

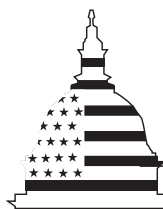
GAO

Subcommittee on Interior and Related
Agencies, Committee on Appropriations,
House of Representatives

February 2000

FISH AND WILDLIFE SERVICE

Agency Needs to Inform Congress of Future Costs Associated With Land Acquisitions



G A O

Accountability * Integrity * Reliability

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Abbreviations

LAPS Land Acquisition Priority System



B-284269

February 15, 2000

The Honorable Ralph Regula
Chairman
The Honorable Norman D. Dicks
Ranking Minority Member
Subcommittee on Interior
and Related Agencies
Committee on Appropriations
House of Representatives

Since 1903, when the first national wildlife refuge was established, the nation's wildlife refuge system has grown to include 521 refuges and more than 90 million acres.¹ The Department of the Interior's Fish and Wildlife Service (the Service), which manages this system, has primarily used two funds to purchase land for establishing or expanding refuges. One of these funds is the Migratory Bird Conservation Fund, which was established in 1934 to provide revenue for acquiring habitat for migratory birds. This fund is supported with revenues from a variety of sources, such as refuge entrance fees, and does not require an annual appropriation. Monies from this fund are distributed by the Migratory Bird Conservation Commission, which is made up of four congressional members and the heads of three federal agencies.² Three times a year, the Secretary of the Interior proposes and the Commission approves acquisitions using migratory bird funds. The other primary fund—the Land and Water Conservation Fund—is an appropriated fund established in the 1960s to acquire recreation land. It too is supported by several revenue sources, such as user fees for outdoor recreation activities. For this land and water fund, the Service annually proposes acquisitions for federal funding, and the Congress appropriates funds and specifies which refuges can be established or expanded with land and water funds. The Service can also acquire land for refuges through other means—donations from nonfederal entities, transfers of land from

¹ As of Sept. 30, 1999.

² The Commission includes the Secretary of the Interior (chair); the Administrator of the Environmental Protection Agency; the Secretary of Agriculture; two members of the Senate selected by the President of the Senate (currently, John Breaux and Thad Cochran); and two members of the House of Representatives (currently, John D. Dingell and Curt Weldon) selected by the Speaker of the House.

other federal agencies, or exchanges of federal land parcels for nonfederal land parcels—and is generally not required to inform the Congress of these acquisitions. In fiscal year 1999, the Service received about \$65 million from the migratory bird fund and about \$48 million from the land and water fund to acquire refuge land.

Refuges are typically set up in two stages. In the first stage, the Service is provided the authority to create the refuge. Such authority can be provided by the Congress, either through specific legislation or earmarks in the Service's land and water fund appropriation; by the President, through an executive order; or by the Service Director. However, at the time a refuge is created, land may or may not be associated with it, and its boundaries may or may not have been fixed. In the second stage, land is acquired and the refuge is considered to be "established." Subsequently, a refuge can be expanded when additional land is acquired. Such an expansion can occur with land acquired within the original refuge boundaries or, following a decision to extend the boundaries, with land acquired outside the original boundaries. In this report, we refer to all subsequent acquisitions of land as "expanding" refuges.

Concerned about whether the Service established any refuge with migratory bird funds after the Congress denied appropriations from land and water funds for that proposed refuge, you asked us to examine the Service's handling of established and expanded refuges from fiscal year 1994 through fiscal year 1998. As agreed with your offices, we determined (1) which funds—land and water funds or migratory bird funds—the Service used to establish and expand refuges during this period, (2) how the Service sets priorities for acquiring land with these funds, and (3) whether the Service followed these priorities in requesting funding for this period. You also asked us about the Service's use of the Cooperative Endangered Species Conservation Fund, which provides grants for nonfederal entities to acquire land associated with habitat conservation plans. We provide information on these grants in appendix I.

Results in Brief

Of the 23 refuges the Service established in fiscal years 1994 through 1998, only 8 used federal funds—\$4 million from the land and water fund; no migratory bird funds were used. The remaining 15 refuges were established with land that was donated, transferred, or exchanged; the Service had earlier requested but had not received land and water funds for 3 of these refuges. The Service subsequently expanded 20 of the 23 refuges, using land and water funds totaling \$29 million for 14 refuges, and donations,

transfers, and/or exchanges for the remainder. The Service anticipates seeking another \$630 million in land and water funds to continue the expansion of 10 refuges established without federal funds. Because the Service is not required to inform the Congress when refuges are established without appropriated funds, the Congress may not know of these refuges and does not have the information necessary to factor the costs for their subsequent expansion into its decisionmaking about land and water fund appropriations. The Service also expects to incur future operations and maintenance costs for the newly established refuges (as for many other refuges), which will be covered by appropriated funds, but it is not required to provide the Congress with estimates of these future costs at the time it establishes a new refuge. The Service is modifying its systems that track estimates of operations and maintenance costs to assign funding priorities to specific refuges; it anticipates that these modifications will be completed in 3 to 4 years.

The Service uses different priority-setting processes for acquiring land with the two funds. For land and water funds, it uses an automated system that creates several lists of acquisitions proposed under different statutory purposes (such as endangered species or fisheries resources)—using different criteria for each—and merges these lists into a single national priority list. While the Service uses these priorities to develop its land and water fund budget request, it believes the system needs to be improved. Service officials, who are members of a team charged by the Service with revising the priority system, said that the criteria for the current system are subjective, result in little differentiation between the projects, and do not reflect the true relative ranking of the listed projects. Nonetheless, this is the only system the Service has to set priorities. Therefore, the Service is developing a revised system for setting priorities for land acquisition to resolve these problems. It has not completed work on the revised system, but it plans to seek the Director's approval to implement this revised system as a pilot for developing the fiscal year 2002 budget. For migratory bird funds, each of the Service's regional offices sets its own priorities, according to the Service's criteria for managing waterfowl habitat and the office's opportunities for purchasing the land within a year of receiving funding.

In requesting land and water funds for fiscal years 1994 through 1998, the Service followed its national priority list for about three-quarters of the 106 projects it submitted for funding. That is, it selected projects in sequential order, beginning with the number one priority project. However, individual projects were not selected if, for example, there were no willing sellers. In

these cases, the Service dropped down in the priority list to include lower-priority projects in the request. In addition, other projects of lower priority were included in the budget request for other reasons, such as congressional interest or administration initiatives. For the migratory bird fund, the Service requested funding for projects it was likely to acquire within that year; for these requests, it submitted only projects with preliminary purchase contracts.

This report makes recommendations to provide additional information on land acquisitions and associated costs to facilitate congressional oversight and enhance budget deliberations, and to implement a revised priority system for land acquisitions that is more objective and usable.

Background

The National Wildlife Refuge System is dedicated primarily to the conservation of animals and plants. Other uses, such as recreation and livestock grazing, are permitted only to the extent to which they are compatible with the purposes for which the specific refuge was created. Individual refuges may consist of contiguous tracts of land—ranging from less than 1 acre to more than 19 million acres—or separate tracts of land scattered over one or more states. The boundaries of a refuge may encompass land that is (1) completely federally owned; (2) primarily federally owned, with isolated tracts of nonfederal land (referred to as “inholdings”); or (3) in a few refuges, primarily nonfederal with isolated tracts of federal land.

