component of the BIA mission. The Department has made significant improvements in the programs that are cornerstones to providing services to beneficiaries and establishing a viable trust organization. The 2009 budget provides \$300.7 million to meet the requirements outlined in the Fiduciary Trust Model and continue trust reform initiatives, an increase of \$10.6 million.

Probate Services — The 2009 budget includes an increase of \$2.6 million for BIA and OST to meet the ongoing demand for probate services, while continuing to reduce the excess probate case load. This funding increase will also support the Office of Hearings and Appeals and their role in resolving probate cases.

ENHANCING RECREATION ON PUBLIC LANDS

The Interior Department's 2009 budget provides \$1.7 billion to advance its recreation mission with an emphasis on increased access and improved visitor experiences.

Overview — Interior managed lands boast scenic vistas, breathtaking landscapes, and unique natural wonders that offer a staggering array of recreational opportunities where Americans and people from all over the world seek inspiration, reflection, and exercise. On these lands, many patriotic symbols, battlefields, memorials, historic homes, and natural wonders tell the story of America. To ensure that Interior's lands continue to play this important role

in American life and culture, the Department fulfills its mission to maintain visitor facilities and services, preserve natural and historic resources, and enhance visitor opportunities.



The Department offers the recreating public a multitude of outdoor activities in areas as diverse as the deserts, rivers, valleys, and mountains it manages. Interior offers accessibility solutions at its recreation sites that create inclusive recreation opportunities for people of all ages and abilities. Interior also promotes recreational opportunities in local communities through a variety of cooperative grant and technical assistance programs. The Department's 2009 budget supplies the resources necessary to maintain and enhance recreational and other visitor opportunities at Interior sites. Since 2002, the Interior Department has:

- Achieved its strategic plan goal of a 96 percent satisfaction rate at our national parks and an 82 percent satisfaction rate at other public lands.
- Increased opportunities for recreation with the opening of 34 refuges to hunting and 24 to fishing.
- Completed development of the new public lands pass, America the Beautiful — The National Parks and Federal Recreation Lands Pass.
- Through partnerships, designated 36 new national recreation trails, added 800 miles to the national trails system in 24 States, and created 1,463 new miles of trails, 697 miles of river corridors, and 64,692 acres of park and open space.

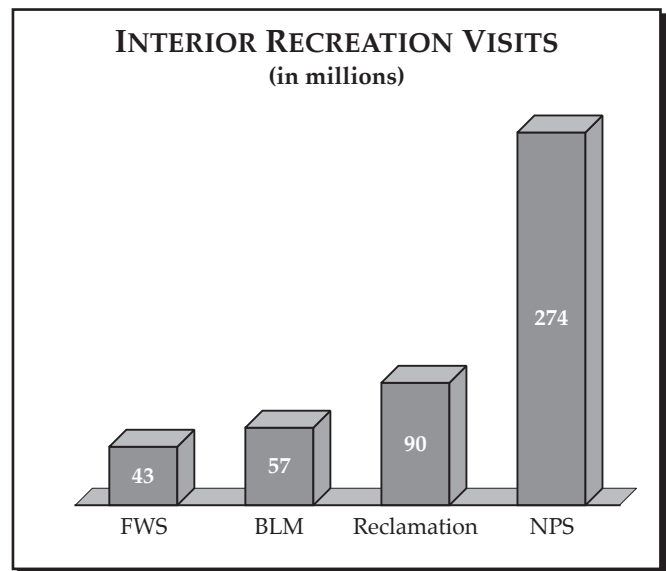
The Details — The 2009 budget of \$1.7 billion will enhance the effective and efficient fulfillment of the Department’s recreation mission. The budget proposes to:

- Improve visitor services at national parks, refuges, and other public lands for over 460 million visitors annually. The 2009 budget provides increased potential for recreation benefits for Americans, with funding increases for the National Parks Centennial initiative, including \$160.9 million in park operations and \$100.0 million in mandatory funding to match private donations for signature projects and programs.
- Increase hunting and fishing opportunities on national wildlife refuges.
- Continue implementing a well-run recreation fee program that maximizes benefits to the visiting public. The Departments of the Interior and Agriculture continue to work collaboratively to implement the Federal Lands Recreation Enhancement Act through the Recreation Fee Council.
- Continue implementation of the America the Beautiful — The National Parks and Federal Recreation Lands Pass.

