

**STATEMENT OF P. LYNN SCARLETT, ASSISTANT SECRETARY –
POLICY, MANAGEMENT AND BUDGET, DEPARTMENT OF THE INTERIOR
BEFORE THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES
ON THE 2003 PRESIDENT'S BUDGET REQUEST**

FEBRUARY 12, 2002

I am pleased to be here today before the Committee on Energy and Natural Resources to present the fiscal year 2003 budget for the Department of the Interior. I appreciate the opportunity to highlight a number of important initiatives and to answer questions that you might have.

Before I move onto the details of the budget request, I'd like to offer some observations as to the breadth of the Department's responsibilities and the impact of our programs on the lives of Americans.

- We manage more than one of every five acres of land in this Nation. These lands include some of the most beautiful and pristine places on earth. We are entrusted with some of the most patriotic symbols of our Nationhood, including the Statue of Liberty in New York and Independence Hall, the home of the Liberty Bell in Philadelphia, Pennsylvania.
- We provide approximately one-third of the Nation's domestic energy. We supply the water that has made the arid West bloom, providing water to over 31 million people.
- We serve visitors from around the world who take delight and find recreation through nearly half-a-billion visits to our lands each year.
- Over 200,000 volunteers assist us, a volunteer workforce that outnumbered our own employees by nearly three to one.
- In the most recently completed fiscal year, we collected \$11 billion in revenue from the lands and waters we manage. This is \$1 billion more than we had appropriated to us. We also shared \$1 billion of that with the States, our partners in the onshore petroleum-leasing program.

With Secretary Norton's leadership we are putting these responsibilities in balance and we commit to:

- build a new environmentalism through cooperative conservation partnerships;
- improve our management of public lands and waters;
- advance the President's National energy policy;
- improve the lives of Native Americans; and
- manage for excellence through citizen-centered governance.

Secretary Norton has established an approach to citizen-centered government at the Department that is organized around her Four C's: conservation through consultation, cooperation, and communication. Empowerment of citizens to bring about this approach is the touchstone of all that we do on the land, and this approach is reflected in the budget that we present to you today.

As we began the process last June to build this budget, we were guided by President Bush's vision of a shared approach to conservation, and his commitments to restore our national parks, improve both the classrooms and the classroom performance of Indian students; and meet our environmental responsibilities in a manner that best reflects the innovative nature of our nation.

Our budget priorities were reshaped by the events of September 11th. Interior's employees have responded to the call to increase our vigilance and our preparedness for the changed world we face.

The Secretary is committed to managing well the resources entrusted to us in this budget. We are working diligently to improve the quality, effectiveness, and efficiency of the services we deliver and to enhance the accountability and transparency of the work we do with the resources of the American people. We have developed a plan for citizen-centered governance that builds on the President's management agenda, and our plan has been well received by both the Office of Management and Budget and the President's Management Council. It will ensure that we bring innovation, competitiveness, and accountability to all that we do.

Budget Overview

The Department of the Interior's 2003 budget request is \$10.6 billion in current appropriations, including \$270.5 million for a government-wide legislative proposal to shift to agencies the full cost of the CSRS pension system and the Federal employee health benefits program for current employees. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional \$2.6 billion, for a total 2003 Department budget of \$13.2 billion.

Excluding the pension and health benefits legislative proposal, the 2003 current appropriations request is \$10.3 billion, a net decrease of \$12.7 million from the amounts provided in the 2002 Interior and Related Agencies and Energy and Water Development Appropriations Acts.

For 2003, programs funded in the Interior and Related Agencies Appropriations Act are increased by \$20.5 million over the 2002 Act. The 2003 request is \$320.6 million above the 2002 President's budget request. Programs funded in the Energy and Water Development Appropriations Act in 2003 are decreased by \$33.1 million below the 2002 Act. The 2003 request is \$61.4 million above the 2002 President's budget request.

The 2003 budget proposal maintains a robust funding level compared to historic levels for the Department. The proposal is over 21 percent higher than the 2000 appropriation level of \$8.6 billion.

