



National Congress of American Indians

NCAI News

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FY 2003 BIA and IHS Budget Request Details

As we reported in NCAI Legislative Update #02-016, President Bush on February 4 proposed a \$2.13 trillion budget for FY 2003. This Legislative Update provides additional details about requests for Bureau of Indian Affairs and Indian Health Service programs. We will provide additional information about other Cabinet agencies in the coming days.

Bureau of Indian Affairs

The budget request for the BIA is \$2.3 billion, a net increase of \$22.9 million over the FY 2002 enacted level that largely would be devoted to trust management and reform activities and BIA education programs. In order to help offset the increase, \$4 million was cut from welfare assistance and funds were eliminated for most Congressional earmarks included in the FY 2002 BIA appropriation.

(\$ in thousands)	FY 2001 Enacted	FY 2002 Enacted	FY 2003 Request	Change
BIA Operation of Indian Programs				
Tribal Priority Allocations	733,025	752,156	775,534	23,378
Other Recurring Programs	566,855	586,968	596,192	9,224
Non-Recurring Programs	71,193	72,798	67,510	(5,288)
Central Office Operations	57,736	58,106	72,490	14,384
Regional Office Operations	55,312	62,679	64,223	1,544
Special Programs/Pooled Overhead	254,454	267,102	261,131	(5,491)
Pension System/Employee Health Benefits	0	0	21,876	21,876
Total – Operation of Indian Programs	1,738,575	1,799,809	1,858,956	59,147
BIA Construction				
Education	292,341	292,503	292,717	214
Public Safety and Justice	5,529	5,541	5,046	(495)
Resources Management	50,534	50,645	39,173	(11,472)
Construction Management	6,048	6,264	6,134	(130)
General Administration	2,166	2,179	2,182	3
Pension System/Employee Health Benefits	0	0	1,053	1,053
Total – BIA Construction	356,618	357,132	346,305	(10,827)
Indian Land and Water Claims Settlements				
Miscellaneous Payments To Indians	37,443	60,949	57,949	(3,000)
Indian Guaranteed Loan Program	4,500	4,500	5,000	500

Self-Determination Contracts - A \$3 million increase is proposed for contract support costs, for a total funding level of \$133.2 million.

BIA Trust Management – The budget includes \$153 million, a \$35 million increase, for BIA trust program operations and services at headquarters, regional, and tribal levels. Increases include an additional \$15.8 million to focus on real property functions such as land and title records administration, appraisals, and lease management and compliance, as well as a \$4.5 million increase for BIA natural resources programs on trust lands.

School Privatization – The budget includes \$11.9 million to fund a proposed BIA school privatization initiative, which would allow the privatization of the 64 schools directly operated by the BIA (beginning with the lowest-performing schools) unless tribes decided to run these schools through compacts, with the BIA slated to be out of the business of direct operation of schools by FY2006. This proposal is deeply troublesome for several reasons. First, the proposal seems to abrogate the federal obligation to education to Indian students by privatizing this responsibility. The “No Child Left Behind Act of 2001”, education reform legislation signed into law by the President in January 2002, specifically acknowledged a federal trust responsibility for Indian education.

Second, the budget request fails to provide adequate funding to cover the costs of tribal administration of BIA-funded schools, essentially forcing tribes to choose between taking over operation without adequate resources to succeed or allowing the schools to be privatized. The \$11.9 million allocated for this initiative is comprised of a \$3 million increase for Administrative Cost grants (currently funded at less than 80 percent of the need identified and required by law, and the impact of additional school conversions to tribal operation would bring funding even lower), a \$2 million increase for student transportation (despite internal OIEP documents revealing that 2002 funding for student transportation was \$21.5 million short of what would be needed to provide Bureau schools with funding equivalent to the national average *four years ago*), a \$2.2 million increase for facilities operations (also deeply under-funded, which has resulted in the backlog in facilities replacement and repair needs due to inadequate regular maintenance), \$2 million for employee displacement costs (for federal employees who lose their jobs when a tribe takes over a school program), and \$3 million specifically for "privatization initiative" planning.

Other School Operations - The BIA education programs account also includes a \$3.0 million increase for the Family and Child Education (FACE program).

School Construction – The replacement school construction request of \$292.7 million for school construction includes \$120.2 to replace six schools and \$164.4 million for facilities improvement and repair, a \$2.8 million increase over the current funding level.

