



The drum is used at community events to honor culture and celebrate tradition. Photo credit: Jan van Raay

# An Honorable Budget for Indian Country: Equitable Funding for Tribes

## *Fiscal Year 2015 Indian Country Budget Recommendations*

### **Introduction**

Annual funding decisions by Congress are an expression of our nation's policy priorities. Numerous treaties, statutes, and court decisions have created a fundamental contract between tribal nations and the United States: tribes ceded millions of acres of land that made the United States what it is today, and in return tribes have the right of continued self-government and the right to exist as distinct peoples on their own lands. And for its part, the United States has assumed a trust responsibility to protect these rights and to fulfill its solemn commitments to Indian tribes and their members.

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## Introduction (continued)

Part of this trust responsibility includes basic governmental services in Indian Country, funding for which is appropriated in the discretionary portion of the federal budget. Tribal governments exist to protect and preserve their unique cultures, identities, and natural environments for posterity. As governments, tribes must deliver a wide range of critical services, such as education, workforce development, and first-responder and public safety services, to their citizens. The federal budget for tribal governmental services reflects the extent to which the United States honors its promises to Indian people.

Shrinking resources due to sequestration and the Budget Control Act have adversely affected tribes' ability to meet the needs of their communities. An honorable budget for Indian Country will empower tribes so they can provide their people with good health care, quality education, decent and adequate housing, and public safety. These services – that every American expects – meet the needs of Native peoples, benefit residents of surrounding communities, and fulfill obligations to tribal nations. Although Indian Country continues to face immense economic challenges, upholding Indian trust and treaty obligations also holds the promise of tremendous economic success.

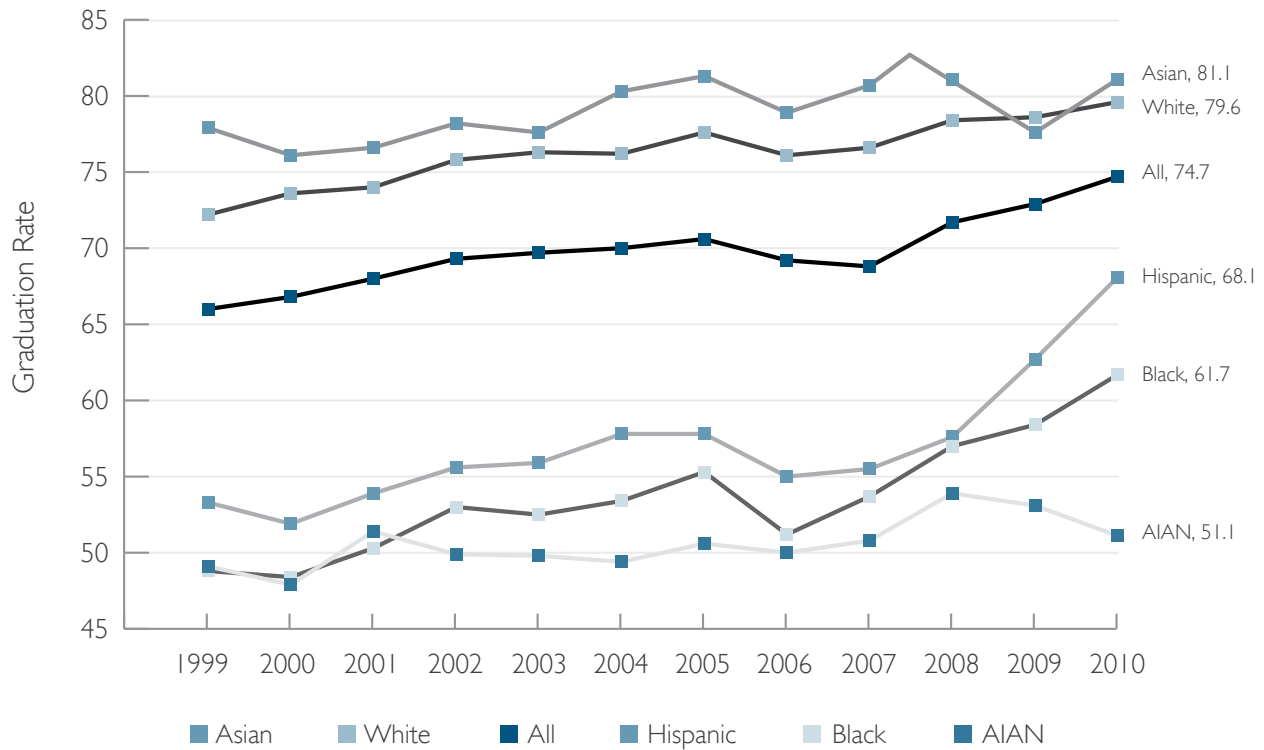
## A Call for Equitable Funding for Tribes

