

UNITED STATES DEPARTMENT OF THE INTERIOR

CITIZENS REPORT

SUMMARY OF PERFORMANCE & FINANCES FOR FY 2013



MISSION

The Department of the Interior protects and manages the Nation's natural resources and cultural heritage; provides scientific and other information about those resources; and honors its trust responsibilities and special commitments to American Indians, Alaska Natives, and affiliated island communities.



TABLE OF CONTENTS

About Interior 1
 Performance..... 2
 Finances..... 5
 Heat Map..... 6
 What's Ahead 7

About Interior

The Department of the Interior (DOI) plays a substantial role in the U.S. economy, supporting nearly 2.3 million jobs, providing approximately \$211 billion value added and \$371 billion in economic activity. The DOI's work is performed by multiple bureaus and Departmental offices that take place at 2,400 locations throughout the Nation.

Economic Contributions

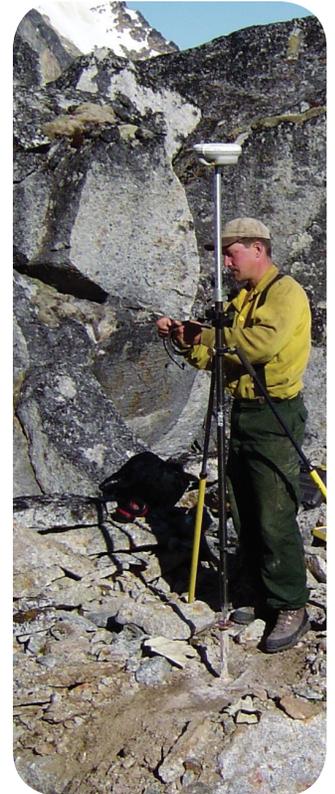
Americans and foreign visitors made nearly 417 million visits to DOI-managed lands. These visits supported approximately 372,000 jobs, value added provided by visitors to DOI sites was estimated to be \$25 billion, and economic output was estimated to be \$45 billion.

Oil, gas, and coal produced from DOI-managed lands provided value added of approximately \$131 billion; estimated economic output contribution of \$230 billion; and an estimated 1.2 million jobs.

Hydropower, wind, and solar power projects on DOI lands were estimated to contribute \$4.4 billion in output and supported about 18,000 jobs.

The DOI stores and delivers water for irrigation, municipal and industrial (M&I), and other uses. The value of water varies widely according to location, type of use, and climatic conditions. The DOI irrigation and M&I water activities are associated with \$27 billion in value added, \$47.4 billion in output, and supported an estimated 339,000 jobs.

The DOI's support for tribal governments represents an important mechanism to facilitate economic development, improve Indian education, and improve the safety of Indian communities. This funding provided \$1 billion of economic value and contributed approximately \$1.2 billion to economic output and supported about 11,000 jobs.



Our Performance

The DOI's 2011-2016 Strategic Plan provides the framework for the programs and activities that are performed by ten bureaus and multiple offices and include over 70,000 employees and 300,000 volunteers. The DOI's stewardship responsibilities are captured in five mission areas that define our long term areas of focus, including six priority goals. The Strategic Plan is available at www.doi.gov/bpp/upload/DOI_FY2011-FY2016_StrategicPlan.pdf.

The measures highlighted below are reflective of the progress that is being made in each of the five programmatic mission areas. A more extensive set of key performance indicators and supporting performance measures, including discussions of trends in progress and plans are included in the DOI's Annual Performance Plan and Report, which will be posted at www.doi.gov/bpp and released with the FY 2015 budget request.

