

Legislative Update- February 28, 2001

(Broadcast Fax # 336)

Secretary Norton Testifies Before the Indian Affairs Committee - This morning, Secretary Gale Norton mapped out her plans for the Department of Interior (DOI) before the Senate Committee on Indian Affairs. As she has stated at the NCAI Executive Council Winter Session last week, Secretary Norton explained that she would use the "4 C" approach in running the DOI, which are collaboration, cooperation and consultation in the pursuit of conservation. Secretary Norton also stated that education and school construction would be a top priority to ensure that "no Indian child is left behind." In regards to the Assistant Secretary position, she stated that she is looking for a person with a strong management background to help the BIA run more effectively but gave no indication when the position would be filled.

Chairman Campbell (R-CO) asked Secretary Norton numerous questions ranging from education to gaming. One important question pertained to the membership of the President's Interagency Working Group on Federalism. The Chairman asked whether there would be Indian representation on the working group. Secretary Norton stated that the working group was in the formative stages and it would be made up of 13 cabinet officers, with the DOI being the voice of Indian Country. In his opening statements, Senator Inouye (D-HI) stated that he hoped the Secretary would consult with the experts (tribes) on issues affecting them prior to making a decision. As a follow-up question, Senator Inouye asked if the Secretary could assure the Committee that affected tribes would be consulted prior to changing the Department's legal position. Secretary Norton said that she takes this issue seriously and would work in accordance with the law. However, she also stated that it would be difficult to consult if the issue is in litigation.

Senator Dominici (R-NM) stated that the Bureau has a lot of problems to solve and that he hopes Secretary Norton will choose an Assistant Secretary soon and one that understands the issues. In response to Dominici's question on Indian education, Secretary Norton stated that President Bush's budget blueprint that was released today (see below) would provide funding for school construction. Additionally, there would be a five year commitment for additional construction and repair to eliminate the construction backlog.

Lastly, Chairman Campbell asked Secretary Norton what direction she would take for trust reform. The Secretary stated that she understands that she needs to move forward quickly and that is why they have undertaken statistical sampling to get the process moving.

President Bush Releases Budget Blueprint for FY2002 - On the heels of his first address to Congress, President Bush today released a 200-page budget blueprint that lays out his major tax cut and spending proposals for FY2002. The entire document is available online at: <http://www.whitehouse.gov/omb/budget/index.html>.

The budget blueprint reveals more details about the President's spending priorities. However, like last night's nationally televised speech, it fails to provide many substantive agency-level details. Until these details become available as Cabinet Departments release

their detailed budget documents, most likely in early April, it will be extremely difficult to gauge the impact of the proposed FY2002 budget on programs that serve American Indians and Alaska Natives.

What follows is a brief summary of those programs and funding levels contained in the budget blueprint that may of be particular interest to Indian Country. NCAI currently is preparing its written testimony for the upcoming Senate Indian Affairs Committee hearing on the budget proposal, which will be held in late March, and would appreciate hearing from tribal leaders about specific funding priorities and concerns.

Overview - In a message to Congress accompanying the blueprint, which is titled "A Blueprint for New Beginnings," the President said his budget would "provide reasonable spending increases to meet needs, while slowing the recent explosive growth that could threaten prosperity."

The proposal contains \$1.96 trillion in FY2002 spending, a 5.5 percent increase over FY2001 projected outlays of \$1.86 trillion, and includes increases for programs such as education, drug enforcement, and medical research. In discretionary spending, the budget requests a 4 percent increase over FY2001, which is slightly higher than inflation but half the 8.5 percent gain enacted in FY2001. The following chart provides FY2002 proposed discretionary budget authority by agency.

Discretionary Budget Authority By Agency (dollar amounts in billions)

| Agency | FY2001 Enacted | FY2002 Proposed | Change |
|-------------------------------|----------------|-----------------|--------|
| Agriculture | 19.4 | 17.9 | -1.6 |
| Commerce | 5.1 | 4.8 | -0.4 |
| Defense | 296.3 | 310.5 | 14.2 |
| Education | 39.9 | 44.5 | 4.6 |
| Energy | 19.7 | 19.0 | -0.7 |
| Health and Human Services | 53.9 | 56.7 | 2.8 |
| Housing and Urban Development | 28.5 | 30.4 | 1.9 |
| Interior | 10.2 | 9.8 | -0.4 |
| Justice | 20.9 | 19.9 | -1.0 |
| Labor | 11.9 | 11.3 | -0.6 |
| Transportation | 18.4 | 16.3 | -2.1 |
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|-------------------------------------|------|------|------|
| Treasury | 14.0 | 14.7 | 0.7 |
| Veterans Affairs | 22.4 | 23.4 | 1.0 |
| Environmental Protection Agency | 7.8 | 7.3 | -0.5 |
| Federal Emergency Management Agency | 2.4 | 2.0 | -0.5 |
| National Science Foundation | 4.4 | 4.5 | 0.1 |
| Small Business Administration | 0.3 | 0.5 | 0.2 |

Interior Department -The FY2002 budget for the Interior Department is \$9.8 billion, which represents a 4 percent cut from the FY2001 enacted level. According to the budget blueprint, it "continues substantial funding for new conservation and Native American initiatives and is consistent with a reasonable rate of growth based on historical funding levels." While there is no specific mention of total BIA or IHS funding levels, the blueprint states that the budget would "substantially reduce" the BIA school construction and maintenance backlog and funds the replacement of the next six schools on the education priority list. For FY2001, BIA school construction and maintenance received approximately \$293 million.