A fundamental goal for Indian Country governmental services should be parity with similarly situated governments or services. Although tribes have made some progress in addressing egregiously inadequate public services that many Americans routinely take for granted, they are still experiencing what the US Commission on Civil Rights called “a quiet crisis” of federal funding and unmet needs.<sup>1</sup>

- **Public Safety:** The bi-partisan Indian Law and Order Commission (ILOC) recently released its report to Congress and the President emphasizing that “[h]ow we choose to deal with the current public safety crisis in Native America—a crisis largely of the Federal government’s own making over more than a century of failed laws and policies—can set our generation apart from the legacy that remains one of [the] great unfinished challenges of the Civil Rights Movement.”<sup>2</sup> The Commission recommends and NCAI agrees that Congress and the executive branch should direct sufficient funds to Indian country law enforcement to ensure law enforcement in Indian Country is on par with the rest of the United States.
- **Health Care:** The Indian health care delivery system, while working to reduce Indian health disparities, also faces significant funding disparities in per capita spending between the Indian Health Service (IHS) and other federal health care programs. The IHS is currently funded to meet only about 56 percent of its need, despite being the primary provider of health care for many tribal communities. In 2012, IHS per capita expenditures for patient health services were just \$2,896, compared to \$7,535 per person for health care spending nationally.<sup>3</sup>
- **Education:** Of the over 600,000 American Indian/Alaska Native (AI/AN) students in pre-kindergarten through grade 12, most attend public schools. But many of these schools do not have a reliable tax base and disproportionately rely on Impact Aid funding, which makes up for the lack of funding on and near reservations and military bases. The Impact Aid program has not been fully funded since 1960. The Bureau of Indian Education, which serves nearly 50,000 Native students, received \$48 million less in funding in FY 2013 compared to its FY 2012 funding level.

Native students still do not have the same education outcomes as their peers, and improving education is an economic necessity for Indian Country. If half of the 24,700 Native students of the Class of 2010 who dropped out of school had graduated, they would likely be earning an additional \$147 million each year compared to what they will earn without a high school diploma.<sup>4</sup>

**Figure 1: High School Graduation Rates, 1999-2010**



Source: Editorial Projects in Education Research Center

Despite documented and profound needs, Indian health, education, and other program areas were subject to sequestration in FY 2013. By allowing across-the-board cuts to go into effect for FY 2013, Congress unfairly placed deficit reduction on the backs of approximately 115,000 AI/AN students affected by Impact Aid education cuts; 25,000 AI/AN children hurt by Head Start cuts; 1.7 million AI/AN people hurt by the \$119 million removed from the Bureau of Indian Affairs budget; 88,000 AI/AN students in tribal colleges losing programs and courses; and 2.1 million people affected by the \$220 million cut to the Indian Health Service.