Mission Area & Supporting Measures	2010 Actual	2011 Actual	2012 Actual	2013 Target	2013 Estimated
Mission Area One, Provide Natural and Cultural Resource Protection and Experiences					
Percent of DOI acres that have achieved desired conditions where condition is known and is specified in management plans.	74%	84%	77%	76%	75%
Percent of migratory bird species that are at healthy and sustainable levels.	72%	72%	72%	72%	72%
Percent of historic structures in DOI inventory in good condition.	52%	54%	56%	57%	53%
Percent of visitors satisfied with the quality of their experience.	92%	91%	94%	93%	93%
Percent of acres treated, which are moved toward the desired condition class.	75%	71%	67%	80%	72%
Mission Area Two, Sustainably Manage Energy, Water, and Natural Resources					
Number of megawatts (mw) of approved generating capacity authorized on public land and the outer continental shelf for renewable energy development while ensuring full environmental review.	2,532	8,473	10,311	15,252	16,143
Percent of water infrastructure in good condition as measured by the Facility Reliability Rating.	98%	72%	76%	71%	71%
Percent of allowable sale quantity timber offered for sale consistent with applicable resource management plans.	86%	70%	85%	72%	72%
Mission Area Three, Advance Government-to-Government Relationships with Indian Nations and Honor Commitments to Insular Areas					
Percent of Bureau of Indian Education schools achieving Adequate Yearly Progress or comparable measure.	32%	29%	31%	32%	26%
Violent (Part 1) crime incidents per 100,000 Indian Country inhabitants receiving law enforcement services.	413	454	412	412	442
Percent of community water systems that receive health-based violation notices.	18%	14%	18%	10%	TBD
Mission Area Four, Provide a Scientific Foundation for Decision Making					
Percent of partners or customers satisfied with scientific, technical, and data products.	93%	92%	90%	90%	90%
Percent of targeted ecosystems with information products forecasting ecosystem change.	22%	22%	33%	33%	33%
Percent completion of earthquake and volcano hazard assessments for moderate to high hazard areas.	31%	34%	37%	38%	38%
Percent of the U.S. that is covered by at least one geologic map and is available to the public through the National Geologic Map Database.	49%	50%	51%	52%	51%
Mission Area Five, Building a 21st Century Department of Interior					
Percentage of contracts issues to small businesses.	51%	55%	56%	52%	60%

Our Performance (continued)

While many of the Department's efforts reflect on-going responsibilities in natural and cultural resources management, science, and honoring commitments with native communities, the Department is increasing its emphasis on select activities that will provide improved benefits for the public. These efforts are captured in six priority goals outlined in the table below.

Overview	Progress	Goal for 2012 - 2013
Priority Goal - Renewable Energy Development		
<p>The Bureau of Land Management (BLM) has identified 20.6 million acres of public land with wind energy potential in 11 Western states, 29.5 million acres with solar energy potential in six Southwestern states, and 140 million acres of public land in Western states and Alaska with geothermal resource potential.</p>	<p>Since its start in FY 2010, over 13,700 mw of capacity utilizing renewable energy resources has been enabled compared to the goal of 11,000 mw by the end of FY 2013, thereby exceeding this goal. Assistance from the National Park Service and the Fish and Wildlife Service has been an important addition to the success of this endeavor. The Priority Goal covers FY 2010-2013 and does not include 2,448 mw of capacity approved prior to FY 2010.</p>	<p>By September 30, 2013, DOI will increase approved capacity authorized for renewable (solar, wind, and geothermal) energy resources affecting DOI managed lands, while ensuring full environmental review, by at least 11,000 mw.</p>
Priority Goal - Water Conservation		
<p>The Bureau of Reclamation (BOR) is working closely with non-Federal, state, and local Governments, water districts, other entities, and individuals to identify practices and select projects that will gain water conservation capacity in Western states.</p>	<p>Since its start in FY 2010, BOR's water conservation related programs e.g., WaterSMART (Sustain and Manage America's Resources for Tomorrow), Title XVI, CALFED, and Water Conservation Field Services have approved projects with a combined water conservation capacity of over 730,000 acre-feet, thereby exceeding this goal. The BOR has consistently made progress in finding proposals to provide cost-shared funding for water conservation and efficiency projects that allow users to decrease diversions and make saved water available for other uses and identifying projects that most effectively stretch water supplies and contribute to water supply sustainability and produce energy savings.</p>	<p>By September 30, 2013, DOI will further enable the capability to increase the available water supply for agricultural, municipal, industrial, and environmental uses in the Western United States through BOR water conservation programs to 730,000 acre-feet, cumulatively since 2009.</p>
Priority Goal - Safe Indian Communities		
<p>The rate of violent crime for American Indians is well above the national average and substance abuse is a major contributor, including methamphetamines - considered by tribes as a leading public safety threat.</p>	<p>The strategy employed with this Priority Goal has been effective, achieving an overall 35 percent reduction in violent crime incidents across four tribal communities. These experiences have been documented in a "Crime-Reduction Best Practices Handbook" (http://www.bia.gov/cs/groups/xojs/documents/text/idc-018678.pdf). An additional two communities were added to the goal in FY 2012. Performance at the four initial communities continued with similar levels of reduced violent crime through FY 2012 and FY 2013 to that achieved in 2010 and 2011. For the two newly added communities, which have much higher violent crime rates and are more dependent on law enforcement implemented fully by the tribal government, progress has been hampered by the limited housing resources available for public safety officers and an inability to secure full engagement of the tribal community at one of the locations. As such, while the one community added in 2012 has begun to show a decrease in violent crime, the other community added in 2012 has not. With the success of this law enforcement strategy in five communities, the experience at the sixth community emphasizes the importance of tribal engagement to its success.</p>	<p>By September 30, 2013, tribes achieved significant reduction in violent crime offenses of at least 5 percent within 24 months on 2 additional targeted tribal reservations by implementing a comprehensive strategy involving community policing, tactical deployment, and critical interagency and intergovernmental partnerships.</p>

