



DEPARTMENTAL OFFICES

Overview – The Department of the Interior protects and manages the Nation’s cultural heritage and natural resources; provides scientific and other information about those resources; and honors trust responsibilities and commitments to American Indians, Alaska Natives, and affiliated island communities. This mission is encompassed in the four themes delineated in the Department’s new strategic plan: resource protection, resource use, recreation, and serving communities.

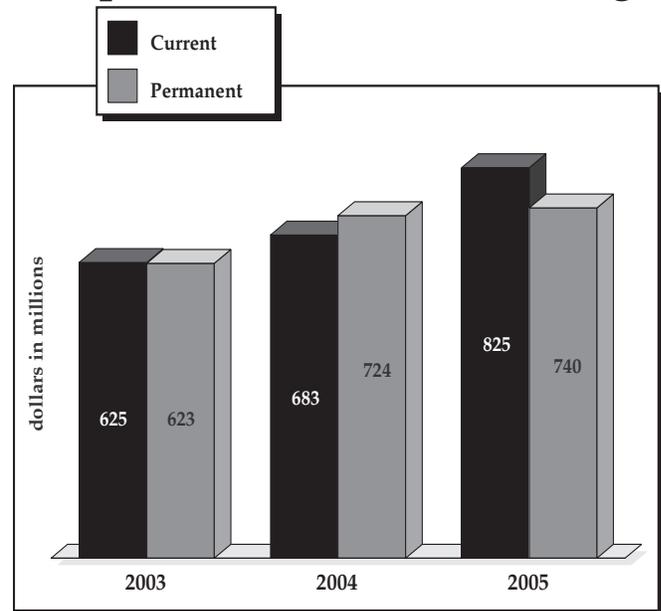
Within this mission, the Department of the Interior is accountable for wide-ranging programs such as fulfilling Indian trust responsibilities; migratory wildlife conservation; historic preservation; endangered species protection; abandoned mine lands restoration; and earth and natural resource science.

Management Excellence – The Department continues to make significant progress on the President’s management agenda and other management improvements. Through management improvements, Interior is achieving greater efficiency and accountability, employing modern technology, eliminating duplication, and enhancing service to citizens.

Budget and performance integration lies at the heart of ensuring both the strategic allocation and efficient use of funds. The Department is utilizing Program Assessment Rating Tool reviews and Inspector General, General Accounting Office, and National Association of Public Administration program evaluations to assist in the identification of measures that can strengthen programs and improve the linkage of budget and performance information.

Activity-based cost management is being employed by the Department to divide its work into specific activities so that unit costs and performance by dollars spent and actions undertaken can be measured and compared. In 2004, employees began to code their time and purchases to activities that describe the work of the Department. During 2005, Interior will develop and implement bureau-specific ABC/M modules and will train employees in data extraction and data analysis.

Departmental Offices Funding



In early 2003, Interior launched a comprehensive program to transform its financial management functions. The cornerstone of the Department’s plan is the Financial and Business Management System, which will replace a variety of outdated, stand-alone systems that are costly to operate, difficult to secure, and unable to provide timely financial and performance information.

Other management improvements include adoption of the Department’s Strategic Plan, implementation of the Secretary’s 25 law enforcement directives, and revision of the Senior Executive Service performance management and appraisal program.

Departmental Offices principally provide leadership, management, and coordination activities. They also provide centralized services and oversee the operation of common systems used by the bureaus to accomplish their work. For example, the Office of the Secretary provides executive direction for the Department. It guides and coordinates the Department’s administrative activities

such as finance, information resources, procurement and acquisition, human resources, and budgeting. The Solicitor's Office provides legal services, and the Inspector General's Office reviews Departmental activities and conducts audits and investigations.

There are several other significant programs within Departmental Offices. The Payments in Lieu of Taxes program provides payments to local governments in jurisdictions where Federal lands are located. The Office of Insular Affairs provides assistance to insular areas, such as the Republic of Palau and Guam. The Office of the Special Trustee for American Indians manages and discharges the Secretary of the Interior's responsibilities for \$3.3 billion in trust assets for American Indians. The Natural Resource Damage Assessment and Restoration program coordinates all of the Department's restoration efforts for affected resources.

Office of the Secretary

Mission – The Office of the Secretary's mission is to provide the executive level leadership, policy, guidance, and coordination needed to manage the diverse, complex, and nationally significant programs that are the Department of the Interior's responsibilities.

Program Overview – The Interior Department is comprised of eight bureaus and numerous offices, each with a unique mission. The Department's 2005 budget includes a request of \$11.0 billion in current appropriations and anticipates the collection of \$10.1 billion in receipts. To deliver Interior's broad mission, employees are geographically dispersed across the entire United States operating from over 2,400 locations including physical and social scientists, historians, architects, engineers, attorneys, trust officers, rangers, law enforcement officers, teachers, and construction and maintenance workers. In 2005, Interior will issue thousands of leases for oil and gas or geothermal exploration and development; deliver water to 31 million people; maintain and operate parks, wildlife refuges, and recreational areas that will host over 366 million visitors; and educate almost 48,000 Indian children. The Department owns about 39,000 buildings and manages over half a billion acres of surface land.

Although a sizable task, the Office of the Secretary leads this dynamic organization with approximately seven-tenths of one percent of Interior's total budget. The majority of activities associated with the Office of the Secretary are funded from the Departmental Management appropriation and located in Washington, D.C. Field offices across the country provide support for environmental protection, Indian probate, hearings and appeals, indirect cost negotiations, and aircraft services.