It is also estimated that \$6.3 million in mandatory funds will be available in 2009 for matching grants to States and local governments for the acquisition and development of public outdoor recreation areas and facilities. An estimated \$194.9 million in mandatory funding from the Federal Lands Recreation Enhancement Act will also be available in 2009.

LAND MANAGEMENT AGENCY VISITATION

Interior’s land management agencies and the Bureau of Reclamation provide numerous outdoor recreation opportunities for the public. In 2007, Interior experienced over 460 million recreational visits to national parks, wildlife refuges, and other Interior managed public lands. In 2009, even more people will visit and benefit from the 3,602 recreational sites managed by BLM, 548 national wildlife refuges, 391 unit national park system, and 308 Reclamation sites. Increasing public recreation demands, urban growth, and fiscal realities have inspired Interior to seek innovative solutions to sustain and



increase quality recreation experiences. Working with local communities and interested parties has helped Interior achieve enduring on-the-ground recreation results.

National Park Service — Last year, parks received 274 million visits. Visitor satisfaction was high at parks, where nearly 96 percent of park visitors rated the overall quality of services as good or very good. The National Parks Centennial initiative, which is described in an earlier chapter, will help ensure the legacy of parks is protected and continues into the next century.

Fish and Wildlife Service — In 2009, the refuge system will continue to provide compatible recreation activities. In 2007, over 40 million people visited national wildlife refuges and over two million people visited fish hatcheries, supporting over 27,000 private sector jobs. As ecotourism continues to increase, large numbers of tourists will travel substantial distances for outdoor activities, like hunting, fishing, wildlife observation, and photography.

Bureau of Land Management — Over 57 million people visited BLM managed lands in 2007. The Healthy Lands Initiative, which is described in an earlier chapter, will help ensure continued access to large public lands for traditional purposes, including hunting and recreation.

Bureau of Reclamation — Reclamation hosts 90 million visitors to its 308 sites per year. Recreational activities include camping, boating, fishing, swimming, and other water sport activities at Reclamation’s dams and reservoirs.

Visitor Safety — Providing for visitor safety is an integral part of ensuring recreation opportunities at parks, refuges, and public lands. In 2009, the Department proposes \$369.9 million for NPS, FWS, and BLM law enforcement operations. This includes \$94.4 million for the U.S. Park Police, an increase of \$7.6 million to increase the number of sworn officers and improve protection of the park sites in Washington, D.C., New York City, and San Francisco, California.

THE FEDERAL LANDS RECREATION ENHANCEMENT ACT

Implementing a well-run recreation fee program that maximizes benefits to the visiting public remains a top priority for the Departments of Interior and Agriculture. Recreation fees continue to provide a vital source of revenue for improving on-the-ground facilities and services for visitors at national parks, national forests, wildlife refuges, and a variety of other public lands throughout the Nation.

Enacted in 2004, the Federal Lands Recreation Enhancement Act gives Interior and the Forest Service a long-term tool to improve recreation and visitor amenities on public lands. The Act provides for a nationally consistent interagency program; enhanced visitor services at recreation sites; a new interagency national pass for use across Federal

recreation sites; and more local community and public involvement in the program. Participating agencies include BLM, FWS, NPS, Reclamation, and the Forest Service.



In compliance with the Act, in September 2006, the Departments of Interior and Agriculture established a public advisory committee structure — or Recreation Resource Advisory Committees — to provide recommendations concerning recreation fee proposals for public lands managed by BLM and the Forest Service. The structure has proved to be a great success in maintaining open and positive communications between the land managing agencies and the public on agency recreation fee proposals. In addition, in combination with other public notification and communication efforts, Recreation RACs are playing a vital role in achieving a high level of satisfaction with the recreation fee programs of both BLM and the Forest Service.

RECREATION FEE PROJECTS

DeSoto National Wildlife Refuge, Nebraska — The visitor center exhibits some of the 200,000 pieces recovered from the steamboat Bertrand, which sank in the Missouri River in 1865. Recreation fees help pay for the ongoing maintenance and restoration of this collection, which is one of the most significant assemblages of Civil War era artifacts in the country.