Our Performance (continued)

Overview	Progress	Goal for 2012 - 2013
Priority Goal - Climate Change Adaptation		
<p>The DOI is addressing the impacts that climate change is having on America's natural resources and identifying strategies to ensure that the Nation's resources remain resilient in the face of changes. Bureaus are utilizing the Climate Science Centers (CSC) and Landscape Conservation Cooperatives (LCC) to assist in management decision making and optimize the use of scientific information and adaptive management to effectively manage lands and resources. The DOI is working with its partners to use LCC's as an organizing framework to improve collaboration at the landscape level and leverage activities conducted by Federal, state, and local entities and partner efforts.</p>	<p>In pursuit of better informed and coordinated climate adaptation response strategies being implemented, all 8 CSC's and 22 LCC's have been "formed" with most already advising participating Federal, state, tribal, and local resource managers. With over 300 vulnerability assessments completed and over 600 underway, at least one adaptation response strategy has been initiated across regions that cover an equivalent of nearly 78 percent of the nation. While there is more work to be done in addressing the effects of climate change, DOI has achieved the goal which provides a start in DOI-wide activities that will continue to study, assess, plan, and adapt to the present and potential effects of climate change as part of its responsibilities for managing the land, water, and wildlife species for the Nation.</p>	<p>By September 30, 2013, for 50 percent of the Nation, DOI will identify resources that are particularly vulnerable to climate change, and implement coordinated adaptation response actions.</p>
Priority Goal - Youth Stewardship of Natural and Cultural Resources		
<p>Through increased exposure to outdoor experiences, young people will gain increased awareness and appreciation of natural and cultural resources; develop an environmental ethic; learn about and possibly become motivated to seek careers in the environmental field; and help develop a generation of environmentally-conscious adults.</p>	<p>Less resources for both DOI and partners' youth programs has made it challenging to replicate the FY 2010 levels achieved for employing individuals between the ages of 15 and 25 in the conservation mission of DOI. Similar to the lower than targeted levels of participation experienced in FY 2012, levels of participation were lower for FY 2013, below those experienced in 2009.</p>	<p>By September 30, 2013, DOI will maintain the increased level of employment of individuals between the ages of 15 to 25 that was achieved in FY 2010 (35 percent increase in total youth employment over FY 2009) to support DOI's mission of natural and cultural resource management.</p>
Priority Goal - Oil and Gas Resource Management		
<p>The inspection of high risk producing oil and gas cases is paramount to help ensure that hydrocarbon production on Federally-managed lands are properly accounted for and results in accurate royalty payments to the public and Indian owners of such minerals.</p>	<p>As a part of efforts to address weaknesses identified in DOI's oil and gas programs as highlighted by identification on GAO's High Risk list, a more risk-based strategy has been developed for determining the high-risk oil and gas cases that should be inspected in a year. This risk-based strategy is providing managers in the field the means by which to better determine where inspections are most needed through scoring using pre-defined criteria including production, record verification, previous violations, time since last inspection, consistency with the Oil and Gas Operating Report, etc. With 2,500 oil and gas cases classified as high-risk for FY 2013, 82 percent of the targeted 95 percent site inspections were achieved due to the delays in the implementation of the automated management support system, and the impacts of sequestration. This Priority Goal is extended into FY 2014, to continue efforts to achieve the 95 percent inspection rate.</p>	<p>By September 30, 2013, BLM will increase the completion of inspections of Federal and Indian high risk oil and gas cases by 9 percent over FY 2011 levels, which is equivalent to covering as much as 95 percent of the potential high risk cases</p>