The budget request proposes funding increases for priority programs and initiatives, while discontinuing or reducing funding for lower priority projects funded in 2002. In addition, the 2003 budget reflects the Department's commitment to operate programs more effectively and efficiently, by proposing to absorb \$57.4 million in uncontrollable fixed cost increases and a \$20.6 million reduction in travel and transportation costs.

Cooperative Conservation Initiative

If there is one item in this budget that deserves special attention, it is our Cooperative Conservation Initiative. It fully reflects the President's framework for a "new environmentalism." The Cooperative Conservation Initiative will fund on-the-ground stewardship projects across the Nation and stimulate innovative approaches to conservation. It will allow us to leverage Federal funding and to work in partnership with States, local governments, Tribes, and private citizens to give all stakeholders a greater role in how to protect the Nation's great natural resources. It is a collaborative approach to tap the ingenuity, imagination, and innovative spirit of our people. It is an approach that is landscape-based, citizen-centered, and incentive-driven. In short, it is a new way of meeting our environmental responsibilities in partnership with our fellow Americans. The Department proposes \$100.0 million to promote partnerships in conservation.

The program will fund restoration, protection, and enhancement of natural areas through established programs and new pilot programs that feature creative approaches to conservation. These projects will be in keeping with the President's commitment to a shared responsibility for conservation. One-half of the initiative, \$50.0 million, will be managed through the Land and Water Conservation Fund State Assistance program and will benefit State lands as well as adjacent lands. The balance of the initiative will be used for cost shared projects funded in the operating accounts of the Bureau of Land Management, Fish and Wildlife Service, and the National Park Service and will benefit Federal and adjacent lands. Benefits to State and Federal lands will complement the private lands conservation activities conducted with private stewardship funding.

Landowner Partnerships

The budget for the Fish and Wildlife Service also promotes working with partners on conservation issues by proposing to continue two Presidential initiatives, the Landowner Incentive and Private Stewardship programs. The budget request includes \$50.0 million, an increase of \$10.0 million over the 2002 level for grants to States for landowner incentives that protect and restore habitats on private lands that benefit species at risk. A model for this program is the Shortgrass/Black-tailed Prairie Dog Habitat incentive program, a new program piloted in Colorado in 2002. This program will provide financial assistance to landowners in four soil conservation districts to protect black-tailed prairie dogs, their habitat, and associated shortgrass prairie.

The budget includes \$10.0 million for the Private Stewardship grants program to directly assist landowners and groups engaged in voluntary conservation efforts for the benefit of federally listed, proposed, or candidate species. Technical and financial assistance to landowners will help them avoid harming imperiled species while improving habitat for native species.

Other Conservation Tools

The 2003 budget proposes \$194.6 million for three other conservation programs managed by the Fish and Wildlife Service, including: \$91.0 million for the Cooperative Endangered Species Conservation Fund; \$43.6 million for the North American Wetlands Conservation Fund; and \$60.0 million for State and Tribal Wildlife grants. These programs that we propose to fund through the Land and Water Conservation Fund in 2003 magnify the benefits of Federal funding with matching efforts for conservation.

In 2003, State Assistance and Federal land acquisition programs funded through the Land and Water Conservation Fund build upon the President's vision of cooperative conservation. The budget includes \$200.0 million for the State Assistance program, an increase of \$56.0 million over the 2002 level. A portion of this, \$50.0 million, will be used for the Cooperative Conservation Initiative to fund competitively awarded grants. The balance of \$150.0 million will fund grants to States for approved conservation and outdoor recreation plans, allocated based on a national formula established by law.

An additional \$204.1 million is requested for Federal land acquisition programs, including \$44.7 million for the Bureau of Land Management, \$70.4 million for the Fish and Wildlife Service, \$86.1 million for the National Park Service, and \$3.0 million for acquisition of lands in support of the Shivwits Indian Water Settlement Act of 1999. The request emphasizes the use of innovative alternatives to fee title purchase, such as conservation easements and land exchanges to make the most efficient use of this funding, promote cooperative alliances, and leave lands on State tax roles. In the Upper Snake/South Fork Snake River project in Idaho, the Bureau of Land Management is working with eight cooperators including Ducks Unlimited, The Nature Conservancy, and the Shoshone-Bannock Tribe to protect river corridors and habitat that supports bald eagles and cutthroat trout through conservation easements.