National wildlife refuges have been created by both executive and legislative actions. In the 1930s, the Congress enacted several laws requiring the consideration of the impact of federal projects on wildlife, providing for revenue-sharing with local governments, and financing the acquisition of waterfowl habitat. Subsequent statutes provided additional financing and incentives for the Service to acquire refuge lands and general authority to expand the refuge system. In response to these statutes, the Service has increased the rate at which it creates new refuges and acquires land. In the last 30 years, the Service has established about 40 percent of all the refuges and acquired about 70 percent of all the acres in the national

refuge system.³ The Service has established the goal of annually acquiring land for refuges as it identifies acquisition opportunities or new areas of high biological value. For example, the Service's Annual Performance Plan for Fiscal Year 2000 contains the long-term goal of acquiring about 538,000 acres for fiscal years 1999 through 2003.⁴

The Migratory Bird Conservation Act of 1929—the first federal statute authorizing habitat acquisition—authorized the acquisition of land and water to protect migratory birds. The migratory bird fund was established in 1934 by the Migratory Bird Hunting Stamp Act. The fund's three sources of revenue—the sale of duck stamps purchased by hunters and certain refuge visitors, import duties on arms and ammunition, and 70 percent of certain refuge entrance fees—produce roughly \$40 million annually for land acquisitions.⁵ The use of about half of these funds to acquire land for refuges must be approved by the Migratory Bird Conservation Commission.⁶ This Commission includes the Secretary of the Interior (chair), the Administrator of the Environmental Protection Agency, the Secretary of Agriculture, two members of the Senate selected by the President of the Senate, and two members of the House selected by the Speaker of the House. It meets three times per year (or as needed) to consider and approve proposed acquisitions of land or water recommended by the Secretary of the Interior. Land acquisitions acquired through this fund must also be approved by the governor or appropriate state agency in the affected state. The Service tries to spend the migratory

³ The largest increase in acreage occurred when 53 million acres of refuge land were added under the Alaska National Interest Lands Conservation Act of 1980. Currently, about 77 million acres of refuge lands are in Alaska.

⁴ The Government Performance and Results Act requires agencies to produce strategic plans and annual performance plans with annual goals and targets showing how they plan to achieve the goals. The Congress passed the act in 1993 to encourage efficiency, effectiveness, and accountability in federal programs. In Dec. 1999, the Service advised us that it is revising its acquisition performance plans downward in response to its fiscal year 2000 congressional appropriations.

⁵ In 1999, the Service received an increase of \$23 million. The increase was an adjustment because the Service had not received its share of import duty receipts for 1993 through 1997.

⁶ The Service spends the remaining funds to acquire land for waterfowl production areas—areas that are not refuges and are not a topic of this report.

bird funds within 1 year of receiving them.⁷ Through the end of fiscal year 1998, the Service used \$400 million from this fund to acquire more than 2.3 million acres for refuges.

The land and water fund, created in 1964, has been the principal source of funds for acquiring new recreation lands by the four land management agencies (the Service, the Bureau of Land Management, and the National Park Service in the Department of the Interior; and the Forest Service in the U.S. Department of Agriculture). The fund is supported by several sources—revenues from offshore oil and gas leasing, federal user fees for outdoor recreation activities, the federal fuel tax on motorboats, and the sale of federal surplus property. For the Service, the Congress must authorize appropriations for land acquisitions—both the establishment and expansion of refuges—from this fund; if funds are not appropriated, they remain in the U.S. Treasury and can be spent for other federal activities. Although refuges established by either of the funds may also support the purposes of the other, the Land and Water Conservation Fund Act—until it was amended in 1986—had prohibited the Service from using land and water funds on refuges created with migratory bird funds.⁸

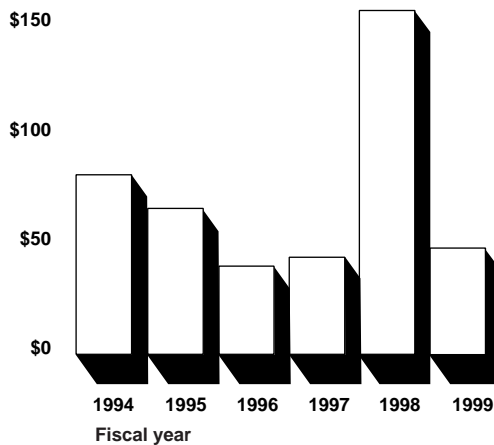
Appropriations from the land and water fund have fluctuated widely since the fund began, generally ranging between \$200 million and \$300 million annually for all four federal agencies. In total, the Service has received about \$1.4 billion of the \$10.3 billion appropriated to the four agencies since the fund began. Figure 1 shows fluctuations in the Service's land and water funds over the past 6 years.

⁷ Each year, the Service must obligate the funds that are attributable to duck stamp sales by Feb. 1 of the following year, or the price of duck stamps is reduced from \$15 to \$5, as required by 16 U.S.C. 718b.

⁸ The restriction was lifted by the Emergency Wetlands Resources Act of 1986, (P.L. 99-645, Nov. 10, 1986).

Figure 1: Land and Water Funding Levels for the Service, Fiscal Years 1994 Through 1999

\$200 Dollars in millions



Note: Funding for 1998 includes about \$95 million appropriated under title V of that year's appropriation bill for high-priority land acquisitions.

Source: GAO's analysis of information provided by the Fish and Wildlife Service.

Once appropriated by the Congress, land and water funds generally remain available to the agency until they are expended; with agreement from congressional appropriations committees, agencies receiving funds can reprogram them for selected purposes. For example, the Service generally receives land and water funds to acquire land in a specific refuge; if it is subsequently unable to acquire land after funding is granted, the Service may seek agreement from the appropriations committees to use those funds to acquire land in another refuge instead. The Service does not need to seek agreement to acquire different lands within the same refuge.

In addition to acquiring land through purchases, the Service can acquire land without using funds.⁹ Specifically, the Service can accept donated land from nonfederal entities, transferred land that other federal agencies have

⁹ The Service is authorized to acquire land by 20 different acts. These acquisition authorities include categories for purchase, acceptance of donations, exchanges, and transfers of lands.

acquired, or land withdrawn from the public domain.¹⁰ The Service can also exchange tracts of land with other entities, although the tracts of land must generally be similarly valued. The Service is not required to inform the Congress of acquisitions by donation or transfer. It is, however, required to obtain agreement from congressional appropriations committees for acquisitions by land exchange when the exchange will involve the divestiture of federal property valued at more than \$100,000.¹¹

The Service's decision to acquire land—either to establish a new refuge or to expand an existing one—usually originates at the field level, when Service officials identify a need to acquire full or partial control of specific tracts of land in order to meet the Service's resource objectives. Generally, a team of Service biologists, researchers, planners, and realty specialists proposes refuge boundaries that are based on the biology and ecology of an area. In developing such proposals, the team considers factors such as data on the population density of a certain species, its habitat, and its nesting patterns; existing land uses and values; the area's economy; and the needs of nearby residents and others.

Whether refuge land will be donated or acquired with migratory bird or land and water funds, the Director of the Service approves proposals to establish a refuge or expand its boundaries—if the land to be acquired is at least 40 acres or represents more than 10 percent of the acreage that is currently approved for the refuge. This responsibility is delegated to regional directors when the proposed land parcel is less than 40 acres or 10 percent of the refuge. In deciding to approve a proposed acquisition, the Director considers the purpose of and rationale for the proposed acquisition, the presence of and benefits to threatened or endangered species, information on land ownership, and potential sources of funds.

¹⁰ Public domain means that the title to the land has always remained with the federal government. Almost 90 percent of the lands in the refuge system came from the public domain.

¹¹ The Service established this policy in response to language in the House Report accompanying the Department of the Interior and Related Agencies Appropriations Bill, 1991.

Sources of Funds Used to Establish and Expand Refuges

During 1994 through 1998, 15 of the 23 new refuges the Service established were acquired without federal funds; no migratory bird funds were used. The Congress had earlier chosen not to provide land and water monies to fund 3 of the 15 refuges acquired without federal funds. The Service subsequently expanded 20 of the 23 new refuges—using \$29 million in land and water funds for 14 (including one for which the Service had earlier requested but not received land and water funds), and donations, transfers, and/or exchanges for 6. It plans to request additional land and water funds (an estimated \$630 million) to continue expanding 10 of the refuges created without federal funds. While the Service does not incur initial acquisition costs in accepting donations of land, it will incur future operations and maintenance costs associated with the refuges established with those donations—costs that will be paid with appropriated funds.

Most New Refuges Established Without Federal Funds

Fifteen of the 23 refuges the Service established during 1994 through 1998—totaling about 54,000 acres—were established without federal funds, 12 with donations, 2 with private land exchanges—one for federal land and the other for timber located on federal land, and one with a land transfer. Eight of the 23 refuges were established with appropriated land and water funds totaling \$4 million (for about 6,000 acres). None of these refuges were established with migratory bird funds. Appendix II provides more information about the 23 new refuges. Figure 2 shows the location of the 23 new refuges.

