

## **INTERIOR PERFORMANCE: OPPORTUNITIES AND CHALLENGES**

Occasional headlines capture a glimpse of some aspect of the Department of the Interior's mission. In April, ABC News exclaimed: "It's like seeing a dinosaur, or even Elvis. Magnificent red crest, 30-inch wingspan, ivory bill, and long listed extinct in the field guides. Last seen 61 years ago." Yet, there it was on videotape, a bit blurry but definitely an ivory-billed woodpecker flying in the Cache River National Wildlife Refuge where our Fish and Wildlife Service has partnered with The Nature Conservancy, the state of Arkansas, the Cornell Lab of Ornithology, and private citizens to protect the rediscovered bird.

That same month of April, we saw reports of Atlantic shoreline replenished after a hurricane with sand provided by our Minerals Management Service. Our U.S. Geological Survey tracked the latest eruption of Mount St. Helens; in California, the Bureau of Reclamation renewed 204 water contracts. Elsewhere, the Bureau of Land Management announced a geothermal power plant expansion on public lands; our National Park Service brought children to national parks as "junior rangers"; the Office of Surface Mining announced a partnership to reforest coal-mined lands; and the Bureau of Indian Affairs touted the White Mountain Apache Tribe for its restoration of areas burned in a wildland fire.

The Department of the Interior has a multifaceted mission. With Interior's responsibilities come sometimes inspiring experiences but also challenges. We face the complexity of re-plumbing the Everglades. We operate costly, duplicative financial and business management systems that include over 107 real property data bases, 16 financial systems, and 27 acquisition systems. We face the inevitable challenges that reside in managing a staggering array of assets—over 40,000 facilities of every imaginable type, including schools, detention centers, historic sites, visitor centers, campgrounds, wastewater plants, forts, houses, and even landfills.

Our challenges cut a broad swathe, with their breadth indicative of the complexity and extent of Interior's mission. They are also indicative of Interior's presence at 2,400 locations from which we manage one in every five acres of the United States.

Though the details of the respective missions of our eight bureaus differ, our central focus is the same:

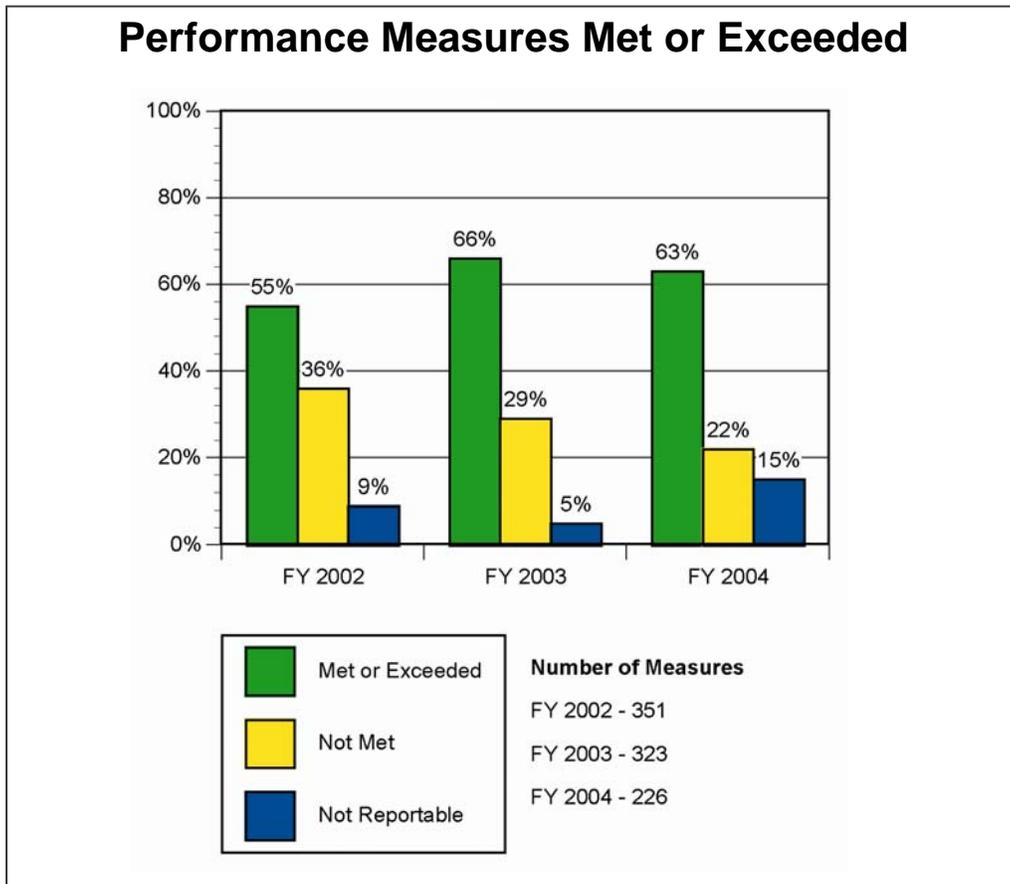
- How do we achieve results for the public?
- Are we fulfilling our mission?
- Are we delivering anticipated outcomes?
- How do we know?
- Are we efficient in how we manage our programs?
- Can the public review our progress?

Excellent performance requires mission clarity, good metrics, and management excellence—the 3 M's of performance management. And our work is never done—there is always something we can do better to improve the results we generate for the American public.

## MISSION CLARITY AND METRICS

In 2003, we launched our first-ever Department-wide strategic plan. After a year of grappling with conceptual and practical challenges, we produced a common set of goals under four mission categories—resource protection, resource use, recreation, and serving communities through science, law enforcement, and through honoring our responsibilities to Native Americans, Native Alaskans, and affiliated island populations.

We are now tracking our performance within these mission clusters, replacing a bureau-centered and program-centered focus with an emphasis on cross-agency outcomes. For 2004, 89 percent of our performance measures were new or modified in the new strategic plan. Consequently, data were insufficient to report results for 15 percent of our measures. We met or exceeded our goals for 63 percent of our performance measures and fell short of our goals for 22 percent.



Interior's FY 2004 Performance Measure Scorecard					
GPRA Program Activity	Number of Measures	Met Goal	Did Not Meet Goal	No Report	Percent Exceeding or Meeting Goal
Resource Protection	48	25	14	9	52.0%
Resource Use	41	29	10	2	70.7%
Recreation	16	9	3	4	56.0%
Serving Communities	86	59	17	10	68.6%
Management Goal	35	20	7	8	57.0%

Within these aggregated figures, Interior had some outstanding results.

- We exceeded our 2004 target for restoring shorelines and streams to support species conservation with over 1,145 miles protected;
- We improved the condition of paleontologic properties by bringing 61 percent into good condition against a target of 42 percent;
- The Bureau of Reclamation's forced outage rate for power production outperforms the industry average with a 1.5 percent rate;
- Some 96 percent of visitors reported that their park experience was good or very good, slightly exceeding our target of 95 percent;
- We exceeded our target for reducing hazardous fuels from forests and rangelands, completing projects on over 1.2 million acres;
- We had a 97 percent success rate in containing unwanted wildfires on initial attack in 2004, exceeding our target of 95 percent;
- We exceeded our target for achieving parity at 80 percent (against a target of 78 percent) between Tribal communities and the U.S. rural area national average on high school graduation;
- We reduced travel card payment delinquency to less than 3 percent, outperforming the Federal government average.