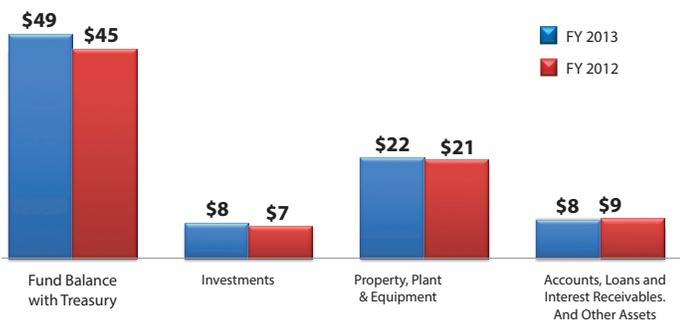
Finances

This Summary of Performance and Financial Information provides a concise snapshot of DOI's most critical financial elements. The DOI's mission is vast in both economic and physical terms, and we embrace the fact that sound financial management is a cornerstone of effective and efficient stewardship over the resources for which we are responsible. Only with effective financial management can DOI ensure it accomplishes its mission and goals, and ensure the American public that we are effectively utilizing the resources we are provided.

Assets

The DOI is steward of more than \$86 billion in assets. The DOI manages more than 500 million acres of land area, and 700 million acres of subsurface minerals. The following graph depicts the major categories of assets that we report:

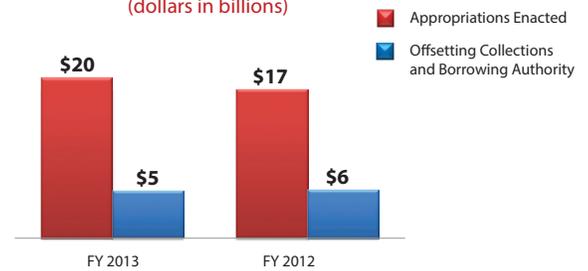
Department of the Interior Assets
(dollars in billions)



Budget by Source

Most of DOI's funding comes from general government funds administered by the U.S. Treasury and appropriated by Congress. The DOI budgets emphasize constraint and as a result there is a focus on identifying efficiencies and cutting costs. The DOI's FY 2013 budget included \$11 billion in discretionary appropriations and \$8 billion in permanent appropriations. Additional spending authority is provided through offsetting collections, cost recovery, fees, and borrowing activity.

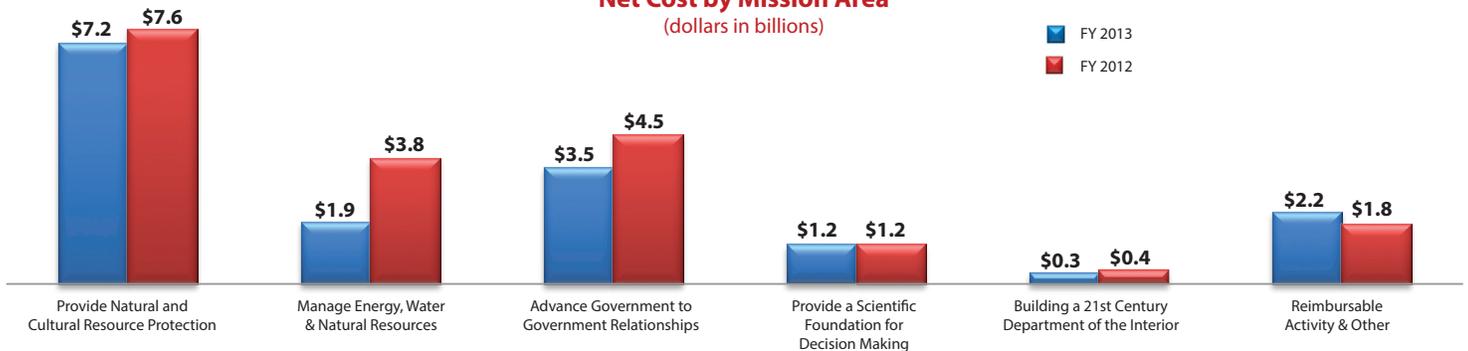
Budget by Source
(dollars in billions)



Net Costs

Most of DOI's costs are directly related to providing services to the public. The DOI's net cost of operations for 2013 was \$16 billion. The DOI's net cost by mission area is depicted in the chart below.