Together with the Forest Service's budget request, the 2003 budget will provide \$909.2 million for the Land and Water Conservation Fund programs, or \$911.1 million including the adjustment for pension and employee health benefits that is proposed.

Managing the Park Maintenance Backlog

President Bush pledged to address the backlog of maintenance and repair in the national park system. Secretary Norton shares the President's commitment to maintaining park facilities to safeguard the visiting public and park employees, to preserve park resources for future generations, and to improve visitors' experiences. The 2003 budget includes

\$663.0 million for facility maintenance and construction, including required planning and compliance work. Within this total there is an increase of \$25.0 million for cyclic maintenance to ensure that routine maintenance work is completed in a timely manner. The budget proposes an increase in facility repair and rehabilitation of \$17.6 million, which will focus on moving the National Park Service toward performance-based management of its facilities.

Within the increase for repair and rehabilitation, \$8.4 million will address the deferred maintenance and critical resource protection backlog. This increase will have resource protection benefits. In 2002, approximately one-fifth of the repair and rehabilitation program was devoted to resource protection. A comparable amount will be dedicated to this effort in 2003.

In addition to the request for annual appropriations, a significant amount of recreational demonstration fee receipts will be devoted to deferred maintenance projects. This program is now authorized through 2004. The 2003 budget proposes that the program be permanently authorized. This program allows Federal land managers to retain receipts to meet management goals and is an important tool in improving the quality of programs such as facility maintenance and visitor services. The Department expects to receive \$146.1 million through the program in 2003. The Administration expects to propose authorizing language shortly and asks that the Committee take action on the proposal this year.

Natural Resource Challenge

There are 385 National Park units that protect and preserve unique and important natural resources. The Natural Resource Challenge - a Presidential and Secretarial priority program, fosters the protection of these natural resources. An increase of \$18.0 million is requested for the fourth year of the NPS Natural Resource Challenge. This program will continue to strengthen natural resource management throughout the park system by protecting native species and habitats; monitoring the health of natural resources within the parks; eradicating exotic species; and sharing information about natural resources with the public.

Collaborative efforts with the U.S. Geological Survey and universities assist the parks in the assessment of natural resources and help to identify and alleviate potential threats to resources. Much of this increase, \$9.0 million will be accomplished through a partnership with the U.S. Geological Survey.

Everglades

A recently signed agreement between President Bush and Governor Bush of Florida ensures that water will be available for the natural system in the Everglades, restoring the natural ecological systems. The 2003 budget proposes a total of \$96.0 million, including \$8.9 million that will support Department-wide efforts to implement the Comprehensive Everglades Restoration Plan. The Department will continue to work cooperatively with

the Army Corps of Engineers to complete the modified water delivery project at Everglades National Park. The budget includes \$13.3 million for the project, a reduction of \$21.9 million from the 2002 levels, as a result of progress made toward completion of the project.

An additional \$20.0 million, an increase of \$5.0 million over the 2002 level, is requested to fund matching grants to the State of Florida that will be used to purchase important properties within the Everglades system. Reflecting the Secretary's efforts to better integrate science into land management, the budget proposes to consolidate funding for Everglades science in the U.S. Geological Survey. The 2003 Survey budget includes an increase of \$4.0 million for the Critical Ecosystem Studies Initiative (CESI), funds that were previously appropriated to the National Park Service, for planning, monitoring, assessing, and providing ongoing science support essential to the adaptive management of the Everglades restoration project.

Preparing for the National Wildlife Refuge Centennial

In 1903 President Teddy Roosevelt established the first National Wildlife Refuge at Pelican Island, Florida. Today Pelican Island National Wildlife Refuge is part of a 538-unit system that spans 95 million acres. This is a unique and diverse network of lands and water that provide habitat for migratory birds and other wildlife, sanctuary for endangered species, and nursery areas for fish. Refuges also provide opportunities for wildlife viewing, hunting, fishing, and environmental education for 39 million visitors a year.