The National Business Center provides major business and administrative services to Interior bureaus and offices and other Federal agencies on a fully reimbursable basis through the Working Capital Fund. The major business lines include financial management, payroll and personnel, aircraft services, procurement and electronic commerce, web development, quarters management, drug testing, career development and on-line training, information technology, and facilities and property management. Beginning in 2004, real estate appraisal functions within the Department were consolidated in order to achieve significant reform of the appraisal function. The 2005 NBC working capital budget includes 2004 and 2005 estimates for the personnel services costs of the consolidated function.

Budget Overview – The 2005 President's budget request for Departmental Management is \$325.1 million, including \$99.1 million for the Salaries and Expenses account and \$226.0 million for the Payments in Lieu of Taxes program. Within the 2005 request for Salaries and Expenses are program increases for important Department-wide needs, including: the Take Pride in America program, which promotes the conservation of public lands through volunteerism; continued migration to the Financial and Business Management System; and improved law enforcement and security.

Program Changes – The 2005 Salaries and Expenses budget requests an increase of \$503,200 for the Take Pride in America program to increase Interior's efforts to generate partnership and volunteer support for stewardship of parks, refuges, and other public lands. The increase will expand efforts to promote volunteerism and solicit funds for public lands conservation. A \$7.0 million net increase is requested to continue conversion to the Financial and Business Management System. This is composed of an \$18.6 million increase in Salaries and Expenses offset by an \$11.6 million reduction in the Working Capital Fund. The FBMS will replace outdated financial systems with a single business system that provides access to improved financial and management information; integrates financial, procurement, property and other systems; and results in more efficient and productive operations. The 2005 budget includes a \$4.9 million reduction for a one-time land acquisition grant in 2004.

To further strengthen the Department's ability to protect national monuments and other icons, ensure that the public lands are safe for employees and the visiting public, and protect natural and cultural resources, the budget includes an increase of \$550,000 for the Office of Law Enforcement and Security. Funding would be

used to establish border coordinator field positions for the southwestern, southeastern, and Canadian borders, thereby ensuring a cohesive program to protect people, public lands, and investments along the border and improve coordination with other Federal and non-Federal entities. Increased funding would be used to hire an intelligence officer to provide more timely analysis of data drawing from patterns and trends reported by bureaus and other agencies.

Beginning in 2005, Interior will contribute funds for the construction of safe and secure embassies worldwide as part of a State Department led, government-wide effort to accelerate the construction of 150 new functional embassy compounds over 14 years. The 2005 budget includes \$38,200 for Interior's contribution to this \$17.5 billion effort. The 2005 budget also includes an increase of \$83,400 needed to fund support costs for the Indirect Cost Negotiation Team.

The Department is undertaking significant information technology reforms to centralize and standardize network operations. The development of the Enterprise Services Network will provide a secured, single network infrastructure that will be centrally managed. The budget includes an increase of \$800,800 for implementation of ESN. The request includes \$32,000 to support implementation of the Administration's high pay-off e-government initiatives to integrate agency operations and information technology investments. These initiatives eliminate redundant systems and significantly improve the government's quality of customer service for citizens and businesses. The budget includes \$388,100 to fully fund financial statement audit costs previously funded in part by the OIG.

Payments in Lieu of Taxes – The 2005 budget proposes \$226.0 million for the Payments in Lieu of Taxes program, a \$1.3 million increase over the 2004 enacted level. The PILT payments are made for lands administered by Interior agencies including BLM, NPS, and FWS, as well as for land administered by the U.S. Forest Service.

Congress passed the Payments in Lieu of Taxes Act in 1976 to provide payments to local governments in counties, townships, and other jurisdictions where certain Federal lands are located within their boundaries. The program is based on the concept that local governments incur costs associated with maintaining infrastructure on Federal lands within their boundaries but are unable to collect taxes on these lands. The payments are made to local governments in lieu of tax revenues and to supplement other Federal land receipts shared with local governments. The Department is committed to improving PILT payment distributions and ensuring equitable distribution of payments to eligible local governments.

Uncontrollable Changes – Net uncontrollable costs for Departmental Management total \$633,000 of which \$68,000 are budgeted and \$565,000 are absorbed.

Office of Insular Affairs

Mission – The OIA assists the islands in developing a more efficient and effective government by providing financial and technical assistance and helps manage Federal-island relations by promoting appropriate Federal policies.

Program Overview – The Office of Insular Affairs 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. The OIA will achieve its mission by improving the financial management practices of insular governments, increasing economic development opportunities, and increasing Federal responsiveness to the unique needs of island communities.

Budget Overview – The proposed 2005 budget is \$381.8 million, of which \$78.9 million is requested in current appropriations, a net \$3.2 million decrease from 2004 that reflects the reduction of congressional increases.

The budget continues to focus on strategies that contribute to increasing the self sufficiency of insular areas. The 2005 request includes an increase of \$1.0 million to develop consistent and useful performance indicators for all of the insular governments. This will strengthen core performance measurement and assessment activities such as statistical data collection, benchmarking, and surveying required for performance management planning. Additionally, a \$379,000 increase is included in the budget to expand brown tree snake research, control, and rapid response team coverage.

Other changes include a reduction of \$5.3 million in one-time funding for rehabilitation of the water supply system for the Commonwealth of the Northern Mariana Islands, economic development assistance, and Enewetak support. The budget request includes an increase of \$53,200 for the costs of an independent audit of the consolidated financial statement.

The OIA permanent funding is a reflection of long-term commitments, including the recently revised and ratified Compact of Free Association, made to the insular areas that are guaranteed in law. Permanent appropriations for OIA in 2005 total \$303.0 million.