## MANAGEMENT EXCELLENCE

While we achieved or exceeded many of the performance goals for our complex set of missions, we can do even better by ensuring that we have:

- the right people with the right skills
- strategic allocation of resources
- efficient and effective organization and service delivery structures
- cost-effective use of information technologies
- transparent and timely financial information, and
- strategic real property management

### The Right People with the Right Skills

Interior's FY 2005 and FY 2004 Scorecards – How OMB Scored Us				
	June 30, 2005		September 30, 2004	
	Status	Progress	Status	Progress
Human Capital				

All management is fundamentally about people. Do we have the right people, with the right skills, with clear performance goals to achieve hoped-for results? In 2003, we began revising performance plans of Interior senior executives, managers, and—eventually—all employees.

- We now clearly link performance evaluations to the goals set forth in our strategic plan and management agenda;
- Our employees use a five-level evaluation system to provide refined distinctions in performance not possible with a pass-fail system;
- Organization performance—how well an office or agency achieves planned goals—now is one element in evaluating individual employee performance.

We've also gone “back to basics” by creating the first-ever Department-wide human resources strategic plan. Through that strategic planning process, we identified key internal and external factors that affect our ability to fulfill our mission. We concluded that we lacked financial and business managers in a world increasingly demanding public financial audits, business plans, and transparent financial management. Our employees lacked mediation, negotiation, and partnering skills in an urbanizing West and a world with increasing demands for conflict resolution, cooperation, and partnerships. We lacked an adequate workforce in key program areas such as law enforcement, especially as we faced heightened demands for security in the aftermath of the events of September 11, 2001.

We are now filling these and other gaps—and restructuring our workplaces for better results.

- The US Geological Survey (USGS), as part of its workforce planning process, concluded that technological changes of the past 30 years have been so dramatic that traditional map production skills and practices are now outdated or easily provided by non-Federal organizations. For 120 years, USGS had been the “mapmaker” of America. Today, private organizations, local and state governments, and others have access to satellite imaging, digital information, and other resources that have transformed mapmaking. Yet USGS had a workforce structured for the past.

Last year, USGS set about transforming its mapping workforce. The USGS adopted a new approach with a focus on hiring and maintaining a workforce of experts who could provide mapping analysis and data standards—services not typically provided by the private sector or other government agencies. But they also needed to downsize to align their services with available resources. They undertook a voluntary employee buyout and early retirement process that enabled them to reduce their overall mapping workforce and migrate away from map production to map analysis skills.

- Employees from each of Interior's eight bureaus launched a capacity-building team to enhance skills in partnering, negotiations, alternative dispute resolution, and cooperative conservation. To enhance these skills throughout the Department, the team, co-chaired by Policy, Management and Budget Senior Advisor Bob Lamb and Golden Gate National Recreation Area

Superintendent Brian O’Neill, has inventoried all current training programs and worked with bureau training coordinators to incorporate cooperation and partnership skill-building into all relevant courses. They have initiated a partnership competency review with the expectation of coordinating with the Office of Personnel Management to validate and utilize such a competency for hiring purposes. They have developed a manual for all employees laying out statutory, regulatory, and administrative authorities to engage in cooperative agreements and other relationships that advance partnerships.

- The Office of Surface Mining has developed and implemented an integrated workforce planning process that converts a “static” workforce plan into a dynamic process. To transition to a dynamic workforce plan, OSM needed a framework to link its Master 5-Year Plan to an annual plan that set forth what managers hoped to achieve within a fiscal year, and, in turn, linked annual plans to individual hiring decisions made during the course of each year. This framework has:
  - Empowered managers to focus on developing necessary competencies and skills to accomplish OSM mission goals;
  - Resulted in development of performance goals and measures on an annual basis that include human resource needs; and
  - Helped ensure that approved annual plans have the necessary funding (positions and financial resources) for implementation.

#### **Land Appraisal Restructuring**

Interior’s appraisal practices had experienced five decades of critical reviews from the Congress, our inspector general, the Appraisal Foundation, and others. We had skilled appraisers distributed among our various land management agencies, but they reported to the real estate offices who managed land acquisitions and sales for our bureaus. That structure made appraiser independence from the real estate transaction difficult. Interior restructured the appraisal function into a single office, with appraisers reporting to a chief appraiser and the central business office of the Interior Department. Appraisers now provide independent services to the various real estate offices in each bureau. Under the direction of the Chief of Appraisal Services Brian Holly, the workforce restructuring has:

- Created the first-ever database of all appraisal service requests;
- Completed space consolidations of appraisal offices in Denver, with other consolidations in progress;
- Eliminated a backlog of appraisals for the national trails program; and
- Reduced a major backlog of appraisal review assignments from the Colorado state office of the Bureau of Land Management.

- U.S. Park Police activities had become increasingly diffuse in recent years, prompting several critical reviews by the National Academy of Public Administration. Overtime payments absorbed a growing portion of the Service’s resources. New demands on Park Police services strained their

capacities. In 2004 and 2005, the Park Police undertook a thorough mission review and workforce analysis. The result, completed in early 2005, is now providing the basis for shifting the Park Police workforce from lower priority to higher priority activities.

- The Park Police, using information from their mission review, have begun reassigning and redeploying personnel to focus on icon patrols.
  - Horse mounted officers have been redeployed to augment staffing at the National Mall.
- Through the Department's Occupational Health and Safety Program, employees can now file Workers' Compensation claims online through the Safety Management Information System (SMIS). Authorized DOI employees, volunteers, firefighters, and others working at DOI facilities can use SMIS to electronically file a Notice of Traumatic Injury or Illness, enabling claims to be processed and benefits provided more quickly. In 2004, the Department established its Workers' Compensation website to provide a single site for all Workers' Compensation information generally and specifically what is needed should an injury occur.

#### **Achieving a Safer Workplace for Our Employees**

Safety excellence is demonstrated by the Bureau of Reclamation's Elephant Butte Power/Irrigation Dam in New Mexico achieving STAR status and the National Park Service's Yellowstone National Park receipt of Merit status in OSHA's Voluntary Protection Program (VPP). The Elephant Butte Dam facility is the first DOI workplace to achieve STAR status in OSHA's premier recognition safety and health Voluntary Protection Program (VPP). Members are a select group of facilities that have designed and implemented outstanding safety and health programs that go well beyond minimum OSHA requirements. All 26 employees at the site have worked hard in meeting the requirements of this challenge. OSHA also recognized Yellowstone National Park for achievement in protecting employee safety and health. The park became the second DOI unit admitted to OSHA's safety elite. The park was designated a "Merit" site in OSHA's VPP during a ceremony at the park's headquarters at Mammoth Hot Springs. A VPP Merit site provides safety and health program elements that far exceed minimum OSHA standards. Yellowstone has achieved more than a 40 percent reduction in its accident rate since 1998.