Our budget commemorates the 100th anniversary of the refuge system by requesting a \$56.5 million increase for the national wildlife refuge system. This 18 percent increase in spending represents the largest dollar increase ever requested in the history of the National Wildlife Refuge system. Overall refuge operations funding will increase by \$25.8 million. A \$30.7 million increase for maintenance will address critical health, safety, and resource protection needs, as well as fund high priority activities that enhance visitor experiences. This historically high level of funding for operation and maintenance of the national wildlife refuge system includes \$5.0 million for the Cooperative Conservation Initiative.

Endangered Species Conservation

The 2003 budget continues a partnership approach to endangered species conservation, including funding for grant programs that assist State and local communities in their conservation efforts to benefit federally listed, proposed, candidate, and other imperiled species. The budget includes \$91.0 million for the Cooperative Endangered Species Conservation Fund to assist States in acquiring lands essential for the recovery of species and to support development and implementation of habitat conservation plans. The budget proposed for Fish and Wildlife Service endangered species operations includes increases of \$5.9 million for conservation of candidate and listed species and to assist in

meeting demands for inter-agency consultation, technical assistance, and assistance with habitat conservation planning.

Harnessing Our Natural Resources

The Department's programs are key to addressing important energy supply issues and fostering a dynamic economy, while preserving and enhancing environmental quality. Energy projects on federally managed lands and offshore areas supply approximately one-third of the Nation's energy production. In support of the President's National Energy Policy, the budget includes increases of \$28.6 million for energy related activities in four bureaus. Increases in the Bureau of Land Management and Minerals Management Service will allow these agencies to eliminate delays and be more responsive to increasing demands for energy while increasing environmental oversight. In addition, funds will support investments in management systems that will allow these bureaus and stakeholders to more efficiently conduct business and improve compliance oversight.

The budget proposes an increase of \$10.2 million for Bureau of Land Management energy-related activities, including \$1.6 million to expand rights-of-way processing, \$1.0 million to conduct a study of oil and gas resources on public lands, \$1.5 million to provide oversight of oil and gas operations, and \$1.0 million to expedite permitting and increase responsiveness to stakeholders needs for post-lease actions. The increase for rights-of-way will allow the Bureau to process 6,900 cases in 2003, an increase of 900 or 15 percent over the 2002 level.

The President and the Secretary are committed to increasing domestic energy supplies, including oil and gas on Federal lands from a variety of sources in an environmentally acceptable manner. including oil and gas on Federal lands. The energy resources of the northeast corner and the rest of Alaska's North Slope are national assets that can contribute to the Nation's energy security. The 2003 budget includes an increase of \$3.0 million for activities on the North Slope. The increase will support planning for 2004 sales in the National Petroleum Reserve-Alaska and the Arctic National Wildlife Refuge. Congressional authorization will be required for a lease sale to be conducted in the Arctic Refuge. The budget assumes a lease sale in 2004 that will generate \$2.4 billion in anticipated bonus bids. Of this amount, the Federal government's \$1.2 billion share will be dedicated to research and development projects on solar power, wind energy, biomass power and fuels, geothermal energy, and other alternative energy technologies.

In November 2001, Secretary Norton and Secretary of Energy Spencer Abraham convened a renewable energy conference. This conference served as a catalyst for the Department's renewable energy programs. The 2003 budget more than doubles funding for renewable energy programs in the Bureau of Land Management. To expand opportunities for geothermal, hydropower, and wind energy production, the Bureau is requesting an increase of \$750,000.

Increases totaling \$2.7 million are requested by the U.S. Geological Survey, including \$500,000 to produce updated information on available geothermal resources. The Bureau

of Indian Affairs is requesting an increase of \$1.7 million in its budget for energy programs to work in partnership with Indian organizations and Tribes.