Washita National Wildlife Refuge, Oklahoma — Fee dollars funded the construction of an accessible waterfowl hunting blind complete with seats that flip up to accommodate a wheelchair.

Buckhall Recreation Area, South Carolina — At this extremely popular site, a fully accessible fishing pier was added to the 94 foot pier that allows visitors to fish and crab while enjoying views of Cape Romain National Wildlife Refuge. This project was partially funded by recreation fees with the balance coming from appropriations.

South Fork of the Snake River, Idaho — A successful fee program was made possible through the cooperation of all the agencies and partners involved with management of the river. This group developed a fee for ten sites spread along a 62 mile stretch of the Snake River. A true partnership was developed where local partners have a voice in the development and management of Federal recreation facilities. Regardless of which jurisdictional site funds are collected from, the working group comes to consensus on where the funding will be spent within the corridor to benefit their common visitors.

The National Parks and Federal Recreation Lands Pass Program was launched successfully in January 2007. The new interagency pass program provides a seamless, convenient way for visitors to access many of their public lands and is designed with a beautiful collectible image of the Nation's public lands. The pass is an economical way for visitors to see America's public lands. Revenue from the sale of the pass is used locally to improve visitor services and protect the area's resources.



Launched in February 2007, the new www.recreation.gov web portal took the two Federal recreation reservation systems and combined them into one. Visitors are now able to search for information, plan trips, and make reservations at over 2,000 Federal facilities including campgrounds, day use areas, cabins, and tour facilities. The website also provides State and local tourism offices the ability to download information about the Federal recreation sites into their information systems.

Use of the majority of Federal lands is free to the public. There continue to be two fee free days offered each year at entrance and standard amenity fee areas including National Public Lands Day and Veterans Day. Interagency, regional, and site specific passes offer frequent visitors an economical way to visit Federal lands that charge entrance fees. Children under 16 are exempt from paying entrance and standard amenity fees and fee waivers are available for educational visits to the Nation's public lands.

The Federal land managing agencies continue to look for ways to modernize and improve fee collection activities. Some of the improvements to date have included the use of automated fee machines, acceptance of modern electronic payment methods, the use of the internet to sell passes, and more sophisticated security equipment. Individual fee sites are encouraged to look for ways to improve their collection operations to reduce the costs of collection and improve visitor service.

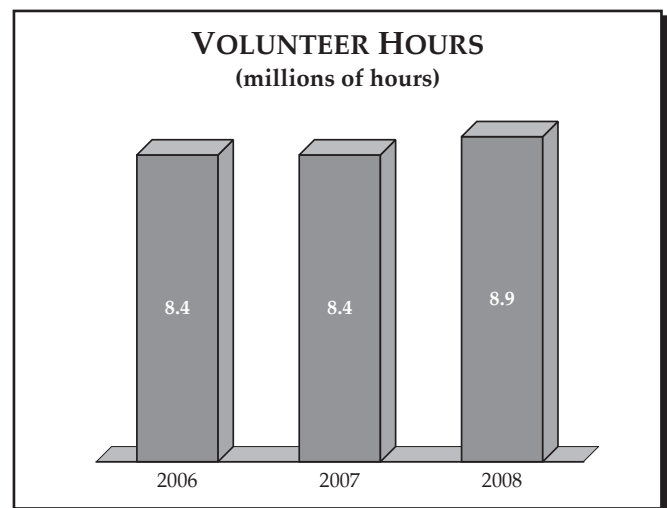
An estimated \$194.9 million in mandatory funding from the Federal Lands Recreation Enhancement Act will be available in 2009 for visitor services and improving on-the-ground facilities. These fees are used to address deferred maintenance at many facilities on the Nation's public lands. Many of

these projects focus on visitor use facilities such as visitor center improvements, campgrounds, comfort stations, trails, roads, and parking lots. Fee revenue also plays an important role in providing money for projects to preserve historic structures, restore cultural landscapes, protect museum collections, prepare museum objects for exhibit, and support cultural demonstrations.