"As the first national park in American history, it is only fitting that Yellowstone is also the first national park to receive the prestigious VPP Merit award from OSHA," said John Henshaw, Assistant Secretary of Labor for OSHA. "This award reflects a strong and continued commitment by Yellowstone and its employees to workplace safety and health."

## Strategic Management: Integrating Budgets and Performance

Interior's FY 2005 and FY 2004 Scorecards – How OMB Scored Us				
	June 30, 2005		September 30, 2004	
	Status	Progress	Status	Progress
Budget and Performance Integration				

With its eight bureaus and hundreds of programs, Interior's employees build trails, repair buildings, monitor endangered species, operate dams, manage Indian schools, evaluate natural hazards, regulate mining operations, lease lands and waters for energy production, protect historic sites—the list of activities is vast and varied. A central challenge is how to set priorities and allocate resources to achieve clear performance goals. Reliably achieving results for the public ultimately depends on having the tools to integrate budget and performance.

For Interior, those tools include our strategic plan and Government Performance and Results Act goals; the introduction of activity-based cost management across the Department; the use of the Office of Management and Budget's Program Assessment and Rating Tool; and bureau-specific core operations and base budget analysis. By 2005, use of these tools had matured enough to begin tangibly influencing management decisions.

***Program Assessment and Rating Tool—Case 1:*** Mark DeMulder, a program manager at the U.S. Geological Survey, participated in a PART review of his Cooperative Topographic Mapping program twice within three years. DeMulder has concluded that it was “probably one of the best things that could have happened in terms of making needed adjustments in the way we manage.” Why the upbeat attitude, especially with an initial PART rating of Results Not Demonstrated? DeMulder says “we have a very complex program to manage, and the very direct, simple form of the [PART] questions allowed us to clearly identify our weaknesses.” Using insights gained from the PART review, USGS made program improvements—enough improvements to prompt USGS to ask OMB to undertake a second PART review two years later. This time, USGS received a rating of Effective.

How had USGS achieved such a significant improvement in its PART score—and in its overall program management? Karen Siderelis, Associate Director for Geospatial Information at USGS, responds that “one very straightforward component of the PART is that program managers must monitor program performance, using valid performance metrics, and the decisions about allocations of resources must then be made based on those performance measures. This is the concept that Mark DeMulder really implemented well after the first review.” USGS refined its performance measures and began using them to allocate and manage resources and track results.

<b>USGS PART – What a Difference Two Years Make</b>	
<b><u>2004 PART</u> “Results not demonstrated”</b>	<b><u>2006 PART</u> “Effective”</b>
<ul style="list-style-type: none"> <li>■ Very slow on making needed transitions.</li> <li>■ Clear purpose but not optimal in design</li> <li>■ Lack of data to demonstrate results</li> <li>■ Not effective at identifying decision points</li> <li>■ Workforce not suited to new business environment</li> </ul>	<ul style="list-style-type: none"> <li>■ Implementation plan and business practices that included measures developed in 2004 PART.</li> <li>■ Earnest efforts in workforce change, including separations and realignment for better interaction with partners.</li> <li>■ Better integration with government-wide geospatial activities.</li> </ul>

**Program Assessment Rating Tool—Case 2:** More Americans are at risk of experiencing severe impacts of natural hazards now than at any time in the Nation’s history. Each decade, property damage from natural hazards doubles or triples in constant dollars. Seventy-five million Americans, in 39 states, today face significant risk from earthquakes. U.S. coastal population growth and associated infrastructure have quadrupled in the last 30 years, with more than 45 million people now living in hurricane-prone areas. Landslides cause more than 25 deaths each year along with billions of dollars of property damage. Average losses from floods exceed \$6 billion.

Addressing these challenges has become a high priority for the U.S. Geological Survey. Ensuring community and public access to critical scientific information regarding natural hazards can improve decision making for managing public risks. In analyzing how best to enhance Interior’s ability to assess, monitor, and predict natural hazards, the USGS turned to the PART evaluation of the bureau’s geologic hazards programs. The PART action plan resulting from this evaluation called for USGS to:

- Identify opportunities to coordinate hazards investments across landslide, earthquake, and volcano activities; and
- Work with partners from hazard programs across the Federal government to develop a common outcome measure of reduced loss of life and property due to geologic hazards.

Though the USGS geologic hazards program had received a “moderately effective” PART rating, the review pointed to opportunities for improvement. In particular, the evaluation highlighted the importance of further leveraging resources by enhancing partnerships. USGS is now creating synergies across its various hazards programs and

exploring ways to enhance partnerships. For example, USGS is exploring how to provide risk assessments to communities using multi-hazards monitoring information.

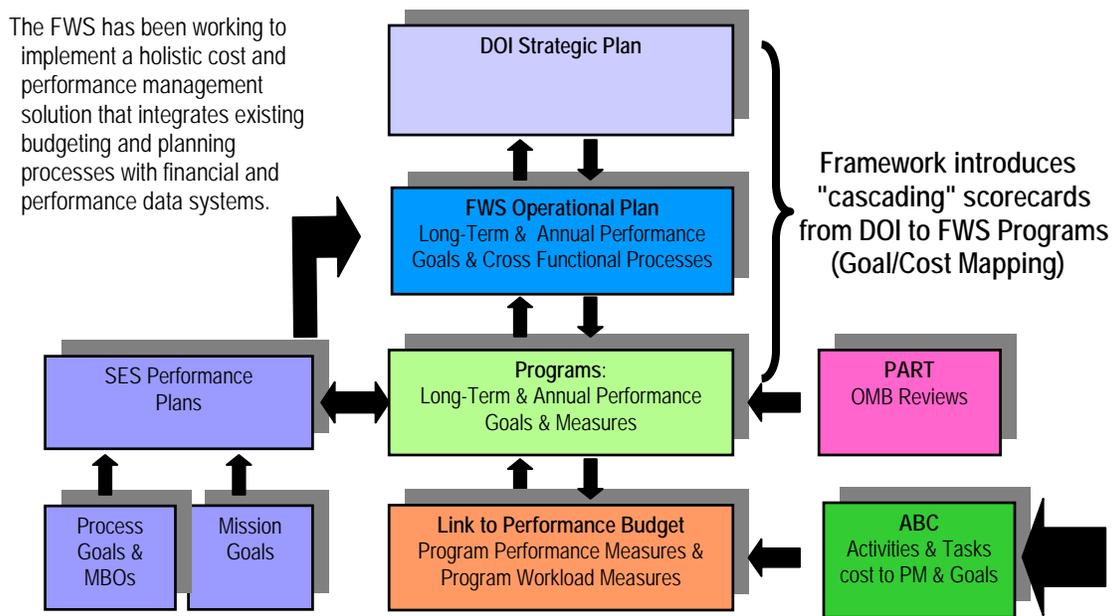
<b>Summary of PARTs and Ratings</b>	BY 2004	BY 2005	BY 2006	BY 2007
<i>[parenthetic ratings are RePARTs]</i>	FY 2002	FY 2003	FY 2004	FY 2005
<b>BIA</b>				
Indian Land Consolidation	Mod. Eff.			
BIA School Ops	Adequate			
BIA School Construction	RND		(RND)	
Forestry		Adequate		
Law Enforcement		RND		
Tribal Courts		RND		
Job Placement/Training			Mod. Eff.	
Post Secondary Ed			Adequate	
Road Maintenance			RND	
Economic Development				Underway
Housing Improvement Program				Underway
Dam Safety				Underway
Irrigation				Underway
<b>BLM</b>				
Habitat Restoration	Mod. Eff.			
Energy & Mineral Mgmt		Adequate		
Recreation		Adequate		
Realty/Ownership			Adequate	
SNPLMA			RND	
Resource Mgmt Land Use Planning				Underway
Mining Program				Underway
<b>BOR</b>				
HydroPower	Mod. Eff.			
Rural Water	RND			
Title XVI Water	Mod. Eff.			
Science and Tech		Effective		
Water Supply Construction			RND	
Recreation/Concessions			Adequate	
Water Supply O&M including salinity				Underway
Dam Safety				Underway
Site Security				Underway
<b>FWS</b>				
Partners for Fish and Wildlife	Adequate		(Adequate)	
Fish Hatchery O&M	RND		(Mod. Eff.)	
Refuge O&M		RND		
Migratory Bird Mgmt			RND	
Endangered Species including grant programs				Underway
Federal Aid Mandatory Grant programs				Underway