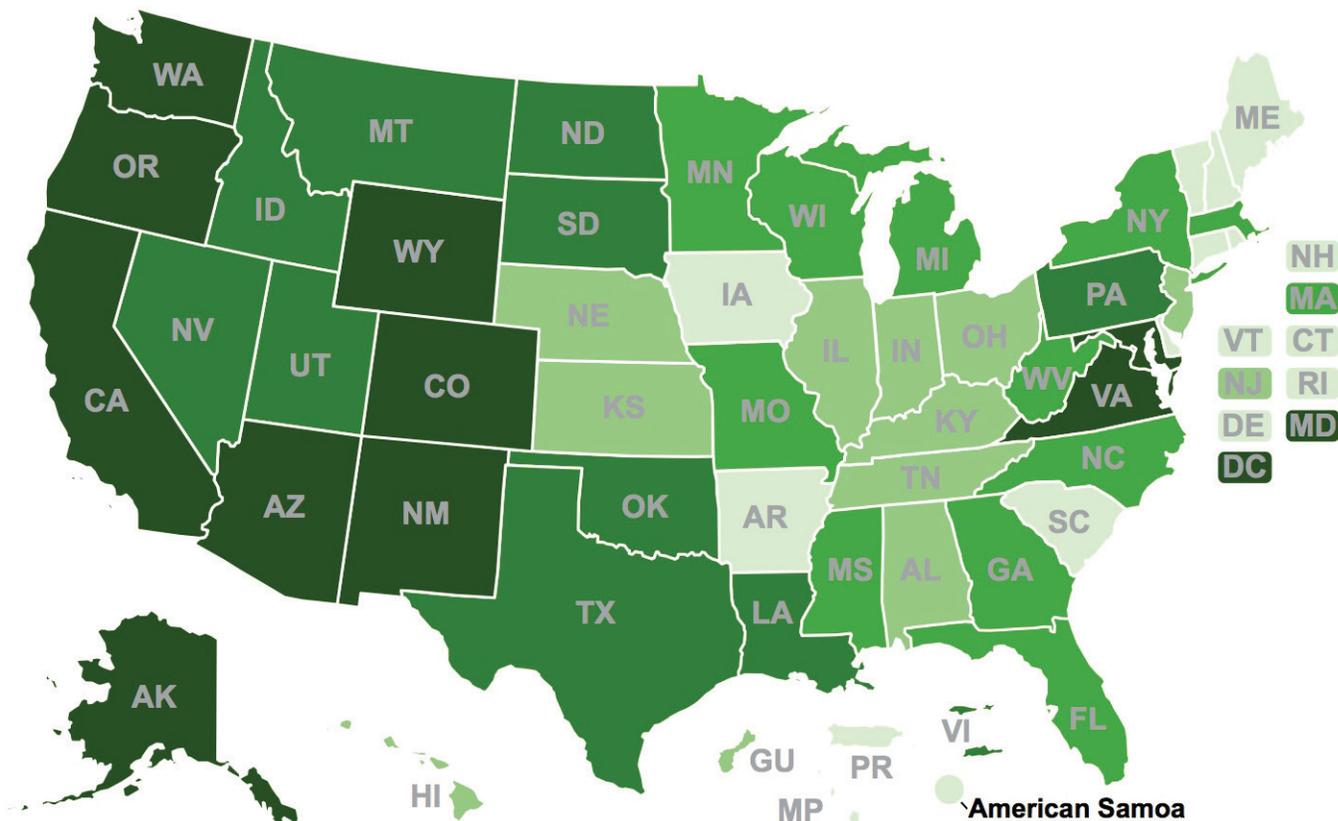
Net Cost by Mission Area
(dollars in billions)



In FY 2013, an audit was conducted resulting in a clean audit opinion. Complete financial information can be found at www.doi.gov/pfm/afri2013/index.cfm.

Heat Map

The DOI financial community believes the next opportunity to increase its value is through better data analysis and culling information out of the large volumes of data that are collected. We believe that our current financial statement reporting model has been invaluable in driving improved internal control and data integrity but additional value can be offered with alternative reporting options. Our latest effort in pursuit of additional value is shown below.



Domestic Expenditures by State and Budget Object Class (in thousands)

\$0 --- \$72,000 \$72,001 --- \$119,000 \$119,001 --- \$257,000 \$257,001 --- \$450,000 \$450,001 --- \$1,819,000



Bureau of Reclamation expenditures are excluded due to accounting system conversion in progress.