Land Use Planning

The 2003 budget proposes an increase of \$14.0 million for Bureau of Land Management land use planning. The land use planning process is the Bureau's primary tool for consensus building by involving the public in development of land management plans. This increase will allow the Bureau to accelerate development of 37 plans and initiate development of 12 plans. Land use plans guide land use and resource management decisions, and allow for public involvement in developing program goals for recreation, habitat conservation, energy and mineral extraction, livestock grazing, timber harvest, fire management, and community rights-of-way access.

The budget for the Minerals Management Service proposes a program increase of \$5.0 million in order to meet increased workload brought about by the demand for Gulf of Mexico outer continental shelf program services. These additional funds will ensure that leasing and regulatory programs in the Gulf of Mexico keep pace with public demand for energy, industry requests for processing permits, and the need to review plans and conduct inspections. The 2003 budget includes an increase of \$8.7 million to design and implement innovative business processes and advances in electronic technology and provide web-based, paperless transactions in the offshore program. The Bureau will also invest \$6.0 million to develop management systems that support taking Federal royalties on oil production in-kind, rather than in-value.

The U.S. Geological Survey's budget includes an increase of \$1.2 million to conduct estimates of undiscovered oil and natural gas resources on Federal lands in the continental United States, as required by the Energy Act of 2000. An additional \$1.0 million is requested to produce digital base maps in Alaska focused on potential lease areas of the National Petroleum Reserve -Alaska, and \$500,000 is requested to update the national geothermal resource assessment last published in 1979.

Wildland Fire Management

A joint Interior, U.S. Forest Service National Fire Plan guides collaborative efforts to improve the effectiveness of the wildland fire program to better protect communities and the environment from wildfire devastation. The plan is guiding joint efforts to control fires when they are small, manage large-scale fires, reduce hazardous fuel loads, rehabilitate burned areas, and assist rural fire departments to protect their communities.

In 2001, the Department made significant progress in implementing the plan's recommendations and established an unprecedented level of cooperation with the Forest Service. The Department conducted an aggressive hiring program to staff essential firefighting positions; purchased necessary equipment; contracted aircraft; and repaired fire facilities. Additional funding was allocated to the agencies and awarded to rural and volunteer fire departments. Hazardous fuels treatment projects were selected and

conducted, including projects treating approximately 164,000 acres in the wildland-urban interface.

In 2002, the Department and the Forest Service are working closely on a number of collaborative efforts including: the development of joint workload and performance measures to determine progress in meeting wildland fire management goals; an independent review of wildfire suppression costs and strategies; development of an implementation plan for the 10-Year Comprehensive Strategy; and other activities.

The budget continues robust funding for the Department's Wildland Fire Management program, requesting \$675.5 million for fire readiness and response, wildland firefighting, assistance to rural communities, and a comprehensive program to reduce fuels in the wildland urban interface. This budget carries forward the initiatives begun in 2001 and continued in 2002 to reduce the buildup of hazardous fuels, especially in the wildland-urban interface, and fully funds suppression based on the ten-year average.

Bureau of Reclamation

The Bureau of Reclamation is the largest supplier and manager of water in the 17 western States, delivering water to one of every five western framers and irrigating 10 million acres that produce 60 percent of the vegetables grown in the United States. The Bureau is also the largest producer of hydroelectric power in the West, providing electricity to 14 million people. The 2003 budget includes \$81.0 million for the Safety of Dams program, an increase of \$11.0 million to continue modification work on dams and ensure the safety of the public downstream while providing continued water and power benefits. The 2003 budget includes \$33.0 million for the second year of the Animas-LaPlata project, an increase of \$17.0 million over the 2002 level. The budget also includes a request of \$15.0 million for the California Bay-Delta restoration project.

Homeland Security

In the wake of the events of September 11, we responded with assistance to the rescue and recovery efforts. We also put in place security measures to protect our most important national assets, our visitors, and our employees. We increased park police patrols in Washington, D.C., and New York and upgraded park policy security equipment; increased guard service and protection for important national icons such as the Liberty Bell and St. Louis Arch; and instituted around-the-clock security at key Reclamation facilities such as Hoover, Glen Canyon, Shasta, and Grand Coulee Dams. The 2003 budget request includes \$88.8 million to continue enhanced security measures at approximately the same level funded in 2002. Our 2003 request includes detail on these security measures, including \$23.7 million for the Park Service to begin construction of enhanced security systems at the Washington Monument and the Lincoln and Jefferson Memorials.