<b>Summary of PARTs and Ratings</b>	BY 2004	BY 2005	BY 2006	BY 2007
<i>[parenthetic ratings are RePARTs]</i>	FY 2002	FY 2003	FY 2004	FY 2005
<b>MMS</b>				
Environmental Studies OCS	Mod. Eff.			
Minerals Revenue Mgmt		RND		
OMM Leasing & Env / Resource Eval			Mod. Eff.	
Regulatory and Oil Spill Research				Underway
<b>NPS</b>				
Natural Resource Stewardship	Mod. Eff.	Mod. Eff.		
Facility Mgmt	RND	(Adequate)		
LWCF State Grants		RND		
Historical Preservation		Mod. Eff.		
Cultural Research Stewardship			Adequate	
External Programs - technical assistance				Underway
External Programs - financial assistance				Underway
Visitor Services				Underway
Concessions management				Underway
<b>OSM</b>				
Abandoned Mine Land program (state grants)	RND			
Reg & Tech – State		RND		
Fed Program AML & RT			RND	
<b>USGS</b>				
National Mapping	RND		(Effective)	
Geologic Hazards		Mod Eff.		
Mineral Resources		Mod Eff.		
Energy Resources		Mod Eff.		
Water Info Programs			Mod Eff.	
Water Research Programs			Mod Eff.	
Geologic Mapping				Underway
Biological Research and Monitoring				Underway
Biological Info Management and Delivery				Underway
<b>Other</b>				
LWCF Land Acquisition <sup>3</sup>			RND	
DOI Wildland Fire	RND			Underway
BIA Human Services				Underway
CUPCA				Underway

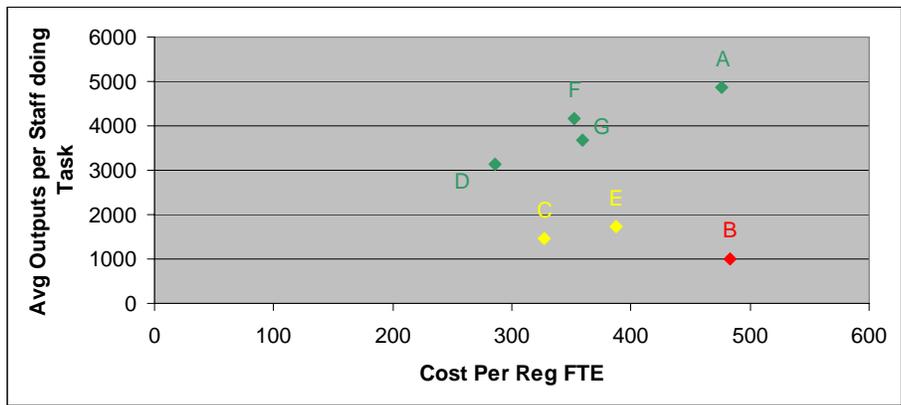
**Activity-Based Cost Management:** Interior’s Bureau of Land Management pioneered implementation of activity-based cost management (ABC/M) to generate information about per unit and overall costs of key activities. The cost information departs dramatically from traditional Federal budgets that track funds by budget accounts such as personnel, programs, or equipment—information that helps managers keep track of money but offers no insights into costs to actually deliver a specific outcome or activity.

The migration to ABC/M was arduous for Interior's bureaus as they struggled to come up with appropriate activities to track, ensure consistent coding of expenditures, and learn to use the information generated. By 2004, most bureaus had begun using the ABC data to inform budget and management decisions. The Fish and Wildlife Service set forth four objectives for using ABC information. They wanted better to understand the full cost of business operations. They needed greater transparency for the costs of achieving program results. They needed ABC information in order to better link budgets with performance. And they wanted to streamline business processes by developing internal cost benchmarking.

## Fish & Wildlife Service Cost & Performance Management Framework



FWS conducted an administrative services study to examine the relationship between cost and performance of administrative functions and activities across the bureau. Using data that were similar across each of its regional offices, FWS identified and measured overall workload performance and linked it to activity-based costing data. As a result, FWS could display the productivity of each region in comparison to the cost of performing the work. The output of this effort was a series of charts that provide a visual display of the cost and performance linkage.



	A	B	C	D	E	F	G
FY05 Annualized Cost	\$1,028,583	\$463,921	\$379,183	\$436,461	\$357,454	\$443,389	\$272,436
Total Regional FTE	2162	960	1159	1529	923	1260	757
Cost per Regional FTE	\$476	\$483	\$327	\$285	\$387	\$352	\$360
Avg Outputs per Staff doing the Task	4871	997	1453	3136	1734	4160	3678
Cost Per Regional FTE/ Avg Outputs per Staff doing Task	0.10	0.48	0.23	0.09	0.22	0.08	0.10

Using this analysis, FWS could:

- Engage in dialogue on improving management across the organization, using common language and measurements for administrative services;
- More accurately gauge and measure performance across regions and identify low-cost performers;
- Begin to gauge an appropriate level of costs relative to administrative requirements of the bureau;
- Better allocate funding among the regions considering performance-based information; and
- Investigate the possibility of duplicating best practices, processes, or systems in the underperforming regions.