Figure 2: Locations of Refuges Established, Fiscal Years 1994 Through 1998



Note: The map displays 22 of the 23 refuges—the Guam National Wildlife Refuge is not shown.
Source: GAO's analysis of information provided by the Fish and Wildlife Service.

For 3 of the 15 refuges established without federal funds, the Service had earlier requested, but had not received, land and water funds. Table 1 provides information on these three refuges.

Table 1: Sources of Support for Three Refuges Established After Land and Water Funds Were Denied, Fiscal Years 1994 Through 1998

Refuge	State	Fiscal years funding denied	Fiscal year established	Sources of support
Key Cave	Alabama	1995, 1996, 1997	1997	Timber for land exchange ^a
Patoka River	Indiana	1994	1994	Donation
Rappahannock River	Virginia	1994, 1995	1996	Donation

^aA nonprofit organization acquired the Key Cave property to hold until the Service received funding. When the Service did not receive the anticipated funds, it instead exchanged timber located on the Wheeler refuge in Alabama (which the donor cut and sold) for the Key Cave property.

Source: GAO's analysis of information provided by the Fish and Wildlife Service.

According to officials in the Service's Division of Realty, the Congress' decision not to fund specific projects reflected budget constraints for the land and water fund, rather than congressional guidance that the Service should not continue to pursue proposed acquisitions. The Assistant Director for Refuges and Wildlife told us that if the Congress chooses not to fund a Service request for a specific acquisition, the Service may still move forward with that acquisition using means other than land and water funds. The Service would do so, according to him, only if the acquisition was important enough to the Service's mission. Furthermore, the Assistant Director told us that when the Congress has not wanted the Service to pursue specific acquisitions, the Congress has explicitly directed the Service not to proceed.

These officials told us that they believe donations offer several benefits to the Service and landowners. First, donations expand the Service's ability to acquire land at no initial cost to the agency or the taxpayer. Second, donations are another tool to acquire land that the Service uses to accomplish its mission. Third, donations provide the Service with greater flexibility in acquiring land because the process for accepting donated land can be easier and less time-consuming than the process for obtaining appropriated funds. Finally, donations can give the parties who donate the land public relations and/or tax benefits.

For 5 of the 12 refuges established by donation, the Congress had appropriated land and water funds for that same purpose by the time the Service accepted the donation. However, the Service accepted the

donations first and has used, or plans to use, the appropriated funds to acquire other land at that same refuge. When appropriated funds are used in this way, the Service is not required to inform the Congress of the change. For example, the Service established Stone Lakes Refuge in California in October 1994 when it acquired land with \$1.2 million it received from California for that purpose. The Service had also earlier requested and received \$1 million in land and water funds for this acquisition. The Service used this appropriation to purchase other land in the same refuge.

Land and Water Funds Were Used to Expand Most New Refuges

The Service expanded 20 of the 23 refuges by acquiring another 89,000 acres. Land and water funds totaling \$29 million were used to expand 14 of the new refuges—6 with only land and water funds and 8 (including the Patoka River refuge, for which the Service had earlier requested but not received land and water funds) with land and water funds and other means. The remaining six refuges were expanded with donated land, transferred land, and/or exchanged land.

The Service anticipates seeking an additional \$786 million to acquire about 400,000 acres for 17 of the 23 refuges. This amount includes about \$630 million in land and water funds the Service anticipates seeking to purchase about 260,000 more acres for 10 refuges that were established without federal funds and \$2.7 million from the migratory bird fund to purchase about 2,500 more acres for 1 of the 10 refuges.¹² For example, the Mashpee National Wildlife Refuge, in Massachusetts, was established in September 1995 with a 54-acre donation from the town of Mashpee. Subsequently, the Service used about \$2.8 million in land and water funds to expand the refuge by purchasing another 278 acres. The Service plans to acquire more than 5,600 acres for this refuge, using future land and water funds estimated at \$42.5 million.

The Service did not have estimates of the number of acres remaining to complete the National Wildlife Refuge System, but it did have estimates for 144 refuges as of fiscal year 1998. For these, Service plans showed that about 2.8 million acres were still to be acquired with about \$3.8 billion in land and water funds.

¹² These estimates exclude the additional acres the Service anticipates acquiring for the Big Branch Marsh refuge, as well as the associated land and water funds, because the Service combined this refuge with other refuges in order to plan its use of land and water funds.

Future Appropriations Will be Needed to Operate and Maintain Refuges

While the Service does not initially incur acquisition costs in accepting donations to establish or expand refuges, it will subsequently incur costs to operate and maintain these refuges—costs for which it must request annual appropriations. The Service estimates future operations and maintenance costs in assessing potential donations but may accept donations based on biological values regardless of those estimated costs. For example, in October 1994, the Service accepted a donation of 3,660 acres to establish the Big Branch Marsh Refuge in Louisiana. The Service estimated, at about that same time, that the refuge would initially require \$100,000 in annual operations and maintenance expenses, which would increase to \$229,000 annually when the refuge was completed. (Furthermore, the Service estimated it would incur more than \$3 million in other costs associated with planning, purchasing equipment, and acquiring additional land.)

Overall, these costs are substantial: In fiscal year 1998, the Service obligated about \$2.6 million for operations and maintenance expenses for 9 of the 23 refuges.¹³ For example, this obligation included almost \$200,000 in operations and maintenance costs for the Patoka Refuge in Indiana, which was established with 9 donated acres in September 1994 (and had expanded to 2,683 acres by 1998).

According to the Assistant Director for Refuges and Wildlife, operations and maintenance costs—which are incurred for many refuges, regardless of the means by which they are established—are currently a high-profile issue in the Service. Furthermore, the Service has a large operations and maintenance backlog for refuges, and the Congress has expressed concerns about the Service's continuing to acquire land in light of this backlog. Finally, he said that, historically, the Service has focused on acquiring lands—to meet its land protection mission—without adequately considering whether funds will be available for future operations and maintenance expenses.

While the Service does not now report estimated future operations and maintenance costs to the Congress when it establishes refuges, the Assistant Director told us that the Service wants to do better in this regard. For this reason, the Service is modifying its existing systems that track operations and maintenance cost estimates so that it will have the systems

¹³ These data are as of June 30, 1999. Because the Service does not separately track the operations and maintenance costs of every refuge, we could not determine costs for all 23 refuges.

assign funding priorities to specific refuges. The Service anticipates that these improvements will be completed in 3 to 4 years. After these improvements are made, the Service anticipates that it will begin reporting to the Congress estimated future operations and maintenance costs associated with specific refuges when those refuges are established.

The Service's Priority-Setting Processes for Two Funds Differ Dramatically

The Service follows different processes for setting acquisition priorities for the land and water fund and for the migratory bird fund. Priorities for acquisitions to be purchased with land and water funds are set by an automated priority system that generates a single national priority list, while priorities for acquisitions using the migratory bird fund are set separately by the Service's regional offices (resulting in six regional priority lists). According to Service officials who are members of a team charged with revising the automated system, the criteria for the system for land and water funds are subjective, result in little differentiation among the proposed projects, and do not reflect the true relative ranking of all the projects. The Service is now revising its system for setting priorities to resolve these problems and, pending approval by the Director, anticipates using the revised system in 2000 as a pilot for developing the budget for fiscal year 2002.

Service's National Priority List for Land and Water Funds May Not Accurately Reflect Refuges' Relative Ranking

To obtain the Director's approval for proposed refuges, regional staff enter certain data for each proposed project into the Service's computerized Land Acquisition Priority System (LAPS).¹⁴ The LAPS rankings are used by the Service in deciding which refuges to propose for land and water funding. The system requires that each proposed refuge be assigned to one of six categories, which reflect the Service's statutory purposes for acquiring land: (1) endangered species, (2) fisheries resources, (3) nationally significant wetlands, (4) nationally significant wildlife habitat, (5) significant biodiversity, and (6) migratory birds. Proposed refuges that address any of the first five are generally eligible for land and water funds, and those that address the last are generally eligible for migratory bird funds.

¹⁴ In response to requests from the Congress and others, the Service began developing this system in 1983 and first used it in 1986.