PROMOTING VOLUNTEERISM IN AMERICA

Interior's land management agencies have close ties to the American people and sustain long-standing relationships with communities and individuals. The many historic, cultural, and natural resources accessible throughout lands managed by the Department provide public opportunities for respite, reflection, and outdoor recreation. The connection of people to these special places provides a rich context within which to engage the public, establish partnerships, and promote volunteerism in America.

Each year, Interior receives tremendous contributions as a result of long-term relationships with volunteers. Through a variety of volunteer programs, individuals of all ages with differing levels of experience and educational backgrounds contribute valuable time to help the Department fulfill its multi-faceted mission. These volunteers bring their knowledge of local places and people and provide unique insights for visitors to parks, refuges, and public lands. Volunteers also assist USGS in the collection of scientific data. In return, volunteers benefit from many learning experiences, new relationships, healthy lifestyles, and dynamic recreational opportunities.



In 2007, volunteers contributed over 8.4 million hours of their time to the Department at a value of \$157 million. Since 2004, Interior has placed 16.2 million public service announcements. In 2007, Take Pride partners conducted over 1,000 Take Pride events, including litter cleanup, trail maintenance, and park beautification projects. The Department also works collaboratively with the Student Conservation Association and the Public Lands Corps to promote the effective use of volunteers.



In 2009, Interior will work to increase the number of volunteers through partnerships to improve parks, refuges, public lands, natural resources, cultural and historical sites, and other recreation areas. Through the Take Pride program, the Department will increase public service announcements and hold events to promote public land conservation.

The 2008 enacted budget for the Park Service includes an increase of \$3.4 million for an enhanced Volunteers in Parks program. As a result of this increase, the program will gain an estimated increase of 500,000 hours in interpretive and visitor services. Using industry standards, the value of this increased volunteer time is estimated at \$9.7 million annually.

Legislation signed into law by President George W. Bush on December 7, 2005 allows increased use of volunteers in Interior's agencies. This law furthers the reach of the President's USA Freedom Corps, created in 2002, as part of his call to all Americans to volunteer in their communities. The law ensures that all of Interior's bureaus have authority and resources to work with volunteers. It also allows Interior to recruit and use volunteers in BIA and the Office of the Secretary, and to strengthen existing volunteer authority at Reclamation and USGS.

In 2007, over 30 schools designated themselves as Take Pride In America partners. Overall, the Take Pride in America Schools program has expanded to

cover 31 States, with students of all ages learning to become stewards of our public lands. Currently 96 schools and over 10,000 students have committed to improving their local communities and caring for their local public lands.

The expanded capability provided by this legislation will boost the Take Pride in America initiative, the public lands component of the President's USA Freedom Corps. Take Pride in America, a national, multi-agency partnership, empowers volunteers to participate in enhancing parks, refuges, recreation areas, and cultural and historic sites. This initiative successfully garners support by leveraging private funding and thousands of volunteer hours to further stewardship and other efforts on Interior and other public lands. Across the country, States and communities are implementing the Take Pride initiative in ways that best suit local needs and interests, but the message is the same—we have a duty to care for the public lands we use and enjoy.

Take Pride in America's goal is to empower volunteers from every corner of America to maintain and enhance our natural, cultural, and historical sites. Take Pride in America encourages citizen stewardship through an innovative public awareness campaign and an interactive website that showcases volunteer opportunities at natural and cultural sites. The Take Pride in America Schools program seeks to introduce a new generation to volunteerism and create future stewards of our public lands.



Throughout 2007, Take Pride in America Partners registered over 1,000 volunteer events including national events such as National Trails Day, Earth Day, Great Backyard Bird Count, and the Great American Campout. In April 2007, Departmental employees along with Secretary Dirk Kempthorne participated in the local Capital River Relief event. For the fourth year, Take Pride In America partnered with National Public Lands Day and again increased the number of participating local, State, and national lands to 1,000 sites across the country.



This year, nine new partners joined the Take Pride in America program. One of these new partners, Bus Radio, has produced a series of public service announcements encouraging students to become active in caring for their local public lands. These announcements have reached over one million students in 23 States.