***Core Operations Analysis:***

The National Park Service, operating 388 national park units, has 20,000 employees, manages 30,000 facilities, 4,000 housing units, and 2,600 miles of trails and roads. These unique historic, natural, and cultural places attract nearly 300 million visitors each year. Historically, funds for parks were allocated largely through uniform increases across the parks, and base budget analysis was infrequent. Under the leadership of then regional director Steve Martin, the Intermountain Region pioneered a core operations analysis to better enable parks to focus resources on priorities, achieve the most effective and efficient operations, stimulate creative management, and link expenditures to annual and long-term goals.

Through the core operations analysis, the Intermountain Region set a goal of reallocating resources equivalent to at least 10 percent of base funds to key activities and

top park priorities. Each park within the Region is seeking to: 1) achieve personal services and fixed costs equal to or below 80 percent of base funds; 2) pursue efficiencies based on cost-benefit analyses of alternatives; and 3) ensure that each park’s base budget relates to core operations and overall park system goals and priorities.

To achieve these goals, the Intermountain Region went through a multi-step process. The Intermountain Region:

- undertook an exercise of projecting their costs into the future if they made no changes at all in organization structures, program delivery, distribution of personnel and resources, and management practices;
- compared this projection with likely available funding and concluded that without any priority setting or improved management they would experience a shortfall in resources;
- identified clear “purpose statements” for each park in the Intermountain Region and identified each park’s priorities;
- reviewed and analyzed the current allocation of personnel and resources by each activity, examining whether the activity was a core activity, legal requirement, desirable but not absolutely necessary, and determined whether FTEs could be eliminated or whether more FTEs were needed for that activity;
- identified current and potential efficiencies that reduced costs per unit of output, avoided costs, generated cost recoveries, or eliminated lower priority activities;
- developed an action plan to implement potential efficiencies; and
- worked with employees to communicate, implement, and adjust the plan.

A sampling of the significant results generated by this effort includes:

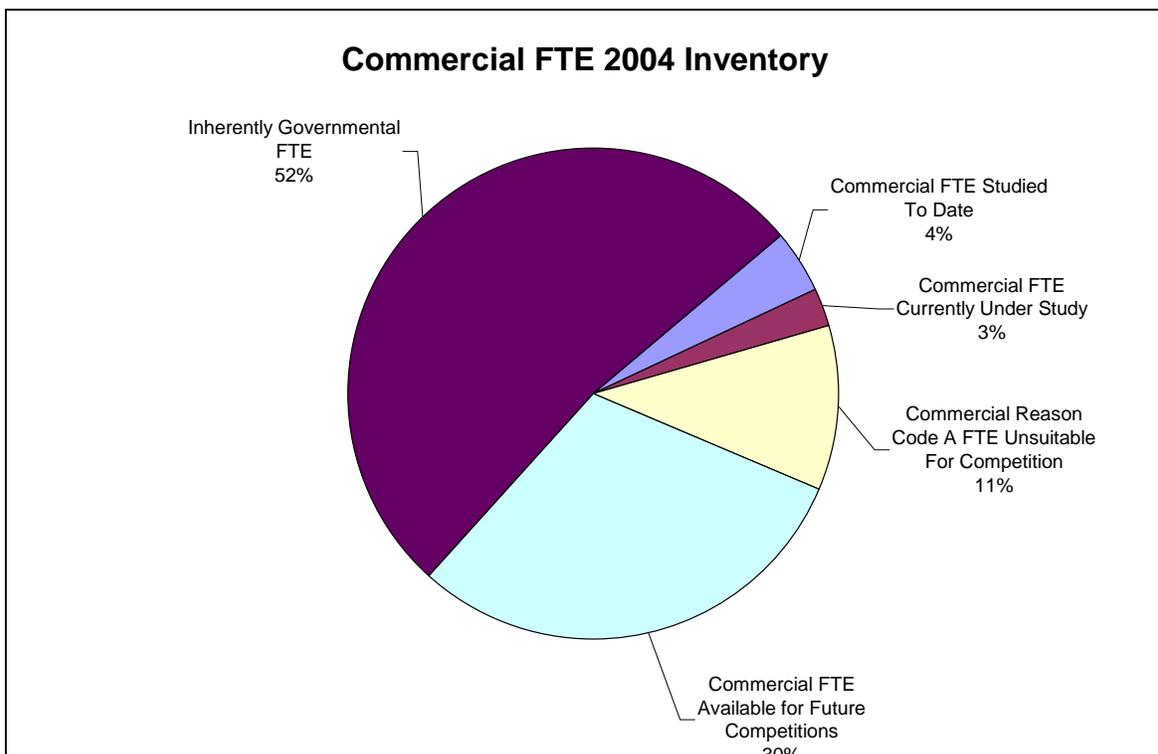
- The Region’s Cultural Resources Division reorganized three units into one functional organization, reducing FTEs by 12, flattening the organization structure, and making possible a reallocation of over \$1 million annually;
- Chickasaw National Recreation Area reorganized trash pick up in campgrounds to reduce the number of hours from 1,800 to 600, making possible a redirection of \$37,020 to higher priority activities;
- Chickasaw NRA also eliminated raising feeder mice for Nature Center snakes and owls, instead purchasing them from a private vendor and saving .25 FTEs and \$15,000;
- Rocky Mountain National Park proposed to close one of six visitor centers, which would enable reallocation of 3 FTEs and over \$40,000 to underserved core activities; and
- San Antonio Mission National Historic Site combined administrative and special projects officer positions with a reduction of one FTE and a possible reallocation of \$100,000 to maintain needed ranger positions.

**Structuring Services for Better Performance**

Interior’s FY 2005 and FY 2004 Scorecards – How OMB Scored Us				
	June 30, 2005		September 30, 2004	
	Status	Progress	Status	Progress
Competitive Sourcing				

Interior bureaus constantly search for ways to reorganize structures and services for improved results. The NPS core operations analysis, the USGS workforce planning, and the Department’s response to our Inspector General’s recommendations on law enforcement, appraisals, and equal employment opportunity services all have generated structural improvements, including consolidations or coordination, reallocation of resources, and new ways of delivering services.

**Competitive Sourcing:** Another tool in this search for excellence is competitive sourcing—a formal comparative analysis of current practices, reengineered service options, non-federal service provision, and private-sector contracting. Competitive sourcing is not an “outsourcing” agenda. Instead, competitive reviews provide a disciplined, periodic way to review and compare our current operations with alternatives. Are we the best we can be? Might a restructuring generate a more efficient organization? Might contracting with a private provider free up resources that can be reallocated to other priorities?



To date, Interior has undertaken competitive reviews encompassing 3,000 FTEs and generating a projected \$5 million in annual cost savings. We are currently reviewing an additional 1,900 FTEs to determine suitability for additional competitive reviews. In all cases, the bureau can re-allocate savings as it finds most useful. To date, only one permanent employee position has been eliminated as a result of competitive reviews. Some of these reviews have produced dramatic results:

- The Bureau of Reclamation (BOR) initiated a formal competitive sourcing study of the Centennial Job Corps Center in Nampa, Idaho. BOR compared a proposed “most-efficient organization” restructuring with private-sector options. The BOR

approach produced initial cost-saving estimates of \$300,000 per year. The “most-efficient organization” was implemented, with its first performance year ending June 30, 2005. Actual cost savings are now projected at \$400,000. Cost savings resulting from the implementation of the Centennial Job Corps “most-efficient organization” actually accrue to the Department of Labor.