For each category, the system has different criteria, requires different information, and uses different types of measures to assess the fish and wildlife resources on the proposed refuge. For example, to describe diversity on the refuge in the category of nationally significant wildlife habitat, field staff enter data on, among other things, the number of wildlife and/or plant species. Staff are then to exercise their judgment to assign a number of one, two, or three (that is, high, medium, or low) to measure the biological diversity of this proposed refuge. For the refuges listed in this category, the system then computes scores that reflect species diversity and conditions of the species' habitat. A lower score means that the refuge has higher needs compared with others in that category. In comparison, for the category of nationally significant wetlands, staff enter data to determine such things as trends in the loss of wetlands resulting from development in the refuge area. In entering these data, the staff exercise judgment in assigning the percentage of each type of wetland located in the refuge, and whether this type is stable, increasing, or decreasing. The system computes scores for this category that are based on this information and two additional types of information, all equally weighted; a lower total score means that the refuge has higher needs. In some categories, such as significant biodiversity, a higher score means that the refuge has higher needs. Field office staff are encouraged to place multipurpose refuges into the category that will result in the best score—that is, the score that shows the highest need.

The system then merges these five different lists of scored refuges using the categories' scores and seven other factors.¹⁵ This process generates a second score for each refuge in each of the five lists. The system merges the five different lists on the basis of the scores in each category and the scores resulting from the use of these seven other factors; according to officials, the categories' scores have more weight than the scores of the seven other factors. The resulting national priority list generally includes about 130 refuges, with the highest-priority refuge ranked as number one.

While Service officials view the national priority list as a useful planning tool, they also believe that the automated system should be improved. A team of headquarters and field staff, charged with evaluating and revising

¹⁵ These seven factors are the (1) degree of threat to fish and wildlife resources, (2) opportunity to acquire land, (3) enhancement of refuge management, (4) extent to which acquisitions in a refuge are complete, (5) development needed to meet objectives, (6) operations and maintenance costs, and (7) increases or decreases in required staff.

the system's criteria, identified three shortcomings in the current system. First, for the initial five lists, the system requires that each refuge be assigned to only one category; however, most refuges address more than one statutory purpose. As a result, the automated system does not fully account for the resources of these multipurpose refuges. Second, the criteria and wildlife resources evaluated in each category are so different that they are not comparable and cannot be used to set national priorities without further adjustments. Furthermore, many refuges within each list receive similar scores because the system does not require regional staff who enter information to provide enough specificity to differentiate refuges within each list. For example, the list for nationally significant wildlife habitat (for the year 2000) scored 33 refuges, ranging from 1.1960 (considered the highest score) to 2.6992 (considered the lowest score); 20 of the 33 refuges scored from 1.1960 to 1.1991. Third, the national priority list, represents, at best, groupings of refuges that are of similar value—not a true relative ranking. In addition to these concerns, Service managers and staff do not understand and cannot explain the methodology behind the national priority list.

Service Is Revising Priority-Setting Process for the Land and Water Fund

The Service is revising the priority-setting system for land and water funds in an effort to simplify the process, lessen its subjectivity, and provide measurable dispersion in the results. The team charged with revising the system has recommended a completely new priority system that would eliminate the five category lists and would use instead a system based on biological data that are more comprehensive, quantitative, and better researched. The proposed system would also favor the acquisition of rare and threatened habitats, such as certain river communities. In this new single list, each refuge is to be assigned up to 200 points in each of four components—fisheries and aquatic resources, threatened and endangered species, ecosystem conservation, and migratory bird—and the national priority list will simply reflect projects' total scores: The highest-priority project would be the one with the highest numerical score. In this system, because all projects will be evaluated on the same criteria, they will be comparable with one another.

The team has also developed more specific and objective criteria for regional staff to follow in assigning these points—for example, the current endangered species category has two data elements that field staff provide for each endangered species on a refuge: (1) the project's potential to prevent the extinction of a species (which staff assess as high, medium, or low) and (2) the species' recovery priority number (a number between 1

and 16 that has been assigned by the Service to each endangered species). The recommended component addressing threatened and endangered species will have 14 data elements that are more specific—for example, staff will have to provide the percent of each species' population that is protected and the percent increase in the species' population that is expected on the refuge.

The Service tested the proposed revised system by scoring 38 current projects. The test scores ranged from 689 (highest priority) to 161 (lowest priority); no two refuges received identical scores, indicating the revised system would yield greater dispersion than occurs within the lists in the present system. The test also indicated that multipurpose projects would receive higher priority than occurs in the present system. For example, the highest-ranked project in this test was the Grand Kankakee Marsh National Wildlife Refuge, which addressed and scored high in all four components in the revised system; in contrast, this was one of the lowest-ranked projects on the national priority list for fiscal year 2000, scoring 131 on a list of 140 projects. Service officials believe that the results of the revised system will more accurately assess proposed refuges' national importance.

The team has solicited comments from Service employees on the proposed revisions. According to members of the team, some regional offices are concerned that their proposed projects—which may have been of relatively high priority under the current system because of their scores under one of the five purpose categories—may receive relatively lower scores in the proposed revised system, which is expected to reflect a national perspective. In other words, they are concerned that their projects cannot successfully compete. To address some of these concerns, the team has modified various aspects of the components, including giving a range of additional points to refuges for which acquisition is nearly complete.

A member of the team said that, in his opinion, the two previous efforts to revise the priority-setting system (in 1994 and 1996) did not succeed because of a general lack of support or consensus within the agency for relying on a national priority list for budgeting or funding decisions. The current effort is more likely to succeed, he believes, because of congressional interest in the Service's decisions about land acquisitions. This interest has heightened the Service's awareness of the need to rely on the national priority list in making its acquisition decisions. According to the Assistant Director for Refuges and Wildlife, with the Director's approval, the Service anticipates using the revised system in 2000 as a pilot in developing its budget for fiscal year 2002. The Service intends to obtain

public comments on the revised system and, according to the Assistant Director, may be able to fully implement it to develop the Service's budget for fiscal year 2003.

Service's Priority-Setting Process for Migratory Bird Fund Reflects Regional Priorities

The Service's regional offices set their own priorities for migratory bird funds. Each region has a migratory bird acquisition plan developed on the basis of Service criteria for managing waterfowl habitat. Each year, the plan is used to set acquisition priorities. Service officials said that the most important consideration in setting priorities for migratory bird funds is the opportunity to acquire specific tracts of land. In fact, only those potential acquisitions that have preliminary purchase contracts can be submitted to the Migratory Bird Conservation Commission for funding. Service officials said that the Commission has not requested that the Service have a system (similar to LAPS) for setting priorities for the projects it submits.

At the beginning of each year, the Service's regional offices submit to headquarters their priority lists of migratory bird projects and the funds needed for these projects. Headquarters reviews the priority lists, primarily to ensure that the projects meet the criteria for migratory bird funds, thus increasing the likelihood that the Commission will approve the requests. For example, Service officials noted, the Commission has traditionally approved projects that provide habitat for ducks and geese rather than for nongame migratory birds. Headquarters then recommends budget amounts for each project.

The Service Generally Followed Its Priorities for Land Acquisition

The Service requested land and water funds for 106 projects for fiscal years 1994 through 1998 and followed its rankings on the national priority list for about three-quarters of those projects. In developing its budget request for land and water funds, the Service generally selected projects in sequential order, beginning with the number one priority project—the project at the top of the national priority list. Individual projects were not selected if, for example, there were no willing sellers. In these cases, the Service dropped down to include lower priority projects in the request. In addition, other projects of lower priority were included in the budget request for other reasons, such as congressional interest or administration initiatives. The Congress did not always fund the Service's requests and instead funded other projects—some of which were of low priority on the national list. The Service only requested migratory bird funds for those projects for which it already had preliminary purchase contracts—these reflected its highest

priorities because they were the projects in the regions' migratory bird plans for which there were immediate acquisition opportunities.

Requests for Land and Water Funds Were Usually High Priority

Of the 106 projects for which the Service requested land and water funds during 1994 through 1998, 80 were positioned near the top of the national priority list. The remaining projects were lower on the priority list and would have been excluded from the budget request if the Service had strictly followed the list. For example, in 1998, 6 of the 25 projects submitted for land and water funding had lower priority rankings and would not have had funding requested if the Service had requested funds only for its 25 highest-priority projects. Table 2 shows the number of projects for which land and water funds were requested, the number that had a relatively lower priority—positioned lower down the national priority list, and the numerical ranking of the lowest-priority project submitted for funds (the higher the numerical ranking, the lower the project falls in the annual list, which typically includes about 130 projects).