The heat map of DOI's expenditures shown above displays expenditures across the United States. The heat map resides in an interactive website (<http://www.doi.gov/pfm/af/2013/maps/index.cfm>) where readers can customize their selection of a data source by hovering over the map to display detailed pop-ups of the following information:

- ▶ Where DOI expended budgetary resources (i.e., State/Territory)
- ▶ What DOI expended budgetary resources on (i.e., top budget object classes)
- ▶ Who received DOI expended budgetary resources (i.e., top recipients)

- ▶ Estimated quantities of proved oil and gas reserves on Federal land
- ▶ Estimated present value of proved oil and gas reserves on Federal land

This visual presentation communicates a large volume of data in an easily digestible manner. The tables of map data and additional disclosures are available for download below each map. We consider this type of data mining, analysis, and presentation as a useful and transparent way to use traditional financial statements. We are pursuing expansion of this type of reporting in other areas (i.e., real property by state) for future financial reports.

What's Ahead?

The DOI works to ensure that America's spectacular landscapes, unique natural and cultural resources and icons endure for future generations. The DOI tells and preserves the American story and maintains the special places that enable the shared American experience. At the same time, DOI manages mineral development on public lands and waters including oil, gas, coal, gold, uranium and others. The DOI manages and delivers water, arbitrates long-standing conflicts in water allocation, and actively promotes water conservation. As one of the Nation's primary natural and cultural resource stewards, DOI makes decisions regarding potential development on the public lands and offshore coastal areas that can greatly impact the Nation's energy future and economic strength. Factored in this balance is DOI's unique responsibility to American Indians and Alaska Natives. The DOI supports cutting edge research in the earth sciences – geology, hydrology, and biology – to inform resource management decisions and in earthquake, volcano, and other hazards to protect communities across the Nation and the world. The DOI's activities are guided by a Strategic Plan and a set of Priority Performance Goals. In early FY 2014, DOI re-aligned the strategic goals into six priorities that are guiding and focusing DOI's efforts in FY 2014 and beyond. Our new 2014-2018 Strategic Plan will reflect these changes. The DOI operated throughout FY 2013 under the existing strategic plan and this FY 2013 Report is based on that framework. The following initiatives exemplify how DOI will maintain and build the capacity to carry out these responsibilities on behalf of the American people in the future.

A Stronger Energy Future - A stronger America depends on a growing economy that creates jobs. No area holds more promise than investments in clean, low cost, reliable, and secure energy supplies. Success depends on the country's ability to pursue an all-of-the-above energy strategy. The DOI's energy resource programs are at the forefront of this objective.

Renewable energy, particularly solar and wind power, is a crucial and growing component of the President's all-of-the-above energy strategy. Among the significant results achieved for renewable power, BLM has authorized energy on public lands and waters, established a road map for responsible solar development in the West designating energy zones, and flipped the switch on the first solar energy project on Federal land to deliver power to the grid. The BLM is also moving forward on wind energy, with a proposed complex in Wyoming that would generate up to 3,000 mw of power, making it the largest wind farm facility in the U.S. and one of the largest in the world.

In FY 2013, DOI approved a new 40 megawatt geothermal project in California. The Casa Diablo IV Geothermal Energy Project will construct up to 16 new production and injection wells, multiple pipelines, and an electric transmission line. When completed, this project will produce enough energy to power 36,000 homes. Including the Casa Diablo IV Geothermal Energy Project, DOI has now approved 47 solar, wind, and geothermal utility-scale projects, including transmission corridors

and infrastructure, on public lands since 2009. These projects add up to more than 13,700 megawatts of capacity utilizing renewable energy resources that have been enabled between FY 2010 and FY 2013. This capacity can help power an equivalent of 4.6 million homes from renewable energy resources and support more than 19,000 construction and operations jobs.



Growing the Economy Outdoors – Through the America's Great Outdoors (AGO) initiative, DOI is working to expand opportunities for recreation and conservation, through partnerships with states and others, and the promotion of DOI's parks, refuges, and public lands. The AGO initiative is encouraging innovative partnerships in communities across the Nation, expanding access to rivers and trails, creating wildlife corridors, and promoting conservation while working to protect historic uses of the land including ranching, farming,

and forestry. These efforts are based on donations reflecting the support of local communities to protect these areas and create more open space. For example, in 2012, the Department established the Sangre de Cristo Conservation Area, which will conserve a wildlife corridor in the Southern Rockies spanning 170,000 acres. When completed, the easement will represent the largest donation ever to the U.S. Fish and Wildlife Service.

