



NATIONAL CONGRESS OF AMERICAN INDIANS

Testimony of the National Congress of American Indians on FY2003 Appropriations for the Bureau of Indian Affairs

Subcommittee on Interior Appropriations

April 5, 2002

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On behalf on the National Congress of American Indians and its more than 200 member tribal nations, we are pleased to have the opportunity to present written testimony on FY 2003 appropriations for the Bureau of Indian Affairs (BIA).

The tragic events of September 11 brought forth the strength and the determination of our nation to survive in the face of adversity. It is this same spirit that has carried Indian Country through years of annihilation and termination. It is this same spirit that has propelled Indian Nations forward into an era of self-determination and self-governance. And it is in this same spirit of resolve that Indian Nations come before Congress to talk about honoring the federal government's treaty obligations and trust responsibilities throughout the FY 2003 budget and appropriations process.

On February 4, President Bush proposed a \$2.13 trillion budget for FY 2003 that included largely level funding for Indian programs, continuing the trend of consistent declines in federal per capita spending for Indians compared to per capita expenditures for the population at large. This trend demonstrates the abject failure of the federal government to commit the serious resources needed to fully honor its trust commitment to Indian tribes.

The federal trust responsibility represents the legal obligation made by the U.S. government to Indian tribes when their lands were ceded to the United States. This obligation is codified in numerous treaties, statutes, Presidential directives, judicial opinions, and international doctrines. It can be divided into three general areas – protection of Indian trust lands; protection of tribal self-governance; and provision of basic social, medical, and educational services for tribal members.

NCAI realizes that Congress must make difficult budget choices this year. As elected officials, tribal leaders certainly understand the competing priorities that you must weigh over the coming months. However, the fact that the federal government has a solemn responsibility to address the serious needs facing Indian Country remains unchanged, whatever the economic climate.

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We at NCAI urge you to make a strong across-the-board commitment to meeting the federal trust obligation by fully funding those programs that are vital to the creation of vibrant Indian Nations. Such a commitment, coupled with continued efforts to strengthen tribal governments and to clarify the government-to-government relationship, truly will make a difference in helping us to create stable, diversified, and healthy economies in Indian Country.

The President has requested a \$22.9 million increase for the Bureau of Indian Affairs, from \$2.25 billion to \$2.27 billion. The funding increase is primarily dedicated to trust management activities. Other key areas of the BIA budget, such as Tribal Priority Allocations, public safety, and economic development, remain deeply under-funded.

Tribal Priority Allocations (TPA) provide tribes with the resources for governmental services at the local level. Because we are able to prioritize TPA funds according to our unique needs and circumstances, providing adequate TPA resources is one of the most important and practical things that the federal government can do to further the goals of tribal self-governance. Unfortunately, the Administration's proposed budget requests only a \$23.4 million increase to this account, with nearly \$18 million of that amount going toward trust-related activities.

The Census Bureau's *Poverty in the United States* for 2000 showed that American Indians and Alaska Natives remain at the bottom of the economic ladder, with 25 percent of our population falling below the poverty line. This compares to an 11.9 percent poverty rate for all races combined. Simply put, tribal governments cannot continue to provide essential government services to our growing – and disproportionately poor – population without a substantial increase in our TPA funds.

Today, unemployment rates in Indian Country are the highest in the nation, sometimes topping 50 percent. The development of new and diverse businesses in Indian Country is one cornerstone of self-sufficiency. The Indian Financing Act of 1974 contains loan guaranty and insurance features that are designed to encourage commercial lenders to provide capital to Indian businesses that might otherwise be denied funding. The BIA has requested a \$500,000 increase to implement the insured loan portion of the Indian Guaranteed Loan program into new markets to finance small Indian businesses and to develop equity financing opportunities for tribes and individual Indian entrepreneurs. This increase is expected to provide approximately \$7 million in additional loan subsidies for FY 2003 above the expected \$65 million in loan subsidies provided from the base funds of \$4.5 million for the program. NCAI is encouraged by the BIA's desire to expand the Loan Guaranty Program, and we urge the Subcommittee to substantially increase funding for it and other BIA economic development programs.¹

¹ See attached resolution #SPO-01-025.