Uncontrollable Changes – Uncontrollable costs for the Office of Insular Affairs total \$203,000 of which \$190,000 are budgeted and \$13,000 are absorbed.

Office of the Solicitor

Mission – The Office of the Solicitor’s mission is to provide high quality legal services to the Secretary and Interior’s offices and bureaus.

Program Overview – The Solicitor’s Office attorneys provide legal advice and counsel to all areas of the Department in order to ensure that Interior’s programs and initiatives are carried out in a manner consistent with applicable law and regulations. They prepare formal legal opinions; review draft legislation, regulations, contracts, and other documents; and provide informal legal advice in a wide variety of circumstances. In addition, the attorneys represent Interior in administrative litigation and assist the Department of Justice with judicial litigation involving the Department. The Office’s headquarters is located in Washington, D.C. There are 18 regional and field offices located throughout the United States.

Budget Overview – The Solicitor’s 2005 budget request is \$53.4 million, an increase of \$3.7 million over the 2004 enacted level. This amount includes program increases of \$800,000 for the purchase of computers, \$624,000 for support positions, \$241,000 for ethics staff, and \$550,000 for employee support. These increases are offset, in part, by a reduction of \$467,000 for one-time information technology investments.

Program Changes – The Office of the Solicitor is currently operating with outmoded computers, the age and condition of which hamper efficient operations and preclude upgrades to make them compliant with Departmental and Federal security requirements. The budget includes \$800,000 for the purchase of computers that would better support the current workload and requirements of staff and meet security needs.

An increase of \$624,000 would be used to fund seven positions that will support the Office of the Solicitor legal staff by performing paralegal and clerical work including legal research, document preparation, photocopying, typing, answering phones, scheduling, planning travel, and filing. This would allow the Office of the Solicitor legal staff to devote more of their time to preparing formal legal opinions; reviewing draft legislation, regulations, contracts, and other documents; and providing informal legal advice which would improve overall efficiency. Additional staff are requested to strengthen the Department’s ethics function and promote consistency in training,

financial disclosure, audit, and evaluation. The increase of \$241,000 would allow Interior to provide expanded support to bureau ethics programs.

An increase of \$550,000 would be used to provide much needed funding for training, travel, and other support of legal staff including paying a portion of professional liability insurance as mandated by Congress.

The request includes \$15,000 to support implementation of the Administration’s high pay-off e-government initiatives and \$30,700 to fully fund financial statement audit costs previously funded in part by the OIG.

Uncontrollable Changes – Uncontrollable costs for the Office of the Solicitor total \$2.0 million of which \$1.9 million are budgeted and \$145,000 are absorbed.

Office of Inspector General

Mission – The mission of the Office of Inspector General is to promote excellence, accountability and integrity in the programs, operations, and management of the Department of the Interior.

Program Overview – The OIG assists the Secretary and Congress by targeting resources toward oversight of the Department’s most serious management and program challenges, and toward high-risk areas vulnerable to fraud, waste, abuse, and mismanagement. The OIG is responsible for independently and objectively identifying risks and vulnerabilities that directly impact, or could impact, Interior’s ability to accomplish its mission. The OIG is required to keep the Secretary and the Congress fully and currently informed about problems and deficiencies relating to the administration of Departmental programs and operations. Effective implementation of this mandate addresses the public’s demand for greater accountability and integrity in the administration of government programs and operations and the demand for programs that work better, cost less, and get the results about which Americans care most. The OIG headquarters is located in Washington, D.C., with field offices and staff in locations across the continental United States, the U.S. Virgin Islands, and Hawaii.

Budget Overview – The 2005 budget request for the OIG is \$39.4 million, an increase of \$1.1 million over 2004. This includes program increases totaling \$3.9 million offset in part by reductions totaling \$3.8 million.

Program Changes – The budget includes an increase of \$1.5 million for ten staff with specialized skills and experience to better address the diverse challenges of the Interior Department; \$300,000 for two positions to support the On

TARGET initiative to strengthen and expand efforts in verifying Interior's implementation of OIG audit recommendations and to strengthen and provide more emphasis on investigations management advisories; \$557,000 for specialized technical training; \$367,000 for the capability to transfer staff resources to high priority areas; \$500,000 for critical law enforcement equipment; and \$600,000 for information technology enhancements including software standardization, IT security and systems accreditation and certification, and other IT upgrades.

The 2005 budget proposes to shift the funding for the annual audit of the consolidated financial statement and bureau statements from OIG to the bureaus. Of the \$3.8 million budgeted for this purpose, \$3.6 million is requested in the individual bureau budgets, and \$203,000 will be retained by the OIG for oversight of the annual audits. In addition, a transfer of \$190,000 back to the Department is proposed for accreditation and certification of IT systems Department-wide.

The request includes \$10,000 to support implementation of the Administration's high pay-off e-government initiatives to integrate agency operations and information technology investments. These initiatives eliminate redundant systems and significantly improve the government's quality of customer service for citizens and businesses. The budget includes \$30,700 to fully fund financial statement audit costs previously funded in part by the OIG.

Uncontrollable Changes – Uncontrollable costs for the OIG total \$1.1 million of which \$1.0 million are budgeted and \$110,000 are absorbed.

Office of the Special Trustee for American Indians

Mission – The Office of the Special Trustee for American Indians provides fiduciary guidance, management, and leadership for both tribal trust accounts and individual Indian money accounts. The OST oversees and coordinates the Department's efforts to ensure establishment of consistent policies, procedures, systems, and practices throughout Interior for trust. The OST has operating responsibility for financial trust fund management, including investment, receipt, and disbursement of Indian trust funds. The Bureau of Land Management, Minerals Management Service, Bureau of Indian Affairs, Office of Hearings and Appeals, and Office of Historical Trust Accounting carry out additional trust functions of the Department.