Table 2: Summary of Priority of Projects Submitted for Land and Water Funding, Fiscal Years 1994 Through 1998

Fiscal year	Total projects submitted	Number of projects with relatively lower priority	Priority of lowest-ranking project
1994	26	3	114
1995	20	4 ^a	64
1996	21	8	63
1997	14	5	59
1998	25	6	86
Total	106	26	

^aThe Service requested funding for two projects that were not ranked.

Source: GAO's analysis of information provided by the Fish and Wildlife Service.

Appendix III lists the 25 land acquisition projects that the Service submitted for land and water funding in 1998, each project's priority ranking, and the funds requested.

The Service "dips down" in the national priority list when it requests land and water funds because it wants to address other factors the Director believes are important. For example, the Service reserves a portion of its

proposed budget (such as 10 percent for fiscal year 2000) for acquisitions that it considers critical for meeting regional needs but that are not highly ranked on the national priority list. The Service has also requested funds to support administration initiatives (such as the Lands Legacy Initiative),¹⁶ important partnerships with nonfederal entities (such as Pelican Island in Florida),¹⁷ and projects that have strong congressional support; these requests have been made without regard to the projects' ranking on the national priority list. In addition, the Service's final funding request may be changed as it is reviewed through the Department of the Interior and the Office of Management and Budget, and these changes are not likely to consider the rankings on the national list. Service officials also noted that they begin developing budget requests more than 1 year in advance of receiving land and water funds and that acquisition opportunities can change during that period.

The Congress has not always funded the Service's requests and has often appropriated funds for projects that were not requested. During the 5-year period we reviewed, about 40 percent (65) of the 158 projects that received land and water funds were submitted by the Service and about 60 percent (93) were added by the Congress. For the period of our review, table 3 shows the number of projects submitted by the Service that received funding and the number added by the Congress each year.

¹⁶ The Lands Legacy Initiative, which was part of the fiscal year 2000 budget, was proposed to expand federal efforts to protect natural resources. In support of this initiative, the Service requested funding for the Northern Forest—acquisitions to represent a comprehensive protection and management strategy for timber, wetlands, and wildlife resources involving refuges in five northeastern states.

¹⁷ A partnership to acquire land for the Pelican Island refuge was formed between two nonprofit organizations, the Service (which was to contribute about \$2 million), and an anonymous private donor (who was to contribute \$7.6 million). A Service official told us that the donor subsequently pulled out of the partnership because the Service had not obtained funding.

Table 3: Number of Land and Water Projects Funded, Fiscal Years 1994 Through 1998

Fiscal year	Submitted by the Service and received funding	Added by the Congress	Total projects funded
1994	15	28	43
1995	12	21	33
1996	7	14	21
1997	9	16	25
1998	22	14	36
Total	65	93	158

Source: GAO's analysis of information provided by the Fish and Wildlife Service.

In this 5-year period, 15 of the 93 projects added by the Congress were not on the national priority list the year they were funded. For example, in 1998, the Congress added 14 of the 36 projects funded. Appendix IV shows the 36 projects funded in 1998, each project's priority ranking, and the funds received. Of the 14 projects the Congress added in 1998, 12 had national priority rankings ranging from 7 to 126, and 2 were not ranked.

Requests for Migratory Bird Funds Were Highest-Priority Projects

The Service requests migratory bird funds only for those projects for which it already has preliminary purchase contracts—these projects reflect the regions' highest priorities because they are the projects on their regional migratory bird plans for which they have the best acquisition opportunities. Prior to each meeting of the Migratory Bird Conservation Commission, the Service provides the Commission with detailed information on the specific tracts of land that it wants to acquire. Because the Commission meets three times a year, regional offices can submit projects that were not in their original plans as new acquisition opportunities arise or move more quickly than anticipated. The Service does not show the Commission the regions' priority rankings for these projects when it submits them for funding. According to Service officials, the Commission generally approves the purchase prices and areas to be acquired for all requested projects, subject to budget limitations. For example, during 1998, the Commission approved all 18 land acquisition projects the Service had requested to expand existing refuges. None of these acquisitions established new refuges. (See app. V for more detailed information.)

Conclusions

The Service has relied on means other than appropriated funds to establish refuges—primarily donations—and it has subsequently sought and obtained land and water funds to expand these refuges. The Service is currently not required to inform the Congress of refuges established through donations and other means outside the appropriations process, at the time they are established. Consequently, congressional appropriations committees may not know of these refuges until the Service subsequently requests land and water funds to expand them. Furthermore, these refuges—like many refuges established with appropriated funds—will require subsequent federal expenditures to operate and maintain. The Service is also currently not required to inform the Congress of estimated future operations and maintenance costs when it establishes refuges. However, when the Service establishes a refuge—whether or not it uses appropriated funds—the Service estimates the costs of future land acquisitions and of operations and maintenance for that specific refuge. We believe it would be useful for the Service to provide this information to the Congress so that the Congress has the necessary information to factor the full budgetary impact of both costs into its decisionmaking.

Although the Service’s automated priority-setting system for land and water projects creates a national priority list, the priorities are (1) based on criteria that are too subjective and (2) do not represent a true relative ranking of projects. The Service is working on improving the system to make it more objective and usable, so that the resulting list will better reflect priorities that are truly nationwide. These changes are needed and should be implemented in an expeditious fashion.

Recommendations

To facilitate congressional oversight and enhance budget deliberations, we recommend that the Secretary of the Interior have the Director of the Fish and Wildlife Service:

Annually provide legislative and appropriations committees with a list of all approved and proposed refuges and refuge boundary expansions—including those for which the Congress declined to provide land and water funding. The list should identify, for each refuge, (1) estimated future requests for land and water funds and (2) estimated future operations and maintenance costs.

Expediently implement the revised automated priority-setting system for land and water funds, ensuring that the revisions correct the problems

identified in the current system and that they meet the needs of the Service and congressional appropriators.

Agency Comments

We provided Interior with a draft of this report for review and comment. Interior concurred with the recommendations contained in the report, indicated it would implement the recommendations, and set a time frame for doing so. In addition, Interior provided technical clarifications on the text of the report that we incorporated as appropriate. Finally, Interior provided information on a new policy for redistributing unexpended grant funds for land acquisition, which we discuss in appendix I. The agency's comments are included as appendix VII.

We conducted our review from May 1999 through January 2000 in accordance with generally accepted government auditing standards. Details of our scope and methodology are discussed in appendix VI.

We will send copies of this report to the Honorable Slade Gorton, Chairman, and the Honorable Robert C. Byrd, Ranking Minority Member, Subcommittee on Interior and Related Agencies, Senate Committee on Appropriations; the Honorable Bruce Babbitt, Secretary of the Interior; the Honorable Jamie Rappaport Clark, Director of the Fish and Wildlife Service; and other interested parties. We will also make copies available upon request.

If you or your staff have any questions about this report, please call me at 202-512-3841. Key contributors to this report are listed in appendix VIII.



Jim Wells
Director, Energy, Resources,
and Science Issues

Land-Acquisition Grants Using the Cooperative Endangered Species Conservation Fund

The Endangered Species Act of 1973 authorized the establishment of grants to the states to protect endangered species and to monitor the status of threatened and recovered species. In 1988, under this act, the Congress established the Cooperative Endangered Species Conservation Fund (conservation fund) to provide funds for the grants. In addition, since 1997, the Department of the Interior's Fish and Wildlife Service (the Service) has been allowed to use a portion of this fund's appropriations to provide grants for nonfederal entities to acquire land associated with habitat conservation plans.¹ The conservation fund is supported by annual deposits, from the General Fund, in amounts indexed to the values of the Federal Aid to Wildlife Restoration Fund and the Sport Fishing Restoration Account. The Congress must authorize the use of these funds by appropriations. In fiscal years 1997, 1998, and 1999, the Service distributed \$6 million annually in these grants from the conservation fund. For fiscal year 2000, about \$15 million, a \$9 million increase over previous years, is available for distribution. Grant recipients must generally spend their grants within 2 years of receiving them or return them to the Secretary of the Interior for expenditure under the act.