## Invest in Self-Determination

Congress and the Administration have expressed strong support for Indian self-determination and honoring the trust responsibility. Indeed, many tribes have made tremendous gains in improving the social and economic well-being of their communities when Congress has respected the important role of tribal governments and invested in self-determination. Chairwoman Karen Diver from the Fond Du Lac Band of Lake Superior Chippewa in Minnesota shared her perspective on reductions to tribal base budgets:

When elderly nutrition started at Fond du Lac in the 1990s, we set the age at 52 because the average age of death in the 1970s was 56. We are proud that under self-governance, that age is now 74. What we are having to endure right now makes a difference. [Congress] is asking us to be wizards in our own community. We are to promote community development. We are to promote economic development. We are to promote health. We are to promote safety. We are to do all these things without a tax base. [Budget cuts] are taking away our ability to rise up and help support rural communities – not just Indian communities – but entire rural communities with the employment and the economic ripple effects.

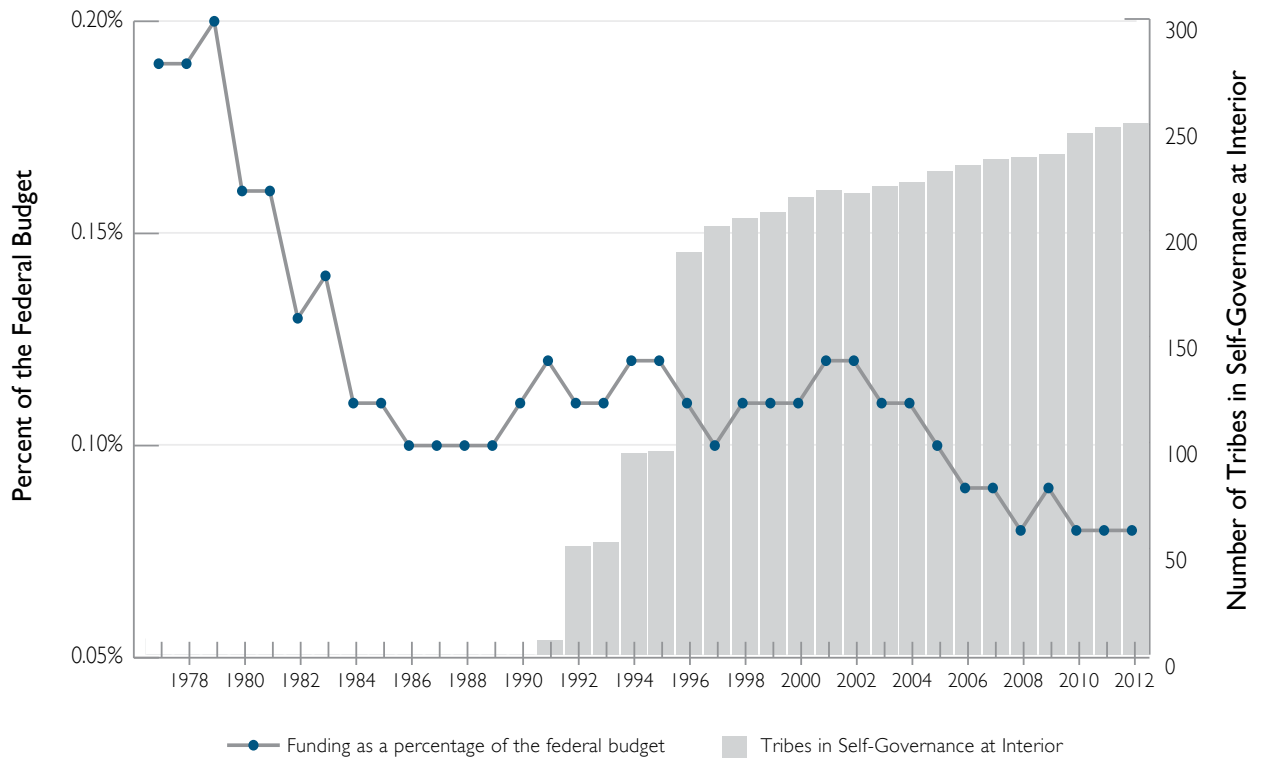
The Fond du Lac Band poured more than \$300 million into the regional economy in 2011 and created 3,600 jobs in its region, for Natives and non-Natives alike. Tribes across the United States are making similar economic contributions to their regions, drawing on a mix of intergovernmental transfers, fees, enterprises, sales, and leases that make up their governmental revenue. Honorable fulfillment of the trust and treaty promises to tribes would positively impact not only required public services to tribal citizens but also the surrounding regional economies. Given the low historical bases of funding for tribal governments, opportunities for economic improvement and government success are needed.