Program Overview – The Office of the Special Trustee manages approximately \$3.3 billion of funds held in approximately 1,400 trust accounts for approximately 300 Indian Tribes and approximately 260,000 open IIM ac-

counts. The balances that have accumulated in the trust funds have resulted generally from judgment awards, settlement of claims, land use agreements, royalties on natural resource depletion, other proceeds derived directly from trust resources, and financial investment income.

The Interior Department is carrying out a comprehensive and systematic plan to reform the management of its trust responsibilities. This comprehensive effort has been described in the reports provided to the U.S. District Court in *Cobell v. Norton*. The comprehensive plan and the processes it contains will be used to identify and implement the changes necessary in Interior's fiduciary trust management. The primary elements of this ongoing effort are: 1) the reorganization of Interior's fiduciary trust offices to improve delivery of services, effectiveness, and accountability of trust operations; 2) the reengineering of Interior's fiduciary trust business processes and universal support functions to ensure that the Department meets its fiduciary trust goals and objectives; and 3) the reduction of fractionated individual Indian trust land interests.

Based on Interior's evaluation of its fiduciary trust-related organizations and a lengthy consultation process with Tribes and individual Indians, the Department reorganized certain functions within BIA and OST. The OST continues to retain oversight responsibilities of fiduciary trust asset management, manage financial assets, and certain reform projects. The OST also has line authority over regional trust administrators and trust officers. These new positions are being filled by skilled trust administrators or staff trained in these responsibilities. The reorganization plan includes six regional trust administrators to oversee a staff of trust officers and trust account managers in field locations. They will interact with BIA regional and agency staff to enhance local level decisionmaking and be more responsive to beneficiaries.

On January 6, 2003 the Department submitted the *Fiduciary Obligations Compliance Plan* to the U.S. District Court, in compliance with a September 17, 2002 court order that required the Department submit a plan showing how it intends to comply with certain fiduciary obligations to individual Indian money account holders in accounting for management of their IIM trust funds. The plan describes the ongoing trust reform planning and implementation process in which Interior is currently engaged.

Also submitted to the court on January 6, 2003, was the *Historical Accounting Plan For Individual Indian Money Accounts*. The plan addresses the process to conduct a historical accounting for about 260,000 IIM accounts as directed by the court.

The reengineering of Interior's trust business processes

consists of two basic phases: an “As-Is” documentation of those processes and the development of a “To-Be” process model that will then be implemented in accordance with Interior’s strategic plan for trust reform.

Budget Overview – The 2005 request for OST accounts totals \$322.7 million, \$247.7 million for Federal Trust Programs and \$75.0 million for Indian Land Consolidation. The request reflects a net \$113.6 million, or a 54 percent increase, in funds above the 2004 enacted level, including a 245 percent increase in Indian Land Consolidation. This robust increase provides additional funding for trust operations, reform activities, and significant increases for historical accounting and land consolidation.

Included within the OST increase is \$1.8 million in funding to provide additional support staff to the new trust officers in field locations that will provide oversight of fiduciary trust responsibilities as part of the overall fiduciary trust reorganization. These regional and agency staff will ensure that trust standards are followed in the management of these assets and will retain the responsibility for financial asset management. The trust officers will be co-located with BIA agencies where space is available or located in near proximity to the agencies. They will work closely with agency staff in charge of resource management and will be the primary contact for beneficiaries on issues related to their fiduciary trust assets.

Integral to OST’s trust management work is an increase of \$1.6 million for the expansion of third party audit coverage of fiduciary trust asset management activities impacting the adequacy of income. This is a shared program among the major Departmental bureaus and offices involved in fiduciary trust activities. It is critical to trust reform to ensure that the Department can attest to the adequacy of trust resource income. In addition, an increase of \$250,000 is requested to provide for additional review of self-governance trust asset management activities.

The 2005 request provides a total of \$21.7 million, an increase of \$1.6 million above the 2004 level, for records management activities. This increase provides \$1.3 million for additional litigation support and \$250,000 to establish a trust records training program with Haskell Indian Nations University. The increase for litigation support is needed to address the growing costs associated with court mandated and related costs; production of voluminous amounts of documents; contractors to index, image, and sort documents; and attorneys to assist the Department in ongoing trust related litigation, as it is anticipated that *Cobell v. Norton* and 25 tribal lawsuits alleging mismanagement and accounting errors will continue in 2005.

The budget includes a \$8.2 million reduction due to

progress in trust reform, including: a decrease of \$1.7 million as a result of the adjustment of the Interior-wide effort to address the requirements of information technology security and trust systems architecture; a reduction of \$2.5 million to reflect completion of tasks under the trust policy and procedures program; and a decrease of \$4.0 million to reflect the elimination of one-time costs of establishing the trust administrator and trust officer positions in 2004.

Other changes for OST include \$398,400 for implementing a Department-wide Enterprise Services Network; \$53,200 for financial statement audit costs; \$30,000 to support implementation of the Administration’s high-payoff e-government initiatives to integrate agency operations and information technology investments.