Water for a Growing America - Population growth, development, and a changing climate are creating growing challenges to the Nation's water supplies. In many areas of the country, including the arid West, dwindling water supplies, lengthening droughts, and rising demand for water are forcing communities, stakeholders, and governments to explore new ideas and find new solutions to ensure stable, secure water supplies for the future. The DOI is tackling America's water challenges by providing leadership and assistance to states, tribes, and local communities to address competing demands for water. The DOI's programs are helping communities improve conservation and increase water availability, restore watersheds, and resolve long standing water conflicts.

In FY 2014, DOI will launch the Shared Investment Water Innovation Program (SIWIP) as a new WaterSMART element. The SIWIP will competitively award cost-shared research funding to projects that bring together complementary capabilities from across the water resources

What's Ahead? (continued)

community working together to solve complex problems. Research will focus on technologies such as water reuse, desalination, water conservation, water infrastructure, and hydropower generation.

Fulfilling the Trust – The DOI has a unique responsibility to American Indians and Alaska Natives, maintaining relationships with 566 Federally-recognized Indian tribes. The DOI's support for tribal governments and a service population of 1.7 million people represents an important mechanism to advance economic development, improve Indian education, and improve the safety of Indian communities. In education, DOI is working with the Department of Education to develop a national education reform agenda to better serve Indian children. The two agencies signed an agreement to bolster cooperation and coordination to better support Indian schools and serve Indian children. In her role as the Chair of the White House Council on Indian Affairs, the Secretary is focused on strengthening the government-to-government relationships and advancing self determination.

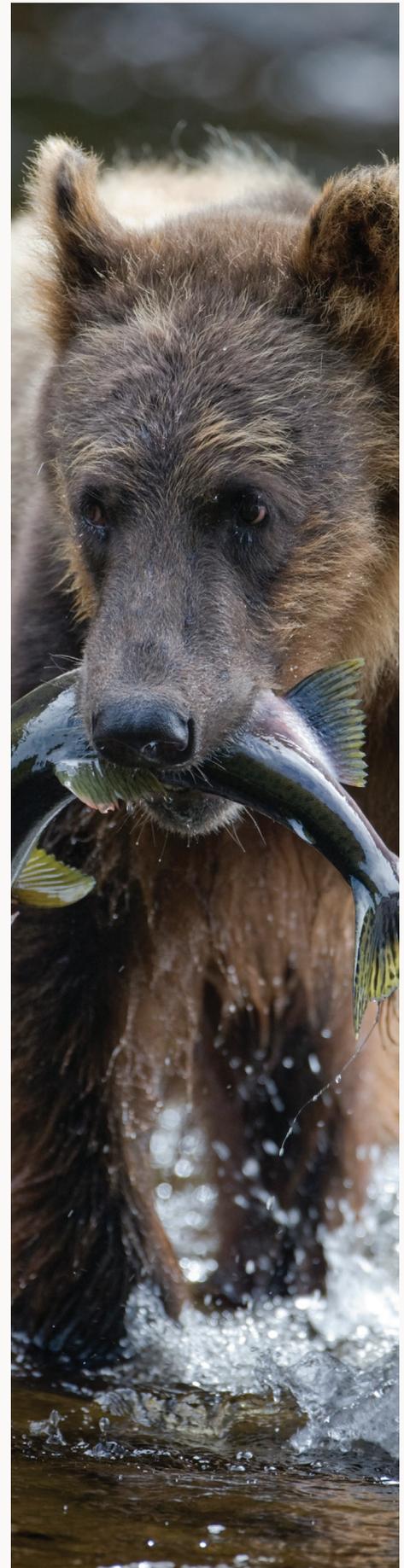
A key responsibility for the Bureau of Indian Affairs (BIA) is ensuring and improving the safety of Indian communities. Some Indian reservations experience violent crime rates that are twice the national average. The high crime rates are a key issue for tribal leaders as they degrade the quality of life for residents, attract organized crime, and are a real disincentive for businesses to consider these communities for economic development. The DOI is placing more law enforcement officers in Indian communities, and improving training and equipment. The DOI's revamped recruiting process for BIA law enforcement officers has increased the number of applicants for those positions by 500 percent, resulting in the largest officer hiring increase in BIA history. A pilot program of intense community policing on four reservations experiencing high crime rates saw promising results, a combined reduction of violent crime of 35 percent after the first 24 months. In FY 2013, crime continued to drop for a new combined reduction of 55 percent.