Uses of Conservation Fund Grants for Land Acquisition

During 1997 and 1998, the Service established and refined eligibility requirements and procedures for administering the conservation fund's grants for land acquisition. Specifically, the Service required that lands acquired with these grants must provide habitat within or adjacent to established habitat conservation planning areas to promote the recovery of threatened and endangered species. Grant recipients must acquire land that complements but does not replace a permit holder's mitigation responsibilities, which are spelled out in an approved, or soon to be approved, habitat conservation plan. Furthermore, at least 25 percent of the cost of the acquired land must be shared by a nonfederal entity.²

¹ Habitat conservation plans and incidental take permits are mechanisms authorized by the Endangered Species Act to allow nonfederal landowners to proceed with activities or projects that may harm threatened or endangered species, provided the landowners obtain a permit and take measures to minimize and mitigate this harm (such as acquiring land that will provide habitat for the species).

² The minimum nonfederal share is 10 percent if two or more states are involved.

Appendix I
Land-Acquisition Grants Using the
Cooperative Endangered Species
Conservation Fund

From 1997 through 1999, the Service awarded 15 grants, totaling \$18 million, to support 10 habitat conservation plans.³ Seven of the plans are in California, and about half of the funds (\$7.75 million) were awarded to support these plans. Two plans received grants in each of the 3 years of the program: Balcones Canyonlands Preserve in Texas (\$4.5 million) and Washington County in Utah (\$2.75 million). Most of the grants were used for land acquisition associated with regional habitat conservation plans, and most grant recipients were local governments.

In 1997, the Service could use up to \$1 million for purposes other than acquisition. Two grants were awarded for other purposes. Volusia County, Florida, received \$500,000 both to purchase land and to build a parking lot to require off-beach parking. The county currently allows cars to drive and park on the beach, which threatens sea turtles' nests. Because the county has been unable to reach agreement with adjacent landowners for this project, however, it has not begun construction and will not be able to spend the grant funds within the 2-year period ending December 31, 1999. The county has now identified a different parcel of land to acquire for the parking lot, and the Service extended the 2-year time frame. However, because land values have increased, the County now plans to use the entire grant to buy the land and to use nonfederal funds (\$700,000) to construct the parking lot. Orange County, California, received \$500,000 to partially fund an endowment that provides funds to manage the Orange County Nature Preserve. Contributing to the endowment was part of the federal commitment under the habitat conservation plan.

Several plans that received grants are located near refuges that are protecting the same species. In these cases the Service may coordinate its grant awards with the activities of those refuges. For example, the San Diego County Multi-Species Conservation Program Plan and the San Diego refuge are both involved in a regional effort to conserve habitat for 85 species; the refuge lies within the area covered by the plan, and the Service is a partner in the plan. Similarly, the Balcones Canyonlands refuge is conserving land for the same purpose as the Balcones Canyonlands Preserve Habitat Conservation Plan, and the refuge was established to support the plan. Finally, the Coachella Valley refuge and the Coachella Valley Fringe-toed Lizard Habitat Conservation Plan both provide protection for some of the species, which depend on sand dune habitats that are threatened by wind conditions and development.

³ Forty-three proposals were made.

The San Diego Multi-species Conservation Program is a large and complex plan with 12 local jurisdictions and the conservation of 172,000 acres of habitat. The plan received two grants in 1997 and 1998 totaling \$4.75 million. However, all these funds were not needed to complete land acquisitions, and, through an informal agreement, the regional office and headquarters distributed a portion of the funds to three other habitat conservation plans. Two of the plans, which received a total of \$307,000, cover areas in the city of San Diego that are within the boundary of the San Diego Multi-species Conservation Program. However, \$90,000 was provided to the Coachella Valley Fringe-toed Lizard Habitat Conservation Plan, which is not related to the San Diego plan. Although the Coachella Valley plan is a high priority and received a \$1 million grant in 1999, the Service did not have a formal procedure for deciding whether, or how, to redistribute unexpended grant funds. In December 1999, the Service established a formal policy for redistributing such funds. Under the policy, when a grant recipient is not able to use all funds within its plan, regional office staff are to notify headquarters staff of the unexpended funds. Headquarters staff are then to review a list of all qualified projects (in effect at the time the funds become available) and reallocate funds to the next highest priority proposal.

Priorities Are Set by Regional Offices

Each year, field staff identify and solicit eligible proposals for grants. Since the field offices coordinate with and assist permit holders in developing their habitat conservation plans, the field staff use their knowledge of these plans to identify those that qualify for a grant from the conservation fund to acquire land. In 1998 and 1999, field staff evaluated and scored each proposal using biological and ranking criteria provided by the Service's headquarters staff. In 1997, field staff did not score the proposals because a formal evaluation and priority setting process had not been fully developed. Instead, the regions submitted their proposals to headquarters, where funding decisions were made on the basis of the regions' descriptive information and suggested priorities.

The regional offices then assign priorities to the proposals on the basis of the scores; ranking criteria, which are also provided by headquarters; and other factors unique to specific plans. The biological criteria used in evaluating proposals include such considerations as the number of listed, proposed, and candidate species that will benefit from the proposed acquisition; the magnitude of benefits to those species; and the extent of pristine habitat that remains. In addition, the ranking criteria give preference to, among other things, proposed acquisitions that link together

**Appendix I
Land-Acquisition Grants Using the
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existing protected areas, and regional habitat conservation plans that have multiple partners and protect multiple species. In 1997, before the evaluation and ranking criteria were fully implemented, the Service awarded a \$500,000 grant to the Metropolitan Bakersfield plan, which was not included in the region's proposals. The award decision was apparently based on the region's proposal for the pending Kern Valley Floor plan. A headquarters official said that the two plans are located in the same area and protect similar species, but the Kern Valley Floor plan has not been approved and therefore is not eligible for a grant.

The regional offices included other factors unique to the plans in assigning priorities. For example, in 1999, the cognizant regional office gave the Coachella Valley Fringe-toed Lizard Habitat Conservation Plan its highest priority. It did so because the acquisition of refuge land was deemed necessary to prevent further deterioration in the Service's relationship with the county and to prevent further deterioration of the sand dune systems needed by the lizard. This situation arose when new information demonstrated the need to acquire different parcels of land from those identified in the original 1986 plan and permit.⁴ In another case, a regional office justified a grant to the Long-term Stephens' Kangaroo Rat Habitat Conservation Plan because the office wanted to promote cooperation for species recovery and overcome a local perception that the federal government was not providing enough support for such plans.

⁴ The biological information, on which the habitat conservation plan was based, did not correctly identify land that was most critical to preserving the lizard's habitat. Subsequently, the correct land was identified, and the grant was intended to help purchase it.

**Appendix I
Land-Acquisition Grants Using the
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**The Service Generally
Followed Regional
Priorities in Awarding
Grants**

In general, the Service awarded grants to the regions' highest priority proposals. Service officials said that while they try to fund the regions' highest priorities, they reserve the right to overlook numerical rankings if an acquisition opportunity they believe has exceptional benefits scores low in the evaluation process. For example, if a landowner is protecting the last known population of a species, the Service may award a grant even if the project was not ranked as a high regional priority. Nonetheless, the priority list of proposals developed at Service headquarters resulted in selecting most of the regions' highest priority proposals, as shown in table 4.

Table 4: Regional Scores and Priorities for Conservation Fund Land Acquisition

Year and region	Habitat conservation plan	Score^a	Regional priority
1997			
Region 1	Orange County Central/Coastal Natural Community Conservation Plan, California	b	1 of 5
Region 1	San Diego Multi-Species Conservation Program, California	b	2 of 5
Region 1	Metropolitan Bakersfield, California	b	4 of 5
Region 2	Balcones Canyonlands Preserve, Texas	b	1 of 1
Region 4	Volusia County, Florida	b	1 of 4
Region 6	Washington County, Utah	b	1 of 2
1998			
Region 1	San Diego Multi-Species Conservation Program, California	55	1 of 6
Region 2	Balcones Canyonlands Preserve, Texas	49	2 of 4
Region 4	North Carolina Sandhills Safe Harbor	47	1 of 2
Region 6	Washington County, Utah	38	1 of 1
1999			
Region 1	Coachella Valley Fringe-toed Lizard, California	49	1 of 8
Region 1	Riverside County Long-term Stephens' Kangaroo Rat, California	52	2 of 8
Region 2	Balcones Canyonlands Preserve, Texas	49	1 of 1
Region 4	Beach Mouse/Sea Turtle, Florida and Alabama	47	1 of 4
Region 6	Washington County, Utah	49	1 of 1

^aThe maximum score is 58 points.