Historical Accounting – Within the OST request is a request for the Office of Historical Trust Accounting of \$109.4 million, an increase of \$65.0 million. This amount may be revised as legal issues pending before the court are resolved. This substantial increase provides the resources to conduct historical accounting in accordance with the five-year historical accounting plan filed with the court and addresses tribal accounting. These funds will provide OHTA the ability to reconcile 200,000 transactions in land-based IIM accounts and resolve the proper ownership of approximately \$8 million of residual funds in special deposit accounts, distributing funds to the appropriate owners, and closing these administrative accounts, as appropriate. To conduct these reconciliations, OHTA expects to image approximately five million pages of fiduciary trust records and code more than one million documents. Within the total OHTA program amounts, \$29.4 million will be expended on historical accounting for tribal accounts related to 25 lawsuits filed by 19 Tribes. As part of these activities in 2005, OHTA expects to complete the reconciliation of trust fund accounts of five Tribes, image approximately three million pages of tribal documents, and code 1.3 million tribal documents.

Indian Land Consolidation – One of the greatest challenges facing the Federal government regarding fiduciary trust management is the fractionation of individual Indian interests in the land that the Federal government holds in trust. The Indian Land Consolidation program, which acquires small ownership shares in allotted lands, is a key component in trust reform and management.

With each successive generation the individual interests in the land have become further divided and subdivided among heirs, each of whom get a smaller and smaller interest in the land. As this number of ownership interests grows, the cost of Federal resources necessary to undertake accounting and management responsibilities

grows accordingly.

The Federal government is now at the point where absent serious corrective actions, millions of acres of land will be owned in such small ownership interests that no individual owner will derive any meaningful value from that ownership. The ownership of many disparate, uneconomic, small interests benefits no one in Indian Country and creates an administrative burden that drains resources away from other Indian programs.

The land consolidation program is currently conducted in four States on seven reservations, and has purchased 68,938 interests in tracts, totaling 42,075 acres, as of December 31, 2003. An increase of \$53.3 million will expand the nationwide program utilizing contractual arrangements with Tribes or private entities to purchase individual interests on behalf of the Department. It is estimated that approximately 60,000 additional interests can be acquired with the \$75.0 million.

Uncontrollable Changes – Uncontrollable costs for OST total \$1.1 million of which \$751,000 are budgeted and \$360,000 are absorbed.

Natural Resource Damage Assessment and Restoration Program

Mission – The program restores natural resources injured or destroyed by releases of hazardous substances or oil. The program restores and protects natural resources under the trusteeship of the Department for present and future generations under the Department’s resource protection strategy. Appropriations and recoveries for the damage assessment activities identify and quantify injury and provide the basis for required compensation from responsible parties, usually through negotiated settlements.

Restoration activities are carried out or funded by the responsible parties as compensation for the injury to natural resources, and may include the replacement and protection of affected resources, acquisition of equivalent resources and services, and long-term environmental monitoring. These actions are taken on behalf of the public and in partnership with other natural resource trustees, including States, Tribes, and other Federal agencies. Responsible parties are also given an opportunity to participate in the assessment and restoration process by way of cooperative agreements.

Program Overview – Every damage assessment and restoration case managed by the program is conducted in collaboration with co-trustees, and all restoration plans must undergo public review and be approved by affected State and tribal governments. The Restoration program serves as a model of implementation of the Secretary’s

Four C’s in its day-to-day operations through partnerships with tribal, State, and other Federal co-trustees, as well as with non-governmental conservation organizations and industry. These partners concur with Interior’s emphasis on pursuing restoration as the ultimate goal of the program. The Restoration program is an integrated Departmental program, drawing upon the interdisciplinary strengths of the various bureaus and offices.

Budget Overview – The 2005 request for the Restoration program is \$41.5 million, and includes \$35.7 million in permanent appropriations. For current appropriations, the \$5.8 million request is \$254,000 over the 2004 enacted appropriation. The \$5.8 million request includes \$3.9 million for damage assessment projects, \$1.5 million for program management, and \$371,000 for restoration support. The requested level of \$35.7 million for permanent appropriations represents the anticipated amount of settlement receipts to be recovered in settled damage assessment cases in 2005. These receipts are used exclusively by trustees for restoration of damaged lands and resources or for reimbursement of past assessment costs.

Program Changes – The 2005 budget proposes an increase of \$124,000 for restoration. When added to the enacted level of \$247,000, this will accelerate the restoration of hundreds of acres of injured trust resources, leveraging over \$250 million that has already been recovered from responsible parties. Many involved parties, both within the trustee community as well as settling parties, have expressed disappointment at the length of time it takes to implement restoration after settlements, one of the problems that the increased funding will address.

The increase will support two new positions that will aid Departmental bureaus to accelerate restoration. Essential restoration support services (such as contracting, realty, cost accounting, and project management) and partnership coordination (with strong ties to restoration opportunities in the National Oceanic and Atmospheric Administration, Army Corps of Engineers, other Federal and State agencies, and non-governmental partners) will be focused in field locations, co-located with other related bureau offices. A recent NRDAR workforce gap analysis identified interagency restoration support as the highest priority program need to accomplish the missions and goals over the next five years. The new funding will increase the number of restoration sites and the subsequent on-the-ground restoration of natural resources, as measured by increases in acreage and mileage of viable habitat.

The budget also includes an increase of \$53,000 for costs of auditing the consolidated financial statement.