The Interior Department also hosts the volunteer.gov/gov portal. The mission of this site is to connect people with public sector volunteer opportunities to help build America's Communities of Service. It provides a single, easy-to-use database for those interested in volunteering to search for opportunities by keyword, State, activity, partner, or date. The portal's software also connects nightly to the White House USA Freedom Corps volunteer portal to exchange data.

In February 2008, the Department in conjunction with the Departments of Defense and Agriculture will deploy a Volunteer Record of Time Tracking System that comprises an enhancement to the Volunteer.gov/gov Recruitment Portal and the Take Pride in America website that will enable volunteers to record and track their completed volunteer hours. The RTTS will allow authorized administrators to review and approve, edit, or reject recorded volunteer hours. The RTTS will also allow for the automated generation of award notifications for the Department of the Interior America the Beautiful recognition passes when key volunteer hour thresholds of 500 hours of service are reached. Each of us can find a way to take pride in America by lending a hand.

MAINTAINING A LEGACY OF MANAGEMENT EXCELLENCE

The President's management agenda has spurred an unprecedented focus on management activities

across the government that will have long-lasting, institutional effects. Interior's unified strategic plan is built on a foundation of management excellence. In pursuit of management excellence, the Interior Department seeks to improve results using the following strategies:

- The right people with the right skills in the right jobs.
- Strategic management — integrating budget and performance and using financial data to manage programs.
- Structuring Interior services for better performance.
- Managing information.
- Ensuring accountability for resources.

Through these management strategies, the Department optimizes performance levels. During 2007, Interior maintained its status for two management agenda areas and advanced to yellow in status on financial performance and e-government scorecards. By the end of 2008, Interior expects to improve the status in many management agenda areas.

We are developing a performance culture at the Department of the Interior because management excellence is a journey, not a destination.

*P. Lynn Scarlett
Deputy Secretary of the Interior
February 5, 2007*

Human Capital — The Department's green status reflects a results-oriented focus in human capital planning and support for Interior's mission. Hiring time frames have been reduced to 35 work days for the general workforce and close to 90 work days for SES positions. Job applicants are notified of their status within 45 work days for 70 percent of the recruitment actions, and the Department exceeds government-wide averages for almost every indicator of management satisfaction for hiring practices. Improvements to the performance management system for the general workforce have been implemented and tested at an expanded beta site and will be implemented across the Department in 2008. These improvements ensure that performance plans are effectively linked to Interior's strategic plan. A new performance appraisal system for SES was implemented, which streamlines the performance plans and ensures performance elements are more

directly aligned to individual responsibilities. The Department, which maintains a robust candidate pool for leadership positions, graduated and certified 29 new SES candidates in 2006. In 2007, 35 candidates for the 15th Senior Executive Service Candidate Development Program were selected. This class is expected to graduate and receive certification in 2008. Interior also has implemented strategies to address under-representation in the workforce, including mandatory supervisory training, automated complaints tracking, and workforce trend analysis.



By 2008, a competency assessment module will be implemented within the Learning Management System, allowing managers and employees to assess and receive assistance in strengthening competencies. The Department also has implemented its approved accountability plan, with accountability reviews underway in bureaus. Interior will increase the use of alternative dispute resolution and strengthen minority-serving institutional partnerships to promote a diverse workforce.

Competitive Sourcing— Competitive sourcing has been a valuable tool for Interior managers to improve effectiveness and efficiency. The Department's accrued actual savings and cost avoidance to date from actions taken as a result of competitive sourcing studies is \$21.0 million. During 2008, Interior plans to complete ten competitions on approximately 608 FTE.

Financial Performance— The Interior Department has made dramatic progress in improving financial management, most significantly in the timely preparation of financial statements and mitigating material weaknesses. Last year, Interior completed its audit in 43 days which is the fourth year in a row that the audit has been completed within 45 days of fiscal

year-end. The Department received its eleventh unqualified opinion, had no material weakness, and reduced all internal control findings.