Office of Insular Affairs

The Office of Insular Affairs assists Territories and Freely Associated States by providing financial and technical assistance. The 2003 budget proposal for Insular Affairs continues to provide mandatory funding to Guam and the CNMI for impact of Compact assistance. A total of \$4.6 million in mandatory Covenant grant funding will be allocated to Guam and \$840,000 will be provided to CNMI for this purpose in 2003. An increase of \$750,000 is requested to provide enhanced oversight of Compact of Free Association financial assistance. Renewed financial assistance for two of the three Freely Associated States is currently being negotiated; improved oversight and accountability are key goals.

Trust Programs

Recognizing that another committee has jurisdiction over Indian Affairs, I'd like to highlight two aspects of the budget request that focus on the needs of American Indians and Alaska Natives: trust programs and education. Managing Indian trust funds and trust resources is a solemn obligation of the Federal government, and one of the Department's greatest challenges. Since taking office in January 2001, Secretary Norton has moved on several fronts to help improve Indian trust management. In July 2001, the Secretary established the Office of Historical Trust Accounting to provide focused efforts to produce a historical accounting for individual Indian allottees. In November 2001, the Secretary announced the outline of a proposal to reorganize and consolidate Indian trust management functions into a separate organization. The goal of the proposal is to improve management of trust assets by creating clear lines of authority for trust reform and trust operations. The Department is engaged in consultation with Tribes and individuals on the reorganization proposal. We will continue discussions with Congress concerning the results of the ongoing consultation and the proposed reorganization.

Our budget request contains a major boost in spending for Indian trust reform and trust related programs, a nearly \$84 million increase, the largest increase in the history of trust reform. These additional funds are necessary to address the long overdue changes that the Secretary is committed to making in the Indian trust program.

The \$48.8 million increase requested for the Office of the Special Trustee is a 44 percent increase above the 2002 level. The Special Trustee allocates funds to the Bureau of Indian Affairs for trust reform efforts they carry out, to the Office of Hearings and Appeals for adjudication of probates involving ownership of Indian lands, and to the Office of Historical Trust Accounting. The 2003 request will allow continuation of trust operations improvements already implemented, such as the trust fund accounting system, allow the Bureau and Office of Hearings and Appeals to make progress on reducing probate backlogs, improve risk management activities and oversight of trust and trust-related activities, and undertake other trust reform initiatives.

The Special Trustee's budget includes \$8.0 million for the Indian Land Consolidation program. This program prevents further fractionation of Indian trust allotments by consolidating highly fractionated interests through purchase from willing sellers. The

decreased fractionation aids trust reform by decreasing the number of trust asset management transactions, decreasing the number of interests subject to probate, and returning land to the control of the Tribes.

The budget for the Bureau of Indian Affairs includes \$34.8 million in increases to improve its performance of trust services programs. This includes \$20.3 million in trust services and natural resource programs and \$14.5 million for other areas including tribal courts, social services and information resources management.

Indian Education

The Secretary is committed to the President's promise to improve education in America and "leave no child behind." The Bureau of Indian Affairs has a special, historic responsibility for educating Indian children. The Bureau manages 185 elementary and secondary schools in Indian Country that provide educational services to 48,000 students. Many schools are located in isolated, remote, rural communities, posing challenges and requiring greater operational costs than those typically facing public school districts.

The President's education plan promotes flexibility and local control of schools. The Department's 2003 budget request encourages Tribes to assume management of their schools or enter into private partnerships to manage the schools. This privatization effort is the centerpiece of the Administration's initiative to improve the performance of the lowest-performing schools. The request includes \$8.0 million to address costs inherent in the outsourcing of schools, such as administrative cost grants and displacement of teachers. An additional \$2.0 million for student transportation and \$1.9 million for facilities will be available to improve operational problems that might be a disincentive for Tribes wishing to assume school management. The 2003 budget also includes a \$5.8 million increase for teacher pay.