Uncontrollable Changes – Uncontrollable costs total

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2005 Request with 2004 Enacted:

	2004 Enacted		2005 Request		Change from 2004	
	FTE	Amount	FTE	Amount	FTE	Amount
Appropriations						
Departmental Management.....	407	82,998	414	99,103	+7	+16,105
Payments in Lieu of Taxes	1	224,697	1	226,000	0	+1,303
Working Capital Fund	0	-8,444	0	0	0	+8,444
Special Foreign Currency		-1,400		0		+1,400
Assistance to Territories	40	75,744	40	72,935	0	-2,809
Compact of Free Association.....	0	6,379	0	5,941	0	-438
Office of the Solicitor	363	49,753	370	53,453	+7	+3,700
Office of Inspector General	266	38,272	278	39,400	+12	+1,128
Office of Special Trustee for American Indians	550	187,304	581	247,666	+31	+60,362
Indian Land Consolidation.....	0	21,709	0	75,000	0	+53,291
Natural Resource Damage Assessment	4	5,564	6	5,818	+2	+254
Subtotal, Appropriations.....	1,631	682,576	1,690	825,316	+59	+142,740
Permanents and Other						
Working Capital Fund.....	1,051	0	1,160	0	+109	0
Payments to U.S. Territories, Fiscal Assistance.....	0	108,000	0	108,000	0	0
Compact of Free Association.....	0	193,443	0	194,968	0	+1,525
Everglades Restoration.....	0	0	0	0	0	0
Payment for Trust Accounting Deficiencies	0	6,000	0	0	0	-6,000
OST - Tribal Special Funds.....	0	252,307	0	267,445	0	+15,138
OST - Tribal Trust Fund.....	0	126,293	0	133,871	0	+7,578
Natural Resource Damage Assessment	0	38,400	0	35,700	0	-2,700
Departmental Management - Allocation Account .	72	0	72	0	0	0
Reimbursements - Departmental Management	184	0	184	0	0	0
Reimbursements - Office of the Solicitor	56	0	56	0	0	0
Subtotal, Other Accounts	1,363	724,443	1,472	739,984	+109	+15,541
TOTAL, DEPARTMENTAL OFFICES.....	2,994	1,407,019	3,162	1,565,300	+168	+158,281
National Indian Gaming Commission.....	77	11,000	83	12,000	+6	+1,000

HIGHLIGHTS OF BUDGET CHANGES
By Appropriation Activity/Subactivity

APPROPRIATION: Departmental Management

	2003 Actual	2004 Enacted	2005 Request	Change from 2004 Enacted
Departmental Direction.....	13,318	13,951	14,546	+595
Management and Coordination.....	26,846	28,561	29,356	+795
Hearings and Appeals.....	8,145	7,980	8,030	+50
Central Services	23,375	26,885	27,978	+1,093
USBM Workers Compensation Costs.....	836	683	638	-45
Kendall County Grant.....	0	4,938	0	-4,938
Financial & Business Mgmt System	0	0	18,555	+18,555
TOTAL APPROPRIATION	72,520	82,998	99,103	+16,105

Highlights of Budget Changes

	<u>Amount</u>
Uncontrollable Costs	[+633]
Departmental Direction	+595
<p>The budget includes an increase for Take Pride in America to promote partnerships and volunteer support for improved stewardship of public lands (+\$503). Uncontrollable costs total \$255 of which \$92 are budgeted and \$163 are absorbed.</p>	
Management and Coordination	+795
<p>An increase for the Office of Law Enforcement will be used to establish border coordinator field positions to protect public lands, resources, and visitors and to hire an intelligence officer and improve intelligence data gathering and analysis (+\$550). Additional funding for support costs is added to the Indirect Cost Negotiation unit (+\$84). Uncontrollable costs total \$468 of which \$161 are budgeted and \$307 are absorbed.</p>	
Hearings and Appeals	+50
<p>Uncontrollable costs total \$145 of which \$50 are budgeted and \$95 are absorbed.</p>	
Central Services	+1,093
<p>Increased funding in Central Services provides for Departmental Management's costs associated with the Enterprise Services Network (+\$801), the CFO mandated audit of financial statements (+\$388), and the government-wide e-gov initiatives (+\$56). An additional increase provides for the Department's share of an initiative to increase security at U.S. embassies (+\$38). Uncontrollable costs decrease \$190.</p>	
USBM Workers Compensation Costs	-45
<p>Uncontrollable costs decrease \$45.</p>	
Kendall County Grant	-4,938
<p>The budget shows a reduction of \$4,938 compared to 2004 for the one-time land acquisition grant funded in 2004.</p>	
Financial and Business Management System	+18,555
<p>There is a net increase of \$7.0 million for the Financial and Business Management System. This appears as a \$18,555 increase in Departmental Management as the 2004 appropriation included \$11,556 for FBMS in the Working Capital Fund.</p>	

APPROPRIATION: Payments in Lieu of Taxes

	<u>2003 Actual</u>	<u>2004 Enacted</u>	<u>2005 Request</u>	<u>Change from 2004 Enacted</u>
TOTAL APPROPRIATION	218,570	224,697	226,000	+1,303

Highlights of Budget Changes

	<u>Amount</u>
Payment in Lieu of Taxes	+1,303
<p>The budget includes \$226,000 for PILT, a \$1,303 increase over the 2004 enacted budget. The increase supports the Department's ongoing commitment to the PILT program.</p>	

APPROPRIATION: Working Capital Fund

	<u>2003 Actual</u>	<u>2004 Enacted</u>	<u>2005 Request</u>	<u>Change from 2004 Enacted</u>
TOTAL APPROPRIATION	0	-8,444	0	+8,444

Highlights of Budget Changes

	<u>Amount</u>
Financial and Business Management System	+8,444
In 2004, Congress provided \$11,556 for the Department to begin a multi-year project to migrate to FBMS, a single, integrated business and finance system. The 2005 budget requests funding for the project in the Departmental Management appropriation. The 2004 Interior Appropriations Act included a cancellation of Working Capital Fund balances of \$20,000.	