Interior expects to progress to green status in 2008 having eliminated material weaknesses and expanded the use of financial information in decision-making. During 2007, the Office of Surface Mining and Minerals Management Service converted to the core financial module of the Financial and Business Management System. This conversion has been the smoothest of any Federal government conversion of a financial management system to date. The OSM and MMS were both able to close out the year-end in a timely manner and support the Departmental consolidated audit. In addition, Interior is advancing the use of activity-based costing across all programs and activities. This will provide a basis to see the full cost of program activities and establish a basis for efficiency and effectiveness.

Financial and Business Management System— Key to continued success in financial management and improved effectiveness and efficiency is implementation of the Financial and Business Management System. With FBMS, Interior's goal is to achieve and maintain the objective stated in OMB Circular A-127, Financial Management Systems, for each agency to establish a single, integrated financial management system. The System is an integrated suite of software applications that will help Interior manage a variety of business functions, including core financials, acquisition, budget formulation, personal property and fleet management, real property, travel, financial assistance, and enterprise management information. The FBMS will replace duplicative legacy systems currently in operation, including 27 acquisition systems, 16 finance systems, 43 vendor databases, and 107 property systems. It will integrate processes and systems to eliminate both redundancy and inefficiencies. The 2009 budget includes \$73.4 million for FBMS deployment, an increase of \$33.3 million over the 2008 enacted level.

The FBMS is critical for meeting the future business needs of Interior and is therefore a key component of the Department's financial management modernization strategy. The Interior objectives of standardizing data, business practices, and related technology; integrating currently fragmented processes; and improving responsiveness to internal and external customers can only be achieved by moving forward to replace current legacy systems with an enterprise solution.

The standardization and integration delivered by FBMS will help facilitate more collaborative relationships and establish a common approach to financial and business management. As a result, the Department will be positioned to deliver programs and services in a more efficient and effective manner. Benefits gained from implementing this suite of applications will include:



- Access to and sharing real-time, accurate business information that supports effective business decisions for mission delivery.
- Improved accuracy and timeliness of financial reports and analysis of core financial, acquisition, financial assistance, and property data.
- Retirement of outdated and legacy systems no longer supported by the software vendor.

In 2007, the Department successfully deployed the acquisition functionality integrated with the November 2006 deployment of core financials, financial assistance functionality, and enterprise management information and reporting for OSM and MMS. During 2008, the project is planning for the fall deployment of core financials, financial assistance, acquisition, personal property and fleet management, and enterprise management information for BLM, as well as personal property and fleet management for MMS and OSM.

The 2009 budget requests a \$33.3 million increase for FBMS for a total request of \$73.4 million. The proposed increase supports deployment of remaining modules to OSM, MMS, and BLM, as well as the full implementation at USGS. The proposal adequately funds project management, planning for future deployments, deployments and associated testing and training, bureau participation, master data management, applications and infrastructure management,

and licensing. In prior years, funding was available from the Franchise Fund, reprogramming, and recoveries to offset some of the project costs. Funding available from the retirement of legacy systems is redirected to help offset these costs.

Each year, I receive reports regarding management challenges from the Inspector General, the Government Accountability Office, and other sources. I value these inputs, and I look for opportunities to appropriately respond to their recommendations.

*Dirk Kempthorne
Secretary of the Interior
November 13, 2007*

Audited Financial Statement Results — Maintaining integrity and accountability in all programs and operations is critical for good government, demonstrates responsible stewardship over assets and resources, ensures high-quality, responsible leadership, ensures the effective delivery of services to customers, and maximizes desired program outcomes. Interior has developed and implemented management, administrative, and financial system controls that reasonably ensure:

- Resources are used in accordance with the mission.
- Programs achieve intended results efficiently and effectively.
- Resources are protected from waste, fraud, and mismanagement.
- Laws and regulations are followed.
- Timely, accurate, and reliable data are maintained and used for decisionmaking at all levels.

Preparation and audit of financial statements are an integral part of Interior's centralized process to ensure the integrity of financial information maintained by the Department. Timely implementation of Inspector General and Government Accountability Office audit recommendations is also essential to improving efficiency and effectiveness in its programs and operations, as well as to achieving integrity and accountability goals. As a result, Interior has instituted a comprehensive audit follow-up program to ensure that audit recommendations are implemented in a timely and cost-effective manner, and that disallowed costs and other funds due from contractors and grantees are collected or

offset. Audit follow-up actions include analyzing audit reports referred; advising grantors of single audit findings; tracking, reviewing, and validating program and financial audit recommendations; developing mutually acceptable and timely resolution of disputed audit findings and recommendations; overseeing the implementation, documenting, and closing of audit recommendations; and monitoring the recovery of disallowed costs.