According to statistics provided the by the National American Indian Housing Council, 40 percent of the homes in tribal communities are overcrowded and have serious physical deficiencies. The comparable national average is 5.9 percent, almost six times lower. These types of conditions have a very real and detrimental impact. Respiratory illness, skin conditions, head lice, sleep deprivation that affects schooling, and a lack of privacy that sometimes leads to child physical and sexual abuse can all be traced back to the housing crisis that plagues some of our reservations.

The Housing Improvement Program (HIP) improves the quality of life of the poorest Indians by eliminating substandard housing and homelessness in or near reservation communities. HIP is a last resort “safety net” program that is targeted for those families who are able to meet even minimum HUD income guidelines. According to the BIA’s budget documents, \$362.5 million would be required just to meet the needs of those eligible HIP applicants that have been determined eligible. However, the budget requests only \$19.6 million for this program. We request that you increase funding to a minimum of \$33 million to help better address the outstanding housing needs in Indian Country.²

The President’s budget request also includes a troublesome proposal that would authorize the privatization of the 64 schools directly operated by the Bureau of Indian Affairs, unless tribes decide to operate these schools under contracts or grants. Of course, tribal operation of schools is a fundamental principle of self-determination, and NCAI firmly supports the right of tribes to privatize schools if they so desire – a subcontracting power that tribal governments already have when they contract to operate BIA schools.

That being said, the budget request fails to provide adequate funding to cover the costs of tribal administration of BIA-funded schools, especially the lowest performing ones slated for transfer. The small increase in funding proposed for Administrative Cost Grants does not come close to addressing the drastic shortfalls that exist in this account, which is currently funded at a dangerously low level of only 70 percent of the level required under federal law. Additional school conversions to tribal operation would decrease the already too-small slice of the pie going to each school even more. Likewise, the \$2 million increase proposed for student transportation is completely inadequate compared to the \$21.5 million needed just to bring tribally-operated schools up to a funding level that equals the national average of five years ago.³

Moving beyond elementary and secondary education, the President’s budget request also inexplicably cuts funding for tribally controlled community colleges and universities. More than 30,000 Native American students from 250 federally recognized tribes attend these

² See attached resolution#SPO-01-097.

³ See attached resolutions # SPO-01-048, supporting increased funding for BIA education programs, and #EWS-02-002, opposing the school privatization proposal.

schools, which are located in isolated areas and which often are the only accredited institutions of higher education in their service area. Tribal colleges serve students of all ages, a majority of whom are first-generation college students and approximately 20 percent of whom are non-Indian. Today, per-Indian student funding for tribal colleges is \$3,915, less than two-thirds of the \$6,000 authorized for institutional operations. While annual appropriations for tribal colleges has increased modestly in recent years, the President's budget includes no increase in operating funds, which actually would result in a cut of \$390 per student once annual enrollment increases and reduced federal funding are factored in.

NCAI recognizes that alcohol and substance abuse is more than a health problem – it is a serious social, education, law enforcement, tribal justice, domestic violence, and economic problem. The 1999 National Household Survey on Drug Abuse shows a major decrease in alcohol and substance abuse among the general population, but an increase in its prevalence among Native American populations, a major threat to the future of Indian children and youth. For the past several years, federal appropriations have failed to adequately support funding levels for tribal substance abuse prevention programs. We urge that you reverse this trend by increasing funding for prevention and treatment programs within both the BIA and the Indian Health Service.

Last, but certainly not least, NCAI is extremely concerned that a large portion of the requested increase for trust management activities within the BIA and the Office of Special Trustee would go toward implementing the new Bureau of Indian Trust Assets Management that is strongly opposed by tribes. NCAI believes that a large funding increase is key to reversing the hundreds of years of gross mismanagement that continues to plague tribal and Indian trust accounts. As Secretary Norton herself has pointed out, it will cost "hundreds of millions" of dollars to remedy the problem. However, any such increases must be targeted for workable, well-planned reform initiatives developed in close consultation with tribes and individual beneficiaries.

Thank you for this opportunity to present written testimony regarding the FY 2003 appropriations for the Bureau of Indian Affairs. The National Congress of American Indians calls upon Congress to fulfill the federal government's fiduciary duty to American Indians and Alaska Native people. This responsibility should never be compromised or diminished because of any political agenda or budget cut scenario. Tribes throughout the nation relinquished their lands and in return received a trust obligation, and we ask that Congress maintain this solemn obligation to Indian Country and continue to assist tribal governments as we build strong, diverse, and healthy nations for our people.