APPROPRIATION: Assistance to Territories

	<u>2003 Actual</u>	<u>2004 Enacted</u>	<u>2005 Request</u>	<u>Change from 2004 Enacted</u>
American Samoa				
Operations Grants	22,950	22,816	23,100	+284
Northern Marianas				
Covenant Grants (Mandatory)	27,720	27,720	27,720	0
Territorial Assistance				
Office of Insular Affairs	5,261	6,243	6,563	+320
Technical Assistance	13,374	12,406	7,561	-4,845
Maintenance Assistance Fund	2,285	2,272	2,300	+28
Disaster Assistance	0	0	0	0
Brown Tree Snake	2,335	2,321	2,700	+379
Insular Management Controls	1,481	1,472	1,491	+19
Coral Reef Initiative	497	494	500	+6
Insular Measures and Assessments	0	0	1,000	+1,000
American Samoa Loan Subsidy	0	0	0	0
Subtotal, Territorial Assistance	25,233	25,208	22,115	-3,093
TOTAL APPROPRIATION	75,903	75,744	72,935	-2,809

Highlights of Budget Changes

	<u>Amount</u>
Uncontrollable Costs	[+189]
American Samoa Operations Grants	+284
The budget request restores discretionary grant funding to full funding levels for American Samoa (+\$284).	
Office of Insular Affairs	+320
The budget restores \$131 for discretionary expenses, including the new Hawaii office. Uncontrollable changes total \$189.	
Technical Assistance	-4,845
The budget request reduces one-time funding for rehabilitation of the water supply system for the CNMI and economic development assistance (-\$4,845).	
Maintenance Assistance Fund	+28
The budget request restores full funding for technical assistance for public infrastructure (+\$28).	
Brown Tree Snake	+379
The budget request includes an increase to expand brown tree snake research, control, and rapid response team coverage (+\$379).	

Insular Management Controls	<u>Amount</u> +19
The budget request restores discretionary grants related to the long-term goal of improving insular government systems and services (+\$19).	
Coral Reef Initiative	+6
The budget request restores coral reef grants to insular areas to the full funding level (+\$6).	
Insular Measures and Assessments	+1,000
The budget request includes \$1,000 to develop consistent and useful performance indicators for all of the insular governments.	

APPROPRIATION: Compact of Free Association

	<u>2003 Actual</u>	<u>2004 Enacted</u>	<u>2005 Request</u>	<u>Change from 2004 Enacted</u>
Compact of Free Association.....	7,306	2,700	3,941	+1,241
Mandatory Payments	12,000	2,000	2,000	0
Enewetak Support.....	1,620	1,679	0	-1,679
TOTAL APPROPRIATION	20,926	6,379	5,941	-438

Highlights of Budget Changes

Compact of Free Association	<u>Amount</u> +1,241
Funding increases by \$1,679 to support higher costs for the U.S. Postal Service and single audits for the Freely Associated States. The budget request is reduced by \$438, which includes one-time Enewetak support.	
Enewetak Support	-1,679
The budget request eliminates the Enewetak Support line item as this funding is now included in the Compact of Free Association.	

APPROPRIATION: Office of the Solicitor

	<u>2003 Actual</u>	<u>2004 Enacted</u>	<u>2005 Request</u>	<u>Change from 2004 Enacted</u>
Legal Services	38,182	39,419	41,865	+2,446
General Administration	9,280	9,302	10,280	+978
Ethics	1,038	1,032	1,308	+276
TOTAL APPROPRIATION	48,500	49,753	53,453	+3,700

Highlights of Budget Changes

Uncontrollable Costs	<u>Amount</u> [+2,051]
Uncontrollable costs total \$2,051 of which \$1,906 are budgeted and \$145 are absorbed.	
Legal Services	+2,446
An increase in legal services would allow the Office to hire seven new paralegal and support positions (+\$624) to improve efficiency and effectiveness. An increase of \$550 would be used to provide training, travel, and other support for legal staff including paying a portion of professional liability insurance. The budget proposes a reduction of \$467 for one-time IT investments, an increase of \$31 for audit of financial statements, and \$15 for e-government initiatives.	
General Administration	+978
Funding will be used to replace outdated computers with technology that will comply with Federal security requirements (+\$800).	
Ethics	+276
The Office of the Solicitor will strengthen its capabilities to support bureau ethics programs through training, audit, and evaluation (+\$241).	

APPROPRIATION: Office of Inspector General

	<u>2003 Actual</u>	<u>2004 Enacted</u>	<u>2005 Request</u>	<u>Change from 2004 Enacted</u>
Audit	15,102	14,524	17,049	+2,525
Contracted CFO Audits.....	3,787	3,765	0	-3,765
Investigations.....	8,644	12,964	14,270	+1,306
Admin. Services & Info. Management.....	7,906	7,019	8,081	+1,062
TOTAL APPROPRIATION	35,439	38,272	39,400	+1,128