In his State of the Union Address, the President underscored the importance of early childhood development programs. The budget includes an increase of \$3.0 million to expand the successful early childhood education program, Family and Child Education program. This increase will allow the Bureau to expand the program to over one-quarter of the 146 schools that serve elementary students. This program promotes greater involvement by parents in the early, critical stages of their children's education, and results in improved adult literacy, and improved parenting skills that help improve children's readiness for school.

The 2003 budget for education construction continues the President's initiative to repair and replace unsafe schools. Funding in 2003 is maintained at the 2002 level, \$292.7 million, which will fund six replacement school projects and address repair and rehabilitation projects in the backlog. The goal is to fulfill the President's promise to eliminate the school repair and maintenance backlog in 2006.

Uncontrollable and Travel Costs

The Department's budget includes \$86.9 million in fixed cost increases; an additional \$57.4 million in fixed costs will be absorbed by focusing resources on the highest priorities as well as increased administrative and program efficiencies. The budget also assumes Department-wide savings of \$20.6 million in travel and transportation costs, in anticipation of reduced expenses in 2003 due to increased teleconferencing, greater use of central meeting locations, and reductions in employee relocations.

Management Excellence

The Secretary's management strategy is an integral component of the 2003 budget, implementing the President's five government-wide initiatives for strategic management of human capital, competitive sourcing, improved financial performance, expanded electronic government, and budget and performance integration. The Department is undertaking efforts that will improve citizen service through achievable results in 2003, including the following examples:

- The Department is developing comprehensive workforce plans to guide staffing, training, and succession management and to better manage a workforce that is facing a loss of experience. Workforce plans will help to assure that positions are staffed with appropriate skills and that programs are in place for employee retention and reward.
- To improve service delivery and effective use of resources, the Department is reviewing the potential to restructure process-oriented aspects of human resources operations, information technology support, and acquisition management and contract management.
- Interior will meet 2002 and 2003 targets to review commercial activities performed by Federal employees, for a determination as to whether activities should be performed in-house or by the private sector, as required by the Federal Activities Inventory Reform Act.
- Interior is developing a new strategic plan for 2003 that will be released in spring 2002. In order to improve the linkage of budget and performance results, the Department is using the Bureau of Land Management's activity based costing system as a benchmark for the development of comparable systems in other bureaus. Through activity based costing, managers can better understand program costs and citizens can get answers to questions such as, "How much does it cost to run a visitor's center."

- The Bureau of Land Management will improve citizen service by expanding "Service First," working with the U.S. Forest Service to provide efficient, streamlined interagency cooperation in public lands management. The Department is also exploring opportunities for expanding this program to include other Interior agencies.
- The National Park Service will continue management reforms to assess resource and facility conditions, measure performance in improving conditions, and target funds at top priority needs.

Conclusion

In conclusion, the 2003 budget provides strong support for Interior's programs and for the approximately 70,000 employees that carry out our mission. Further, it provides expanded opportunities to partner with others and supports the President's vision of a shared approach to conservation and the Secretary's Four C's.

I recently visited the John Heinz National Wildlife Refuge in Pennsylvania with the Secretary. There we observed first-hand the power of partnerships. Dating back to the 1950's, the citizens of Philadelphia have been the driving force behind establishment and expansion of the refuge, creation of an environmental education center, and restoration of wildlife and habitats. This community turned out to welcome us and celebrate their excitement at the results we have achieved with our partnership efforts. In the midst of some of Philadelphia's most developed areas, we witnessed the ability of local citizens to bring about real change. Our Cooperative Conservation Initiative will use government resources to remove barriers to citizen participation and give citizens a greater role in conservation. In addition, the Department will reap the benefits of the collaborative process and the innovation and creativity of the States, Tribes, local communities, and citizens that partner with us.

This concludes my overview of the 2003 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.