However, the trend in funding for Indian Affairs in the Department of the Interior (DOI) does not reflect Indian self-determination as a priority in the federal budget. Figure 2 shows Bureau of Indian Affairs (BIA) funding in the Department of the Interior as a percentage of the total federal budget from 1980 to 2012. BIA provides the base budget funding for tribes, including: tribal law enforcement, tribal courts, human services, natural resource management, energy development, road maintenance, job training, water resource management, and more. Even as tribes have assumed more responsibility for public activities under self-determination and self-governance, the core support for tribal governments has declined as a percentage of the federal budget.

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**Figure 2: Indian Affairs Funding as a Percentage of the Federal Budget, 1977-2012**



Source: Public Budget Database, *Budget of the United States Government, Fiscal Year 2014, Budget Analysis Branch*, April 2013 and Historical Tables, Table 4.1—Outlays by Agency: 1962–2018

## Upholding Obligations to Native People Will Expand Economic Opportunity

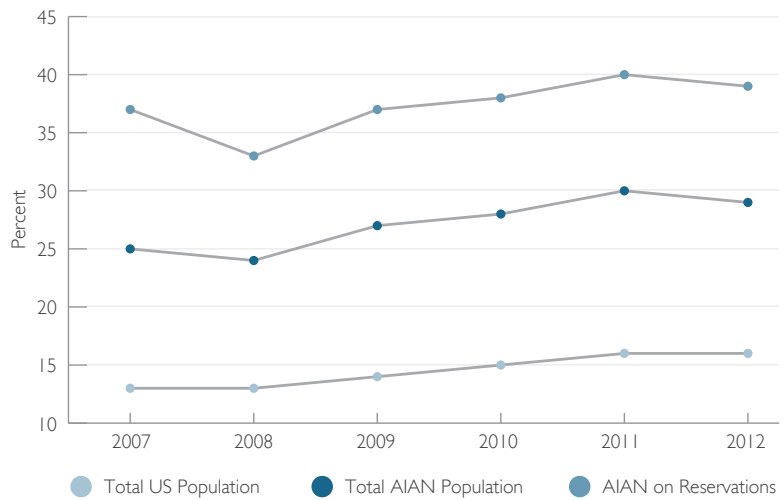
Although in the last 30 years Native people overall have experienced significant economic growth as measured by average income and wealth, American Indians and Alaska Natives are still one of the United States’ most economically disadvantaged population. Nearly one in three Native people—29.1 percent—lived below the federal poverty line in 2012. For Native people living on reservations, the rate is far higher at 38.6 percent, 2.5 times higher the national rate. Progress is possible, though: in 1990, over half of American Indians on reservation and tribal land lived in poverty.

*Where tribes exercise self-determination, success stories abound; and they all include the themes of improved responsiveness and increased accountability.*

A recent analysis by the Economic Policy Institute examined the problem of the low rate of American Indian employment.<sup>5</sup> Only when American Indians and Alaska Natives have higher and steady employment rates will poverty decline and wealth begin to grow. The paper found that, over the 2009–2011 period, the American Indian employment rate among 25- to 54-year-olds was 64.7 percent—13.4 percentage points lower than that of the White rate. To increase the Native employment rate to that of the White rate would require about 234,000 jobs throughout Indian Country and the United States. For Native people, these statistics show major challenges, but also tremendous opportunity and potential for economic success.