In addition to cost savings, the revised structure has yielded improved performance. The restructured Center operated at or above the 90<sup>th</sup> percentile rating on the Department of Labor’s Job Corps Quarterly Student Satisfaction Survey. The Center significantly improved its performance scorecard rating from 84<sup>th</sup> out of 118 centers to 59<sup>th</sup> out of 119 centers in the Nation.

- The Minerals Management Service used a streamlined competitive process to review four administrative and technical functions with a total of 31 FTEs in 2004. The process resulted in a revised structure that will generate a projected cost savings of \$1.3 million over five years.
- The Bureau of Land Management conducted a streamlined review of 11 mapping and charting FTEs. The review resulted in management improvements that will save a projected \$4.2 million over the next 10 years.
- BLM's 2003 standard review of the road, facilities and recreation maintenance operations in Oregon/Washington is the largest DOI competitive sourcing review to date. The review, completed in March 2004, involved 176 FTE and resulted in estimated savings of \$1.8 million annually from labor and equipment efficiencies. The BLM's most efficient organization (MEO) was the successful service provider. Sharing road and maintenance crews between districts and maintaining a flexible work force through use of temporary and term positions are some of the ways the cost savings and efficiencies will be realized. The MEO began operation in October 2004.

***Better Business Practices:*** The Minerals Management Service launched a “royalty in kind” (RIK) practice through which the agency receives royalties as product and sells the product at fair market value into the marketplace. For many years, the value of oil and gas royalties was collected in cash from energy companies, often resulting in intense conflicts and legal battles over amounts collected. Now, MMS collects royalties in kind where there is an advantage to the government through increased revenues or greater administrative efficiency. Performance data now demonstrate the benefits of the royalty-in-kind practice:

- In FY 2004, MMS data indicate RIK achieved revenue increases estimated by MMS to be \$18 million over what would have been collected using the traditional cash-collection approach;
- Administrative appeals involving royalties taken in kind are greatly reduced, as is the potential for litigation.

**Enhancing Partnership Management Strategies**

In 2004, the NPS Golden Gate National Recreation Area undertook its preliminary planning effort for the maintenance division as part of its competitive sourcing plan. The comprehensive study, which took six months to complete, included 118 positions within maintenance and related activities.

As part of this process, the park service, with the help of consultants, “reinvented” its maintenance organization to develop a “most-efficient organization.” The Golden Gate National Recreation Area encompasses 75,000 acres, 19 separate ecosystems, 780 historic buildings in five Historic Landmark Districts and is surrounded by a Bay Area population of nearly 7 million people. The park includes nationally noteworthy sites such as Alcatraz, Muir Woods, and the coastal areas of the Presidio. Prior to the “reinvention”, the park already had creatively used employees, thousands of volunteers, concessionaires, and nonprofit partners to carry out its responsibilities.

Through the study, the park identified additional ways to preserve and even enhance its unique partnership management strategies. The park drew from data generated by the newly implemented facility management system to analyze assumptions about its maintenance practices. Using Crissy Field as a pilot, the park used a “zone stewards” approach patterned after a successful model pioneered by Central Park in New York. The park also established a second pilot, its Trails Program, to explore options for intensified use of volunteers. Because of the focused reliance on volunteer management in both pilots, a small core of volunteer managers was included in the proposed operation as “mission critical.”

The study concluded that, while 79 of the 118 positions could be subject to competitive bidding, the park’s new, more efficient team could produce greater savings than an outside contractor would bid. The effort is projected to save approximately \$4.1 million over the next five years, while enhancing the park’s connections to the local community.

**Managing Information**

Interior’s FY 2005 and FY 2004 Scorecards – How OMB Scored Us				
	June 30, 2005		September 30, 2004	
	Status	Progress	Status	Progress
E-Government				

Information technologies—software, hardware, wireless communications, database systems, internet and intranet capabilities—have transformed how Interior and its eight bureaus accumulate, store, manage, and convey information. But that transformation over the past three decades has evolved through thousands of individual, often location-specific decisions with a resulting near-chaotic portfolio of information technology (IT) systems, policies, and practices. By 2001, we had hundreds of

duplicative systems. IT investments did not consistently tie to clear business and management priorities.

***Enterprise Architecture:*** A sea change is underway. We now have an enterprise architecture to provide a roadmap for integrating and modernizing our IT assets. We have completed and are implementing modernization blueprints for recreation, wildland fire, law enforcement, and financial management. Blueprints are underway for Indian Trust systems, geospatial systems, human resources, aviation management, and several other business and information systems. Implementation of these blueprints is yielding management results:

- We have retired 171 duplicative and outdated systems;
- We project retirement of an additional 132 systems.

***Enterprise Services Network and Enterprise Initiatives:*** Four years ago, some Interior employees could not easily share information with others in a different bureau. Today we are moving toward a single, secure, centrally managed network infrastructure that includes Department-wide Intranet and Internet access and a network operations and security center. We have three objectives for the first of this two-phase effort:

- Establish a Department-wide Intranet (completed);
- Consolidate 33 Internet connections across the Department to 5 centrally managed, secure gateways (August 2005); and
- Implement an Enterprise Services Center and network operations and security center to manage the network and provide customer support (completed).

***Enterprise IT Acquisition and Management:*** With over 70,000 employees, many of whom use IT hardware and software, Interior's practice of decentralized IT buying meant millions of dollars in lost opportunities for saving money through consolidated purchasing. Using an enterprise approach to acquisitions, Interior employees now choose products and services that meet bureau needs, while both saving money and ensuring that IT products and services conform to Interior's technical and product standards. Through enterprise acquisition, Interior:

- Saves approximately \$100 million (in avoided costs) per year; and
- Will save in maintenance costs in future years through operating common systems.

***IT Security:*** Over the past three years, Interior has spent \$100 million to improve IT security. "Perfect" security with zero risks of disruption or penetration to our IT systems is neither practical nor economical. However, we can significantly minimize security risks by evaluating our IT systems for risks, preparing a security plan for each system, testing each system for vulnerabilities, completing contingency plans to restore systems if they are compromised, and completing a Certification and Accreditation of those systems to provide a benchmark for determining adequate IT security. These efforts are making a big difference:

- In 2002, no systems were certified and accredited; today over 95 percent have been certified and accredited;
- In 2002, Interior had 3 certified security professionals; today we have 67;

- In 2002, we had 491 systems; today we have 163, thereby eliminating redundancy and improving the ability to secure systems; and
- In 2002, our congressional IT security grade was poor; for 2004 we achieved a “C+”.