Spurring Growth and Innovation Through Science – Investments in research and development promote economic growth

and innovation, ensure American competitiveness in a global market, and are critical to achieving the mission of DOI. Investments in DOI's research and development programs in USGS and other bureaus and offices will improve U.S. strategic mineral supplies, water use and availability, and natural hazard preparedness. Recent technology and operational improvements have led to increased use of hydraulic fracturing in developing natural gas resources. In FY 2014, DOI will continue a research and development effort with the Department of Energy and Environmental Protection Agency, to better understand and minimize potential environmental, health, and safety impacts of energy development involving hydraulic fracturing.

Service First – The DOI operates out of over 2,400 locations and manages over 164,000 physical assets, second only to the Department of Defense. While effective program delivery relies on close coordination at the local level and a field level presence, alignment of operational models, standardization of administrative and support functions, centralization of common services, and other actions can be taken to improve efficiency, cut costs, and avoid future cost increases. The DOI Service First initiative promotes resource sharing across bureaus and offices to improve service delivery and operational effectiveness and efficiency.

Campaign to Cut Waste – Between 2010 and 2013, DOI supported the President's Management Agenda to cut waste and implement a more responsive and open government. The DOI achieved \$308 million in administrative savings as compared to FY 2010 spending levels, exceeding its goal of \$217 million by \$91 million. Interior's strategy capitalized on the implementation of Department-wide policy changes in travel and relocation, strategic sourcing, and information technology consolidation. The DOI's Campaign to Cut Waste initiative focused on improved management of conference activities, support service reductions, and other efforts to reduce spending and achieve more effective and sustainable use of fleet, assets, space, acquisition, and information technology.



Effective and Efficient Management of the Department of the Interior

In order to continue mission essential operations and advance key priorities in a constrained and uncertain budget environment, DOI has challenged all employees to take a look at the way DOI conducts business. Throughout the agency, bureaus and offices are evaluating their operations to see if there are better ways to accomplish the mission, identify management improvements, cut red-tape, better align

work, and find efficiencies. With a history of strong partnerships, leveraging resources, and collaboration with others, DOI has a strong head start on these challenges, but will keep a focus on rethinking operations and re-engineering processes.

In FY 2013, DOI awarded a Government-wide Indefinite Delivery, Indefinite Quantity cloud hosting contract. This new

hosting contract, which was awarded to 10 vendors, will support the consolidation of data centers and improve telecom services and provide future mission support. The DOI is leveraging this new contract to move the Financial and Business Management System to the cloud generating savings.

Management Challenges

While we achieved significant progress in FY 2013, we identified additional and continuing challenges in collaboration with the Office of Inspector General (OIG). These are presented in the *Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the U.S. Department of the Interior*. The OIG's review addresses the challenges we face in key priority areas including energy management, climate change, water programs, responsibility to Indians and Insular Areas, information technology, disaster response, and operational efficiencies. These areas are important to DOI's mission, involve large expenditures, require continuous management

improvements, or involve significant fiduciary relationships. The report can be found at the following website: <http://www.doi.gov/oig/reports/upload/ER-SP-MOI-0012-2013Public1.pdf>.

The DOI's leadership provides ongoing direction on these and other management issues in regular management reviews, quarterly reviews of performance including priority goals, monthly Principals Operations Group meetings and Deputies Operations Group meetings. Reflecting the importance we place on these matters, the DOI achieved a completion rate of 89 percent for successfully addressing OIG and Government Accountability Office audit recommendations as compared to the annual goal of 85 percent. The DOI

provided timely and responsive input to the OIG through audit responses, corrective action plans, and completion of recommended program and policy changes about its plans to address these challenges.

In FY 2013, while we were successful in obtaining an unqualified audit opinion, the auditors identified one material weakness in our controls over unusual and nonrecurring transactions. The DOI appreciates the critical importance of correcting this weakness along with other deficiencies within our control process. As such, we have already begun to develop and implement corrective actions.

We would like to hear from you!

Do you like this report? Do you believe it should include different or additional information? Please contact Office of Financial Management, Paul McEnrue, at PFM@ios.doi.gov or 202-208-4701. More information is available on Interior's website, www.doi.gov.



Note: All Years are Fiscal Years