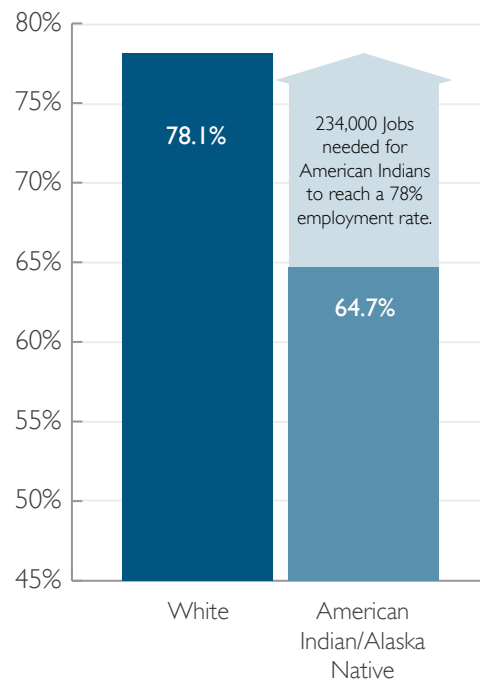
As the rest of the American economy continues to recover, tribes offer new opportunities for the communities that surround them. Where tribes exercise self-determination, success stories abound; and they all include the themes of improved responsiveness and increased accountability. Overcoming poverty, while honoring tribal traditions and strengthening culture, is achievable but securing tribal economic security and prosperity will require a sustained commitment. Congress must answer this moral and legal call to action so that Native peoples can look forward to improved prosperity and progress for future generations.

**Figure 3: Percentage of Population in Poverty**



Source: US Census Bureau, 2007-2012 American Community Survey Estimates, Table B17001 and B17001C

**Figure 4: Employment Rates (25-54 year old population)**



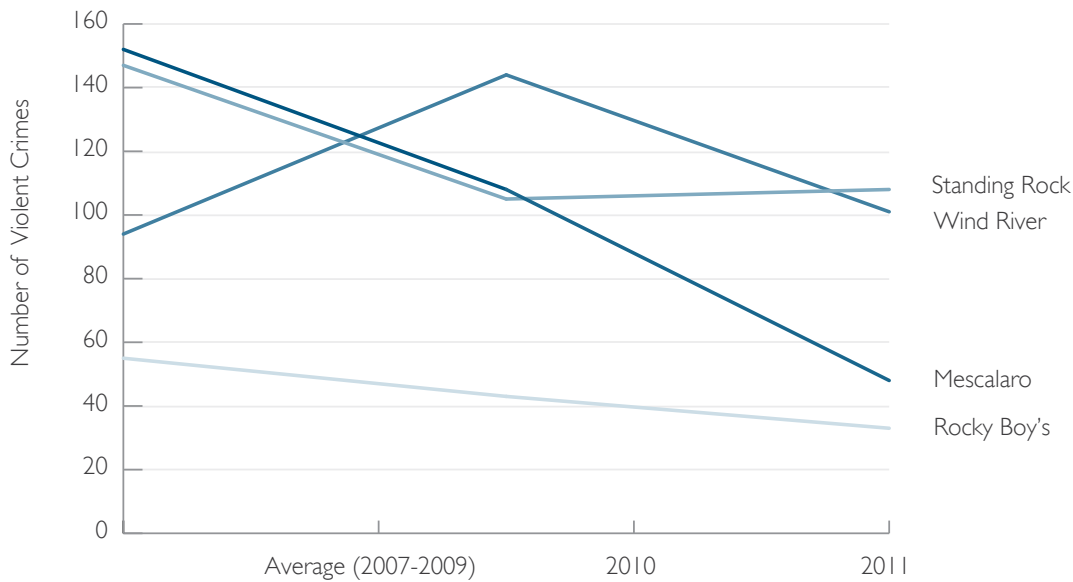
Source: Algernon Austin, *Native Americans and Jobs: The Challenge and the Promise*, Economic Policy Institute, December 17, 2013

## Equitable Funding Leads to Success

Indian Country has long struggled with high crime victimization rates. Violent crimes impose economic costs on the victims and their families, in the form of medical and other expenses and the loss of earnings. Areas with high crime also experience reduced investment. Safe communities are necessary for economic development. Moreover, the Indian Law and Order Commission found that tribal nations throughout our country would benefit enormously if locally based and accountable law enforcement officers were staffed at levels comparable to similarly situated communities off-reservation.