### ***E-government Initiatives***

We often think of information technologies as tools to enhance administrative functions, store information, and facilitate document production. But information technologies hold tremendous potential to enhance service to citizens and customers of government services. While Interior participates in 17 e-government initiatives with other federal agencies, we are leading several of these key efforts—and dramatically improving citizen service.

- *Geospatial One-stop* collects geographic, mapping, and other related information within a single portal. The portal now boasts over 80,000 datasets registered on its on-line card catalogue. The data come from over 1,400 partners, including 46 state governments and hundreds of local governments.

The Geospatial One-stop initiative is also creating common data standards, with 13 data exchange standards now going through the approval process of the American National Standards Institute. These standards cover five transportation modes, cadastral, orthoimagery, hydrography, elevation, and government boundaries. Once approved, the standards will allow national uniformity in the representation of global information system data layers, giving users much more confidence in the data they borrow from others and making data exchanges much easier technically.

- *Recreation One-stop* will provide a new government-wide, on-line recreation reservation system. Once fully deployed by the end of 2005, the system will replace one National Park Service system, a joint Forest Service/Army Corps of Engineers system, about eight small Bureau of Land Management systems, and one system each for our Bureau of Reclamation and Fish and Wildlife Service. The effect of this transformation will be improved public access to recreation information, one-stop shopping for reservations, and efficiencies made possible by retiring old systems.

### **Managing Our Assets**

With some 40,000 facilities and 507 million acres to manage, asset management presents one of Interior’s single biggest challenges. In 2001 we faced significant maintenance backlogs across many of our bureaus, with an estimated \$4.9 billion backlog in the park service alone. The events of September 11, 2001 added another dimension to our facilities management—a focus on critical infrastructure security. We lacked any overall inventory of facilities or common information systems to track the condition of facilities. Over the past four years, bureaus have dramatically altered this picture:

- Most bureaus now having fully completed condition assessments of all priority facilities;
- Interior has completed an asset management plan that creates a portfolio approach to managing constructed assets, establishes common metrics for assessing asset conditions, strengthens capital planning and investment controls, and establishes performance metrics.

***Improving Critical Infrastructure Security:*** Since September 11, 2001, the Bureau of Reclamation has enhanced its dam security to protect the public, its employees, and its ability to meet water and power mission objectives. To improve security, BOR has:

- completed vulnerability risk assessments at all major dams and power plants;
- enhanced security at critical facilities through structural fortifications, access controls, surveillance and detection improvements, and enhanced operational procedures;
- provides—directly and through contracts—law enforcement, including armed guards at key facilities.

***Improving Facilities Maintenance:*** With over 30,000 facilities and over 20,000 miles of trails and roads, the National Park Service faces prodigious asset management responsibilities. Over many decades, parks have experienced longstanding, cumulative maintenance backlogs. Our parks and the millions of visitors who enjoy them deserve better. Over the past four years, the National Park Service has overhauled its maintenance management systems and practices, creating a state-of-the-art inventory and condition assessment of its priority assets. For the first time, the National Park Service knows what facilities it has and their condition.

Using this information and applying additional resources to maintenance, the National Park service has completed or underway over 4,000 infrastructure and facility improvement projects. For example:

- Yellowstone National Park is upgrading fire protection in the Old Faithful area, which contains 250 buildings, many of which are of log or wood-frame construction;
- Lake Mead National Recreation Area is bringing its wastewater treatment into compliance with Arizona’s environmental regulations;
- Manassas National Battlefield Park is stabilizing and maintaining significant historic structures, including major repairs to buildings and structures.

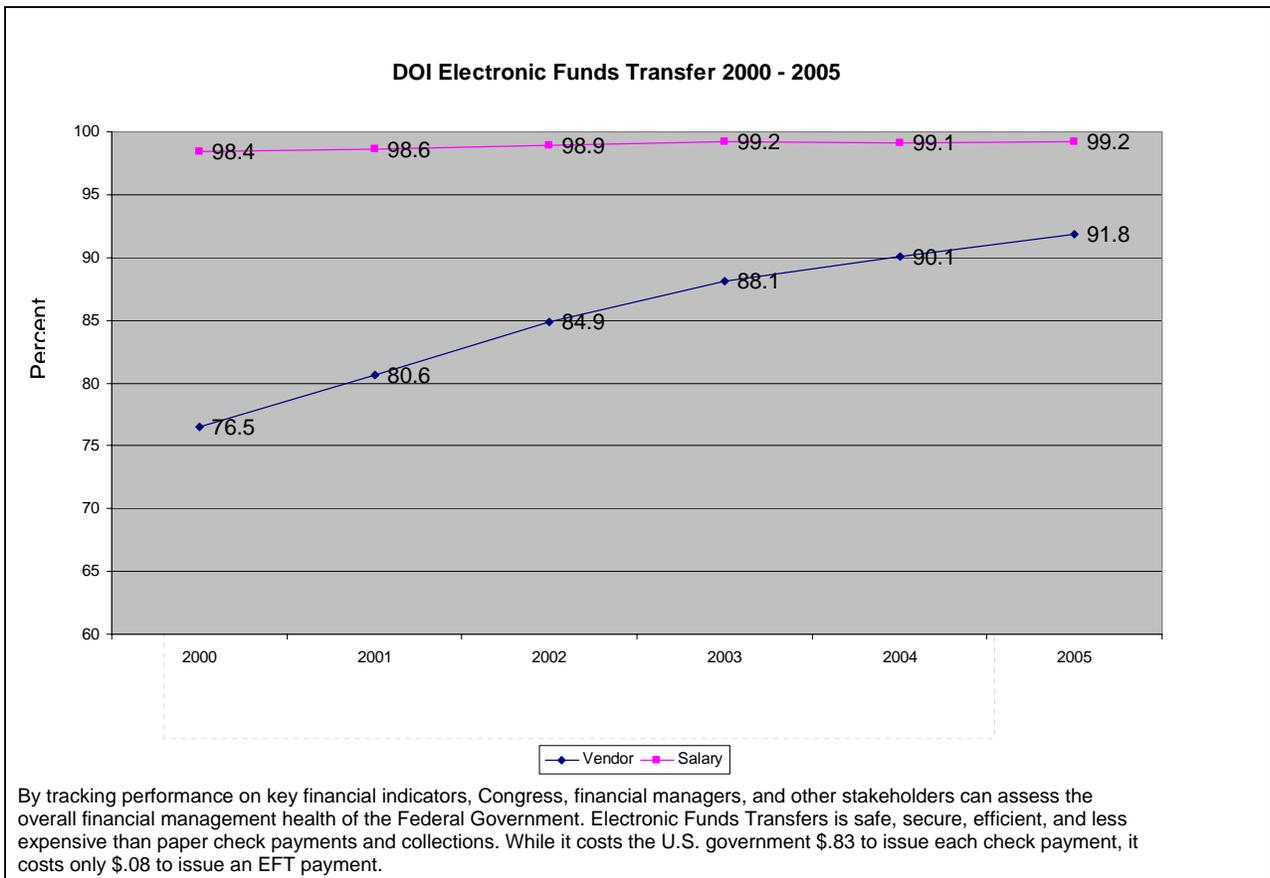
## **Tracking Our Finances**

Several years ago, when the U.S. Geological Survey was unable to complete the annual audit and produce a balance sheet, USGS began a major overhaul of its financial management. Central to that effort was training—training of all managers who had any financial responsibilities. Initially, some managers exclaimed that they were scientists, not financial managers or accountants. As USGS ultimately insisted, anyone who allocates resources, purchases goods and services, takes in receipts, provides reimbursable services to others, or develops budgets has some financial management responsibilities. No one is exempt. All these transactions must be appropriately recorded