Highlights of Budget Changes

	<u>Amount</u>
Uncontrollable Costs	[+1,015]
Audit	+2,525
<p>The budget includes seven additional staff (+\$1,050) with “non-traditional auditor” backgrounds and experience, such as organization development, information technology, statistical analysis, environmental science, economics, and natural resource management. It also provides for one position for the new on TARGET initiative (+\$150). The OIG audit budget also includes the following: professional development and training (+\$250), redistribution of audit staff resources (+\$367), the CFO audit (+\$31), and oversight of contracted out financial statement audits to OIG audits (+\$203). Uncontrollable costs are budgeted at \$474.</p>	
Contracted CFO Audits	-3,765
<p>The budget proposes to eliminate this activity. Funding that had been used to finance the contracted audit is requested in bureau budgets in 2005 (-\$3,562). Contract oversight costs are requested in the Audit activity (-\$203)</p>	
Investigations	+1,306
<p>The increase includes two new positions: one Contract Specialist to support investigations and assessments involving high risk/high impact DOI issues (+\$150), and one position for the new On TARGET initiative (+\$150). In addition, the budget includes funding for equipment replacement for law enforcement operations, officer safety, and vehicles (+\$500) and staff training (+\$175). Uncontrollable costs are budgeted at \$331.</p>	
Administrative Services and Information Management	+1,062
<p>The budget includes two new positions specializing in Security, Wide Area Network, and Telecommunications and Systems and Applications Support (+\$300). The budget also includes funding for IT standardization (+\$600), staff training (+\$132), and the Department’s e-gov initiative +(\$10). The budget also includes a decrease associated with OIG Accreditation and Certification of IT Systems (-\$190). Uncontrollable costs are budgeted at \$210.</p>	

APPROPRIATION: Office of the Special Trustee for American Indians

	<u>2003 Actual</u>	<u>2004 Enacted</u>	<u>2005 Request</u>	<u>Change from 2004 Enacted</u>
Federal Trust Programs				
Executive Direction.....	2,333	2,247	2,247	0
Program Ops, Support, & Improve	138,026	185,057	245,419	+60,362
TOTAL APPROPRIATION	140,359	187,304	247,666	+60,362

Highlights of Budget Changes

	<u>Amount</u>
Uncontrollable Costs	[+1,111]
Program Operations and Support	+60,362
<p>Net increases in funding for trust operations and reform activities include a significant increase to conduct historical accounting of both individual and tribal accounts (+\$64,955). Funds will provide for continued historical accounting in accordance with the five-year plan filed with the court. These funds will provide for the reconciliation of 200,000 transactions in land-based IIM</p>	

accounts, and resolution of the proper ownership of approximately \$8 million residual funds in special deposits accounts.

Additional support staff to the new trust officers in regional and agency field locations will provide oversight of fiduciary trust responsibilities as part of the overall fiduciary trust reorganization (+\$1,749). Expansion of third-party audit coverage of fiduciary trust asset management activities that impact the adequacy of income (appraisals, leasing, collection, and lease compliance) will be initiated (+\$1,600). Additional reviews of self-governance trust asset management activities will be performed (+\$250). Increased funding for records management activities provides for ongoing litigation support needed to address the growing costs associated with court mandated and related costs; production of voluminous amounts of documents; contractors to index, image, and sort documents; and attorneys to assist the Department in ongoing trust related litigation, as it is believed that *Cobell v. Norton* and 25 tribal lawsuits will continue in 2005 (+\$1,300), and (+\$250) will establish a trust records manager-training program with Haskell Indian Nations University. Minor program changes provided for changes from central billing to direct billing in WCF programs (+184), costs associated with the Departmental financial statement audit (+\$53), the Department's Enterprise Services Network (+398), and the Administration's e-gov programs (+\$30).

Technical adjustments and transfers between the OST and BIA accounts occurred as a result of the reorganization. Transfers to BIA from OST include funding for the TAAMS title system (-\$5,531), and the reality systems (-\$9,057) modules. Program responsibilities for these systems currently reside in BIA. Transfers to OST from BIA include funding for the appraisal program (+\$10,922); space costs associated with the appraisal program (+\$346); and the function of the Office of American Indian Trust (+\$395).

These increases are partially offset by decreases as a result of the Interior-wide effort to address information technology security (-\$483), and trust system architecture (-\$1,250). Due to the completion of tasks under the trust policy and procedures program, the request reflects further reductions (-\$2,500), and (-\$4,000) in one-time costs associated with establishing the trust administrators and trust officers in 2004.

Total uncontrollable costs are \$1,111 of which \$751 are budgeted and \$360 are absorbed.

APPROPRIATION: Indian Land Consolidation Program

	<u>2003 Actual</u>	<u>2004 Enacted</u>	<u>2005 Request</u>	<u>Change from 2004 Enacted</u>
TOTAL APPROPRIATION	7,928	21,709	75,000	+53,291

Highlights of Budget Changes

	<u>Amount</u>
Indian Land Consolidation Program	+53,291
Expansion of a nationwide program through contractual arrangements with Tribes or private entities will assist in purchasing an estimated 60,000 additional interests in fractionated individual lands. (+\$53,291).	

APPROPRIATION: Natural Resource Damage Assessment and Restoration

	<u>2003 Actual</u>	<u>2004 Enacted</u>	<u>2005 Request</u>	<u>Change from 2004 Enacted</u>
Damage Assessments	3,901	3,885	3,899	+14
Program Management.....	1,353	1,432	1,548	+116
Restoration Support.....	248	247	371	+124
TOTAL APPROPRIATION	5,502	5,564	5,818	+254

Highlights of Budget Changes

	<u>Amount</u>
Uncontrollable Costs	[+77]
Damage Assessments	+14
Uncontrollable costs total \$14 which are budgeted.	
Program Management	+116
The budget includes an increase of \$53 for the CFO audit. Uncontrollable costs are fully funded at \$63.	
Restoration Support	+124
The increase of \$124, added to \$247 in the base, will accelerate the restoration of hundreds of acres of injured trust resources, leveraging over \$250 million that has already been recovered from parties responsible for past releases of oil or hazardous substances.	