In 2010, DOI established a High Priority Performance Goal (HPPG) initiative to reduce violent crime by at least five percent over 24 months on four reservations that were experiencing high rates of violent crime. In FY 2010, all four locations received an increase in base funding to support additional sworn staff. The additional resources assisted in closing the staffing gap and bringing each location up to national sworn staffing levels as listed under the US Department of Justice Uniform Crime Report staffing averages. The increased number of law enforcement officers aligned the staffing-to-population ratios closer to the national standard for rural populations of 2.8 officers per 1,000 persons. The effort resulted in a 35 percent decrease in violent crime across the four sites. The ILOC report states, “[d]espite the current budget reality, the results of the HPPG Initiative should not be forgotten: parity in law enforcement services prevents crime and reduces violent crime rates.”

**Figure 5: Reduction in Violent Crime on HPPG Reservations**



	Average (2007-2009)	2010	2011	% Change
Mescalero	152	108	48	-68
Rocky Boy's	55	43	33	-40
Standing Rock	147	105	108	-27
Wind River	94	144	101	7

Average Change:  
35% Decrease

Bureau of Indian Affairs Office of Justice Services, Crime-reduction best practices handbook: Making Indian communities safe 2012, 2012. Retrieved from [www.bia.gov/cs/groups/xojs/documents/text/idc-018678.pdf](http://www.bia.gov/cs/groups/xojs/documents/text/idc-018678.pdf).

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## Government-Wide Recommendations

Tribes need the tools and resources to continue on self-determined paths that promote economic development, strengthen tribal cultures, and enable the pursuit of tribally-determined benchmarks of well-being.

### **Fully fund Contract Support Costs (CSC) as required by law**

- For decades the Bureau of Indian Affairs (BIA) and the Indian Health Service (IHS) have been underpaying tribes and tribal organizations that contract to operate IHS clinics and hospitals and BIA law enforcement, realty, housing, and other government programs, by failing to fully fund CSCs in accordance with statutory law. The result has been significant for setting reductions in patient care and in other essential governmental services for the most underserved populations in America – American Indians and Alaska Natives. Recently, the United States Supreme Court, again, held the government liable for these contract underpayments. Since the June 2012 Supreme Court decision, very little progress has been made to settle the thousands of CSC claim years representing billions of dollars lost to Indian Country.

### **Advocate for budget equity for tribes**

- When tribes receive an equitable level of resources, they can improve unjust conditions. This FY 2015 Indian Country Budget Request includes recommendations for many departments and agencies where tribal programs and services should receive equitable resources, developed from the success of the High Priority Performance Goal Initiative model. Within the Department of the Interior, funding for BIA and tribes has not kept pace with other agencies. This inequity has been perpetrated by both Congress and the Administration.

Fulfillment of the trust responsibility represents necessary elements for a strong economic foundation in Indian Country to afford Native children and future generations the opportunity to fulfill their potential. Investments in tribal infrastructure must continue to address the inadequate roads, housing, and broadband systems that are all essential to economic development and job creation. Education is fundamental to long-term economic opportunities, and public safety is a prerequisite for long-term economic development. Support for tribal energy and natural resource development must be ramped up—although tribal lands contain a vast amount of the nation’s conventional and renewable energy resources, tribal governments face an array of challenges in developing these resources. All of these investments hold immense promise to contribute to regional economies, in turn strengthening the American economy and building a better future for all Americans.

The foregoing FY 2015 tribal budget program requests have been compiled in collaboration with tribal leaders, Native organizations, and tribal budget consultation bodies. Tribes respectfully request that these recommendations be included in the appropriations process.