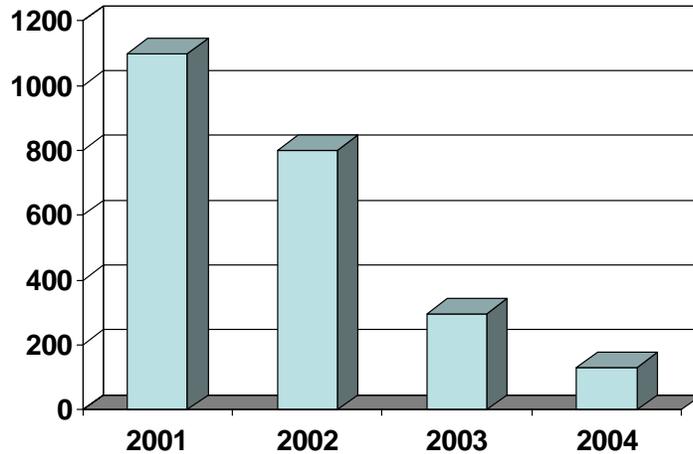
in financial and business management systems to ensure transparency and accountability to the public.

Understanding this imperative, Interior has overhauled its financial management. Though Interior had received an unqualified opinion in its annual audit for a number of years, the process was laborious, with results tenuous. Today, Interior has transformed its financial management:

- In 2001, time-consuming and costly year-end journal entry adjustments totaled 1,100; in 2004 the total had fallen to 129
- In 2001, we required five months after the close of the fiscal year to complete our audit and performance reports; in 2004, we completed these efforts within 45 days
- In 2001, we had 17 material weaknesses at the Departmental level; in 2005 only four remained.



## U.S. Department of the Interior Financial Management – Year-end Adjustment Entries



Improvements to our financial management have largely occurred using existing, often antiquated, hard-to-use systems. Key to future success is implementation of our Financial and Business Management System, which will integrate financial management, procurement, property management, grants and travel management, and other subsidiary systems onto a single information platform. Along with this system migration will also come a revamping of administrative processes throughout the Interior Department. The system will enable us to replace a combination of 60 departmental and bureau-managed systems for processing financial and related transactions. It will integrate processes and systems to eliminate both redundancy and inefficiencies.

### THE PRESIDENT'S MANAGEMENT AGENDA

Interior's dedicated employees provide outstanding outdoor recreation opportunities for those who visit public lands. The Department is the Nation's premier conservation agency, protecting unique natural, cultural, and historic places. Our bureaus manage lands that provide one-third of the Nation's energy and offer significant economic opportunities through access to resources on public lands. We provide special services to Indian Country, as well as serving Americans by providing law enforcement, wildland fire management, and premier scientific information and analysis.

Our management efforts are often the unglamorous conduit for delivering these services. How well we manage our programs, people, and resources affects our ability to achieve on-the-ground results.

The President's Management Agenda, launched in August 2001, has helped us steer a management improvement course within a systematic framework and with clear management goals. All of our bureaus have made significant progress in implementing the various elements of the President's Management Agenda—in human resources,

financial and e-government management, budget and performance integration, competitive sourcing, and real property management.

While all Interior’s bureaus have made substantial management improvements, several bureau efforts stand out for their achievements:

- Virtually all of our bureaus have made outstanding progress in developing and implementing workforce plans under the umbrella of our overall Strategic Human Capital Plan;
- MMS has demonstrated excellent performance in IT management, with especially strong results in IT security;
- Four bureaus—BLM, MMS, NPS, and OSM—have achieved particularly strong results in their competitive sourcing efforts;
- OSM has achieved the highest results in financial management; and
- MMS has excelled in budget and performance integration, with USGS, FWS, NPS, and OSM also showing strong results.

## How We Are Doing

### OMB Rates Interior’s Management Achievements:

■ Then			■ Now		
	Status <small>(As of 9/2002)</small>	Progress <small>(As of 9/2002)</small>		Status <small>(As of 6/30/05)</small>	Progress <small>(As of 6/30/05)</small>
Competitive Sourcing	●	●	Competitive Sourcing	●	●
Financial Management	●	●	Financial Management	●	●
Budget and Performance Integration	●	●	Budget and Performance Integration	●	●
Strategic Management of Human Capital	●	●	Strategic Management of Human Capital	●	●
Expanding E- Gov	●	●	Expanding E- Gov	●	●
			Real Property	●	●

#### WHAT’S ON THE HORIZON

Management excellence is a journey not a destination. One employee, grappling with so many new management initiatives, recently asked: “Can’t we just say we’re done?” We have made tangible improvements—in information technology security,

facilities management, appraisal services, financial management, the list goes on and on. But we have lots of work still to do—and plenty of challenges.

- Recently, through testing performed by our Inspector General, we uncovered gaps in our IT security, notwithstanding the significant progress made to date;
- Our bureaus must continue the sort of core operations analysis pioneered in the NPS Intermountain Region to ensure resources are deployed to the highest priorities;
- We have a “green plan” for competitive sourcing but face the hard work of undertaking competitions and, equally important, achieving cost savings and service improvements;
- We have a Diversity Plan for human resource management but have not yet demonstrated significant progress in attracting a more diverse workforce;
- While we now have condition assessments for our capital assets, we have not strategically examined all opportunities for space consolidation or disposal of non-essential facilities;
- We now have activity-based cost management but have not fully tapped the potential for using ABC information to guide management decisions;
- We have embarked on integrating our financial and business management systems, but much of the hard work of actually bringing bureaus fully into the system remains ahead of us;
- We still have four material weaknesses in our consolidated audit.

On the horizon, we will continue to focus on achieving the milestones set forth in our management “Proud-to-Be” documents that set forth, for each element of our management agenda, the next phase in hoped-for progress. As we move forward, we have set specific programmatic and management goals. Achieving them will require expanded communication among our 70,000 employees at headquarters in Washington, in our regions, and in the field. We face the inevitable tension between the imperative of organizational leadership at the helm and the importance of flexibility and innovation in the field.

One central task of our managers is to provide leadership, while at the same time tapping the knowledge of situation and experience that comes from those who work on the ground, in the field, with citizens and customers. And, of course, we face a balancing act to ensure that management improvements continue alongside implementation of programs and activities that deliver the substantive results Americans expect. The real test of our success is how well we achieve intended results—on time, within budget, and with our mission achieved.