To further underscore the importance of timely implementation of OIG and GAO audit recommendations, Interior has established an aggressive performance goal to implement 85 percent of all GAO and OIG recommendations where implementation was scheduled to occur during the year or in previous years. In 2007, Interior exceeded its performance goal with a composite implementation rate of 89 percent.

E-Government — In 2007, the Department progressed to yellow in status on the E-Government scorecard with its efficient implementation of earned value management and its continuous green achievement in completing the E-Government Implementation Plan milestones. Interior continued to serve as Managing Partner for the Excellence.gov award-winning Geospatial One-Stop initiative, as well as Recreation One-Stop and the Geospatial Line of Business. Moreover, Interior’s Recreation One-Stop launched its long awaited National Recreation Reservation System that provides our customers with a single source website and call center for all Federal recreation opportunities and reservations across three Departments and six sub-agencies.

As a shared service provider, Interior’s National Business Center continued to leverage governmental and commercial best practices for the Human Resources and Financial Management Lines of Business, providing services for our customer base of more than 150 government agencies.

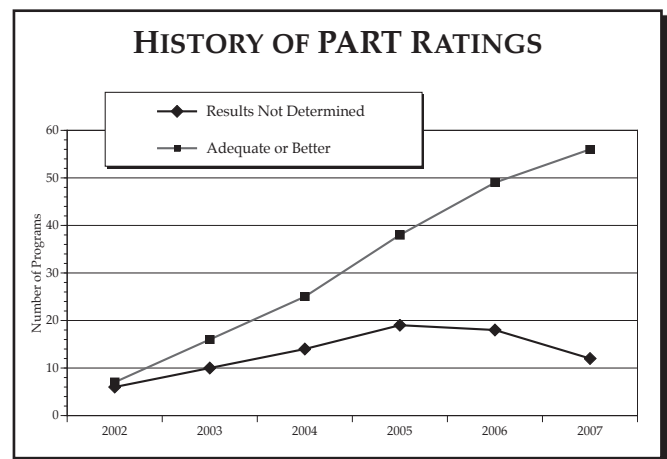
In addition, Interior established information technology security as the number one information technology priority in 2007 and effectively maintained its green Presidential’s management agenda standard with certification and accreditation for 96 percent of all IT systems. Overall green in both status and progress on the E-Gov management agenda scorecard is anticipated to be achieved upon verification of the bureaus’ information technology systems by Interior’s Inspector General.

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

Performance Improvement Initiative — In December 2006, the Department completed revision of its Strategic Plan for 2007-2012. The plan provides Interior’s goals through 2012 and corresponding performance measures are being used to track annual progress against these goals. Employee performance plans are linked to the measures in the Strategic Plan. The Department has institutionalized the use of activity-based cost management, to ensure managers have accurate and timely information on the costs of outputs by coding employee time and purchases to activities that describe the work.

For the first time, the Department has linked and charted over time its performance in 26 Representative Performance Measures from the Strategic Plan against activity-based cost management data. This takes Budget and Performance Integration to the next level by giving managers annual cost of performance over time. The Department will continue to work to refine this information and improve its use in measuring the marginal cost of performance.

As of 2007, all programs requiring review under the Program Assessment Rating Tool have received at least one assessment. These evaluations have led to program improvements, through implementation of recommended actions, and development of program-specific efficiency measures to foster



continued program improvement. The Department has made steady progress in improving PART ratings of its programs, increasing the percentage of programs rated adequate or better from 50 percent in 2002 to 82 percent in 2007.

Real Property — In 2007, Interior has developed an accurate and current inventory of real property and

established real property performance measures for all bureaus except for Reclamation. The Department also completed a rolling three-year timeline for implementing the objectives and goals in the asset management plan. During 2008, Interior plans to implement its asset management plan and use of real property inventory data and performance information in daily management and decisionmaking.