^bIn 1997, the regions commented on the draft ranking criteria but were not required to score the proposals; headquarters applied the ranking criteria that year.

Source: GAO's analysis of information by the Fish and Wildlife Service.

Refuges Established, Fiscal Years 1994 Through 1998

Refuge	State or territory	Method by which refuge was established	Acreage of first land acquisition	Land and water conservation funds used for first acquisition
Big Branch Marsh	Louisiana	Donation	3,659.7	
Big Muddy	Missouri	Purchase	907.0	\$153,500
Black Bayou Lake	Louisiana	Donation	1,660.9	
Blackfoot Valley	Montana	Purchase	220.0	\$63,000
Boyer Chute	Nebraska	Donation	1,953.9	
Canaan Valley	West Virginia	Purchase	85.8	\$180,000
Clarks River	Kentucky	Purchase	185.0	\$130,000
Cokeville Meadows	Wyoming	Purchase	203.9	\$78,000
Emiquon	Illinois	Purchase	283.7	\$207,000
Guam	Guam	Transfer	370.6	
Key Cave	Alabama	Exchange	1,060.0	
Lake Wales Ridge	Florida	Purchase	0.2	\$500
Mandalay	Louisiana	Donation	1.0	
Mashpee	Massachusetts	Donation	54.3	
Patoka	Indiana	Donation	9.1	
Pond Creek	Arkansas	Donation	506.1	
Rappahannock River	Virginia	Donation	1,111.8	
San Diego	California	Donation	1,840.0	
Silvio O. Conte	Massachusetts	Donation	3.8	
Stone Lakes	California	Donation	304.9	
Ten Thousand Islands	Florida	Exchange	35,000.0	
Trinity River	Texas	Purchase	4,400.2	\$3,270,000
Waccamaw	South Carolina	Donation	134.0	
Total			58,821.9	\$4,082,000

Source: GAO's analysis of information provided by the Fish and Wildlife Service.

Projects Submitted for Land and Water Conservation Funds, Fiscal Year 1998

Project	State	Priority rank	Funds requested
Archie Carr	Florida	2	\$2,500,000
Attwater Prairie Chicken	Texas	12	1,000,000
Back Bay	Virginia	11	2,000,000
Balcones Canyonlands	Texas	19	700,000
Big Muddy	Missouri	23	1,000,000
Cape May	New Jersey	1	3,000,000
Crane Meadows	Minnesota	22	1,500,000
Crocodile Lake	Florida	38	400,000
Cypress Creek	Illinois	9	1,000,000
E.B. Forsythe	New Jersey	17	2,000,000
J.B. Hansen	Oregon	15	300,000
Kodiak	Alaska	86	600,000
Lower Rio Grande	Texas	6	2,800,000
Ohio River Islands	Kentucky, Ohio, Pennsylvania, West Virginia	74	100,000
Patoka River Wetlands	Indiana	21	500,000
Petit Manan	Maine	14	1,000,000
Rachel Carson	Maine	20	1,100,000
Rappahannock River Valley	Virginia	4	2,000,000
Rhode Island Complex	Rhode Island	70	500,000
San Diego	California	18	3,000,000
San Pablo Bay	California	16	1,000,000
Silvio O. Conte	Connecticut	24	2,000,000
Stillwater	Nevada	65	300,000
Stone Lakes	California	3	1,400,000
Western Montana Project	Montana	27	1,000,000
Total			\$32,700,000

Note: The Service requested additional funds for land acquisition management, for the acquisition of inholdings, and for emergencies.

Source: GAO's analysis of information provided by the Fish and Wildlife Service.

Projects Receiving Land and Water Conservation Funds, Fiscal Year 1998

Project	State	Priority ranking	Funds requested	Funds appropriated
Projects submitted for funding by the Service				
Archie Carr	Florida	2	\$2,500,000	\$2,000,000
Attwater Prairie Chicken	Texas	12	1,000,000	1,000,000
Back Bay	Virginia	11	2,000,000	2,000,000
Balcones Canyonlands	Texas	19	700,000	700,000
Big Muddy	Missouri	23	1,000,000	1,000,000
Cape May	New Jersey	1	3,000,000	3,000,000
Crocodile Lake	Florida	38	400,000	400,000
Cypress Creek	Illinois	9	1,000,000	750,000
E.B. Forsythe	New Jersey	17	2,000,000	2,000,000
J.B. Hansen	Oregon	15	300,000	300,000
Kodiak	Alaska	86	600,000	600,000
Lower Rio Grande	Texas	6	2,800,000	900,000
Ohio River Islands	Kentucky, Ohio, Pennsylvania, West Virginia	74	100,000	500,000
Patoka River	Indiana	21	500,000	500,000
Petit Manan	Maine	14	1,000,000	1,000,000
Rachel Carson	Maine	20	1,100,000	1,100,000
Rappahannock River Valley	Virginia	4	2,000,000	2,000,000
Rhode Island Complex	Rhode Island	70	500,000	500,000
San Diego	California	18	3,000,000	3,000,000
Silvio O. Conte	Connecticut	24	2,000,000	1,000,000
Stillwater	Nevada	65	300,000	1,000,000
Western Montana Project	Montana	27	1,000,000	1,000,000
Subtotal (22 projects)			\$28,800,000	\$26,250,000
Projects added by the Congress				
Bon Secour	Alabama	120	0	3,000,000
Canaan Valley	West Virginia	39	0	3,000,000
Clarks River	Kentucky	114	0	2,000,000
Don Edwards San Francisco Bay	California	7	0	2,000,000
Great Swamp	New Jersey	79	0	750,000
Mashpee	Massachusetts	36	0	332,000
Minnesota Valley	Minnesota	64	0	2,300,000

**Appendix IV
Projects Receiving Land and Water
Conservation Funds, Fiscal Year 1998**

Project	State	Priority ranking	Funds requested	Funds appropriated
Projects submitted for funding by the Service				
Nisqually/Black River	Washington	126	0	1,500,000
Ottawa	Ohio	25	0	1,000,000
S.B. McKinney	Connecticut	96	0	1,100,000
Southeast Louisiana Refuges	Louisiana	a	0	2,500,000
Waccamaw	South Carolina	26	0	2,000,000
Wallkill River	New Jersey	75	0	1,000,000
Wertheim	New York	b	0	2,290,000
Subtotal (14 projects)				\$24,772,000
Total (36 projects)			\$28,800,000	\$51,022,000

^aProjects within the complex were individually ranked.

^bProject was not ranked in 1998 and was ranked 109 in 1997.

Source: GAO's analysis of information provided by Fish and Wildlife Service.