In addition, the blueprint indicates that additional funds are proposed for Indian trust reform. The FY2001 enacted level for the Office of Special Trustee was \$82.6 million. It also would implement five recently authorized Indian land and water settlements in California, Colorado, Michigan, Utah, and New Mexico.

Finally, the budget contains \$30 million toward completing the National Museum of the American Indian.

Agriculture Department - Highlights of the USDA budget request include the elimination of \$235 million for rural development assistance and the elimination of \$150 in research earmarks. Participation in the Women, Infants, and Children (AC) food assistance program would be maintained at its current level of 7.25 million individuals per month.

Department of Commerce - Among the numerous proposed cuts in the Commerce Department is a \$77 million reduction to the Economic Development Administration, which would bring its funding level down to the authorized level of \$335 million.

Department of Education - As expected, the Education Department fared well in the President's budget proposal, with an 11.5 percent increase (\$4.6 billion) in total budget authority. Included in this amount is: \$1 billion for a reading initiative; \$2.6 billion for teacher development, recruitment, and retention; \$150 million for charter schools; \$72.8 million, a \$62 million increase, for Impact Aid construction for schools serving large numbers of military dependents and Indian children; and \$25 million for character

education. Significantly, the budget would redirect \$1.2 billion in FY2001 enacted funds for school renovation by authorizing states to use those funds for special education, renovation, or technology.

Department of Health and Human Services - Within HHS proposed FY2002 funding levels are \$23.1 billion for the National Institutes of Health (NIH), a \$2.8 billion increase over the FY2001 enacted level, and \$1.3 billion for Community and Migrant Health Centers, a \$124 million increase over the FY2001 enacted level. For the Substance Abuse and Mental Health, a \$100 million increase is proposed, which would bring FY2002 funding to approximately \$3.06 billion. That said, unspecified cuts are proposed for health professions training grants, with funds to be redirected to nursing and health professions diversity grants.

Department of Housing and Urban Development - Within the HUD budget, level funding is proposed for the Community Development Block Grant (CDBG) program. In FY2001, the Indian set-aside under CDBG was \$67 million. Both the Drug Elimination Grant program and the Rural Housing/Economic Development program would be eliminated. Those programs, under which tribes receive small amounts of funding, were allocated \$27 million and \$310 million in FY2001, respectively. NAHASDA funding is not mentioned in the budget blueprint.

Department of Justice - The DOJ Indian Country Law Enforcement Initiative, which was funded at \$104.5 million in FY2001, is not addressed in the budget blueprint. Of the large accounts mentioned are 8 percent proposed increases for the Federal Bureau of Investigation (to \$3.5 billion) and prisons (to \$4.7 billion), and a 7 percent proposed increase for the U.S. Attorneys Office (to \$1.3 billion). Both the FBI and U.S. Attorneys Office proposed increases are to compact cybercrime and terrorism. The budget also would redirect \$1.5 billion from "programs that have accomplished their initial objective, have been awarded on a noncompetitive basis, or are otherwise of questionable merit." These funds would be used to provide unspecified increases for federal law enforcement agency priorities and some state and local grant programs, including Violence Against Women Act programs, Weed and Seek, state prison drug treatment, and targeted local prosecutor initiatives.

Department of Labor - Approximately \$5 billion is proposed for youth and adult training activities, compared to \$5.7 billion in FY2001 for training and employment services. A \$20 million increase is proposed for the Office of Disability Employment Policy, a new Office that was funded in FY2001 for the first time at \$23 million.

Department of Transportation - Full funding of \$32.2 billion is proposed for programs under the TEA-21 highway guarantee, including the Indian Reservation Roads (IRR) program. The budget blueprint does not address the issue of the IRR program's being subject to the "obligation limitation," which actually reduces the full funding authorization of \$275 million by approximately \$34 million annually. Last year, President Clinton proposed removing the

IRR obligation limitation in his FY2001 budget proposal, but Congress failed to adopt this recommendation.

Department of Treasury - According to the budget blueprint, "Treasury will continue its efforts to promote financial services in low-income communities through the Community Development Financial Institutions (CDFI) Fund program, which will be in charge of administering the tax credit authorized in the Community Renewal Act of 2000." Despite this statement, the budget proposes an unspecified cut to CDFI which would reduce its FY2002 funding level to below the FY2001 enacted level. In FY2001, Congress enacted a \$5 million Indian Country set-aside that had been proposed by the Administration.

Department of Veterans Affairs - The President's budget proposes a 4.5 percent increase over the FY2001 enacted level for VA programs, including \$51 billion for veterans benefits and services. This includes \$28.1 billion for mandatory entitlement programs and \$23.4 billion in net discretionary programs budget authority.

Environmental Protection Agency - The total proposed budget for EPA is \$7.3 billion, a \$499 million cut from the FY2001 enacted level, largely due to the elimination of unrequested FY2001 earmarks. For state and tribal grants, more than \$1 billion is requested, which is the largest budget request ever.

Small Business Administration - Level funding of \$88 million is proposed for Small Business Development Centers, but they would be required to charge a "nominal" fee for services under the budget request. In addition, the budget would eliminate the New Markets Venture Capital program, which received \$37 million in FY2001, and the BusinessLinc program, which received \$7 million in FY2001.

For further information, please contact NCAI at (202) 466-7767.