Pension and Health Benefits – The budget also includes \$22.9 million to implement a legislative proposal to shift the full cost of the Civil Service Retirement System (CSRS) and Federal Employees Health Benefits (FEHB) program to the BIA. Agencies currently pay part of these costs, with the balance coming from certain mandatory spending accounts. According to the budget highlights prepared by the Interior Department, “full funding of these programs in agency accounts will more nearly show the true costs of Federal programs, allowing managers to make decisions based on better cost information.”

Office of Special Trustee

(\$ in thousands)	FY 2001 Enacted	FY 2002 Enacted	FY 2003 Request	Change
Office of Special Trustee	118,965	99,224	152,590	53,366
Indian Land Consolidation	8,900	10,980	7,980	(3,000)

The FY 2003 request for the Office of Special Trustee is \$160.6 million, including \$1.6 million to implement the legislative proposal to shift the full cost of the CSRS and FEHB to the Office. Without these costs, the request is \$159 million, \$48.8 million above the current funding level. The 44 percent increase includes a \$51.8 million increase in the OST, which is partially offset with a proposed \$3 million cut to the Indian Land Consolidation account.

Indian Health Service

The budget request includes \$2.884 billion for the Indian Health Service, a \$60 million increase over the current funding level. Of this total, \$2.514 billion is proposed for Indian health services, a \$124 million increase, and \$370.48 million is proposed for facilities, an increase of slightly less than \$1 million.

(\$ in thousands)	FY 2001 Enacted	FY 2002 Enacted	FY 2003 Request ¹	Change
Indian Health Services				
Hospitals and Clinics	1,084,173	1,153,711	1,230,147	76,436
Dental Health	91,018	95,305	104,901	9,596
Mental Health	45,018	47,142	52,499	5,357
Alcohol and Substance Abuse	130,254	135,005	138,800	3,795
Contract Health Services	445,773	460,776	468,130	7,354
Public Health Nursing	36,114	37,781	41,639	3,858
Health Education	10,063	10,628	11,283	655
Community Health Representatives	48,061	49,789	50,774	985
Immunization (Alaska)	1,471	1,526	1,556	30
Urban Health	29,843	30,947	31,620	673
Indian Health Professions	30,486	31,165	35,483	4,318
Tribal Management	2,406	2,406	2,406	0
Direct Operations	52,946	55,323	63,658	8,335
Self-Governance	9,803	9,876	10,138	262
Contract Support Costs	248,234	268,234	270,734	2,500
Total – Indian Health Services	2,265,663	2,389,614	2,513,868	124,254
Health Facilities				
Maintenance and Improvement	46,331	46,331	47,331	1,000
Sanitation Facilities	93,617	93,827	95,185	1,358
Facilities Construction	85,525	86,260	72,000	(14,260)
Facilities/ Environmental Health Support	121,336	126,775	139,665	12,890
Equipment	16,294	16,294	16,294	0
Total – Health Facilities	363,103	369,487	370,475	988

Health Services - The budget includes an additional \$47 million to fully cover pay cost increase for IHS's federal employees and to allow tribally-run health programs to provide comparable increases to their staffs. A \$17 million increase is provided for staffing at the new outpatient clinic at Parker,

¹ The total for Indian Health Services is \$100,000 higher than the sum of the line items. We are currently attempting to identify the source for this slight discrepancy and will provide updated information when it is available.

Arizona, and for two new hospitals serving the Navajo Nation and the Winnebago and Omaha Tribes. In addition, a \$7 million increase is requested for Contract Health Services and an additional \$3 million is included to improve information processing capacity and to implement privacy regulations pursuant to the Health Insurance Portability and Accountability Act.

Health Insurance Reimbursements - The FY2002 budget projects an estimated \$509 million in health insurance reimbursements, primarily from Medicare and Medicaid. These funds now account for 15 percent of the IHS' resources, up from nine percent in FY 1995.

Construction - The budget includes \$72 million – a \$14.3 million cut from the current level – to complete four projects and to continue construction and two facilities. The DHHS budget highlights document states that future IHS budgets will be developed using a new comprehensive capital planning process to allow the Department to balance the need for new construction across all of its agencies.

The budget request for sanitation construction, \$95 million, will provide services to 3,335 new and 11,455 existing homes.

Recruitment and Retention – The budget includes \$35 million, a \$4 million increase, to initiate a special recruitment effort targeted at health professional that have worked for the military. Funds will support relationships with the Departments of Defense and Veterans Affairs and will provide scholarships and loan repayment agreements with former DoD and VA health professionals.

Transfer of Legislative and Public Affairs – The budget proposes to transfer the IHS legislative and public affairs offices to the Office of the Secretary, where all DHHS public affairs functions will be consolidated into two offices by the end of FY 2003.

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