Projects Receiving Migratory Bird Conservation Funds, Fiscal Year 1998

Region/projects ^a	Priority	Budget requested by the regional office at beginning of year	Budget recommended by headquarters	Funding allocated by headquarters ^b
Region 1				
Klamath Forest, Oregon	1	\$1,400,000	\$1,334,700	\$1,334,700
Malheur, Oregon.	3	655,000	330,000	542,000
North Central Valley, California	4	6,076,000	2,900,000	4,313,000
Region 2				
Laguna Atascosa, Texas	0	0	0	2,750,000
Region 3				
Minnesota waterfowl production areas	1	6,000,000	4,000,000	3,600,000
Iowa waterfowl production areas	2	2,000,000	2,000,000	2,200,000
Wisconsin waterfowl production areas	3	1,000,000	500,000	1,200,000
Region 4				
Upper Ouachita, Louisiana	1	3,849,000	2,100,000	2,676,659
Cache River, Arkansas	3	754,100	704,100	800,700
Savannah, South Carolina	5	483,300	483,300	525,000
Overflow, Arkansas	10	90,000	0	110,000
Currituck, North Carolina	0	0	0	1,680,000
Great White Heron, Florida	0	0	0	400,000
Region 5				
Cape May, New Jersey	1	500,000	300,000	295,098
E.B. Forsythe, New Jersey	3	500,000	375,000	40,600
Montezuma, New York	5	1,200,000	750,000	752,460
Fisherman Island, Virginia	7	1,600,000	0	1,600,000
Walkkill River, New Jersey	8	250,000	250,000	69,000
Rachel Carson, Maine	10	300,000	3,200	140,000
Lake Umbagog, New Hampshire	11	100,000	100,000	30,150

**Appendix V
Projects Receiving Migratory Bird
Conservation Funds, Fiscal Year 1998**

Region/projects^a	Priority	Budget requested by the regional office at beginning of year	Budget recommended by headquarters	Funding allocated by headquarters^b
Region 1				
Great Meadows, Massachusetts	13	300,000	200,000	67,850
Prime Hook, Delaware	15	100,000	43,500	43,500
Great Dismal Swamp, Virginia	0	0	0	1,400,000
Region 6				
South Dakota waterfowl production areas	1	7,000,000	4,180,000	4,180,000
Montana waterfowl production areas	2	4,000,000	2,900,000	2,900,000
North Dakota waterfowl production areas	3	750,000	650,000	650,000
Nebraska waterfowl production areas	4	450,000	450,000	450,000
Cokeville Meadows, Wyoming	6	950,000	950,000	1,055,000

^aRegional offices set priorities and request budgets for refuges and waterfowl production areas in the migratory bird plans they submit to headquarters. Headquarters allocates funds to individual refuge projects after the Commission approves the purchase price and area to be acquired. It does not need Commission price and area approval to allocate funds for waterfowl production areas.

^bHeadquarters allocated funds to 28 projects in 1998: 21 refuges and 7 waterfowl production areas. Three of the 21 refuges were approved by the Commission in 1997 but not funded until 1998 because of budget limitations; 18 were approved and funded in 1998.

Source: Fish and Wildlife Service.

Scope and Methodology

To determine the sources of funds the Service used to establish and expand refuges, we analyzed records on the lands acquired for the 23 refuges that were created during fiscal years 1994 through 1998. We selected this period because it was the most recent 5-year period for which complete information was available. The Service provided the list of 23 refuges from its Real Property Management Information System's Land Record System; we verified the completeness of the list by comparing it with relevant annual reports. While we noted several properties in the annual reports that were not on the Service's list of new refuges, we were satisfied with the Service's reasons for excluding them.¹ For the 23 refuges, the Service's Division of Realty provided data on the funds the Service used to acquire land during 1994 through 1998. These data were also from the Real Property Management Information System's Land Record System. Because the Service has not verified the accuracy of these data, we asked the respective regional offices to review refuge acquisition data. The regions' responses indicated these data are generally accurate.

To determine whether the Service established any refuge after the Congress declined to appropriate land and water funds for this purpose, we compared the dates the 23 refuges were established with the relevant Service budget requests and congressional funding decisions. To determine what additional acres the Service plans to acquire with land and water and migratory bird funds, we obtained and summarized data from the Service's Land Acquisition Priority System. While the Service considers these plans to be estimates, they are the only centrally available data. To estimate operations and maintenance expenses, we obtained fiscal year 1998 obligation data, as of June 30, 1999, from the Federal Financial System. We did not verify these records.

To determine the Service's priorities in deciding to establish or expand refuges and in seeking funds from the migratory bird fund or the land and water fund, we interviewed Service headquarters and regional officials. We reviewed the Service's manual for its Land Acquisition Priority System and

¹ These properties were primarily easements (referred to as "FH interests" in the annual reports) that the Service acquired from the U.S. Department of Agriculture's Farm Service Agency (formerly the Farmers Home Administration). The Service does not include these properties when it counts refuge units and, for that reason, did not include them in the list they provided. The Service's list also did not include the Rocky Mountain Arsenal, located near Denver, Colorado. The Realty Division Operations Branch Chief told us this property was not included because the land has not been officially transferred to the Service. Although the Service shows this property as a refuge in its annual report (for administrative reasons), the land will not be transferred until a contaminants cleanup project is completed.

a draft manual for a proposed revised system. We also reviewed a relevant report by the National Research Council of the National Academy of Scientists.² We analyzed the results of the Service's priority rankings for its land and water fund projects during 1994 through 1998 and the priority rankings for migratory bird fund projects for fiscal year 1998, as well as the Service's decisions to seek funds.

To determine whether the Service's land acquisitions were consistent with its priorities during the 5-year period, we analyzed the priority rankings of those projects that were included in the Service's requests for land and water funds and migratory bird funds. We discussed with Service headquarters and regional officials the reasons the requests for land and water funds included projects with lower priority rankings. We also analyzed the priorities of projects that received land and water funds, including projects for which the Service had not requested funding.

To determine how land-acquisition grants from the Cooperative Endangered Species Conservation Fund have been used, we determined what the Service's priorities were in selecting proposed projects to receive grants and whether the Service's grant selections were consistent with its priorities. We also analyzed policies and procedures and grant award decisions. In addition, we interviewed headquarters and regional officials in the Service's Office of Federal Aid and Ecological Services.

We conducted our review at Service locations in Washington D.C.; Arlington, Virginia; and Denver, Colorado. In addition, we contacted Service officials in Region 1 (Portland, Oregon); Region 2 (Albuquerque, New Mexico); Region 3 (Minneapolis and St. Paul, Minnesota); Region 4 (Atlanta, Georgia); and Region 5 (Hadley, Massachusetts).

We conducted our work between May 1999 and January 2000, according to generally accepted government auditing standards.

² *Setting Priorities for Land Conservation*, National Research Council (Washington D.C.: National Academy Press, 1993).

Comments From the Department of the Interior

Note: The enclosure referred to in this letter contained technical comments, which we incorporated as appropriate, and a copy of the Fish and Wildlife's new policy for redistributing unexpended grant funds, which we discuss in appendix I.



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240



JUN 10 1999

Mr. Barry T. Hill
Associate Director, Energy, Resources,
and Science Issues
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Hill:

Thank you for providing the Department of the Interior the opportunity to review and comment on the General Accounting Office draft report entitled, "FISH AND WILDLIFE SERVICE: Need to Inform Congress of Future Costs Associated with Land Acquisitions" (GAO/RCED-00-52). The Department has reviewed the report and has the following comments on the recommendations.

Recommendation 1: Provide legislative and appropriations committees, annually, a list of all approved and proposed refuges and refuge boundary expansions -- including those for which the Congress declined to provide land and water funding. The list should identify, for each refuge, (a) estimated future requests for land and water funds and (b) estimated future operations and maintenance costs.

We agree with this recommendation. It should be noted that some projects are only proposals and may or may not result in approved projects thus obviating the need for land acquisition, operations, and maintenance funds. The list will be provided with the FY 2002 Budget Justification.

Recommendation 2: Expeditiously implement the revised automated priority-setting system for land and water funds, ensuring that the revisions correct the problems identified in the current system and that they meet the needs of the Service and congressional appropriators.

We agree with this recommendation. The Service is currently revising the Land Acquisition Priority System. The revisions began in 1998 and are scheduled to be implemented on an interim basis, pending public comments and final review, for the FY 2002 budget cycle.

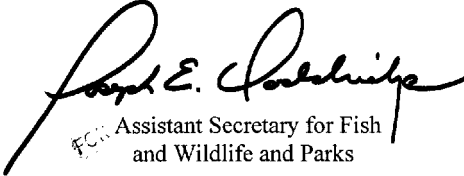
**Appendix VII
Comments From the Department of the
Interior**

Mr. Barry T. Hill

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We hope that our comments assist you in preparing the final report. Detailed comments on the text of the report are enclosed.

Sincerely,



Assistant Secretary for Fish
and Wildlife and Parks

Enclosures

GAO Contacts and Staff Acknowledgements

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Acknowledgements

In addition to those named above, Arleen L. Alleman, Cynthia S. Rasmussen, and Carol Herrnstadt Shulman made key contributions to this report.

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