

**NATIONAL CONGRESS OF AMERICAN INDIANS
TESTMONY ON THE
PRESIDENT'S FY 2003 BUDGET REQUEST FOR INDIAN PROGRAMS**

**Senate Committee on Indian Affairs
March 7, 2002**

On behalf of NCAI's more than 200 member tribal nations, we are pleased to have the opportunity to present written testimony on the President's fiscal year 2003 budget request for Indian programs.

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 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 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.

As you know, the federal trust responsibility represents the legal obligation made by the U.S. government to Indian tribes when our 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 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. 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.

NCAI's written statement focuses on the key areas of concern surrounding the President's budget request. Of course, there are numerous other federal programs and initiatives that are important to American Indians and Alaska Natives. Attached is an agency-by-agency breakdown and NCAI resolutions detailing key programs that benefit Indian Nations. NCAI urges Congress to support each of these programs at the highest possible funding level as the budget and appropriations process moves forward.

Bureau of Indian Affairs/Office of Special Trustee

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 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 things the federal government can do to further the goals of tribal self-governance in a practical way. Unfortunately, the budget requests only a \$23.4 million increase to this account, with nearly \$18 million of that 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 25.9 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 simply cannot continue to provide essential government services to our growing – and disproportionately poor – population without a substantial increase in our TPA funds.

As stated earlier, the budget request includes a significant initiative to increase funding for trust management within the BIA and the Office of Special Trustee. Within the BIA, \$153 million – a \$35 million increase is included for trust operations and services at the headquarters, regional, and tribal levels. The Office of Special Trustee would receive a 44 percent increase – to \$160.6 million – which is partially offset by a \$3 million cut to the Indian Land Consolidation Account.

NCAI is concerned that a large portion of the requested increase for trust management likely 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.

Finally, one other area of the BIA budget – education – deserves special mention. The budget request includes an extremely 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 principal of self-determination, and NCAI firmly supports the right of tribes to privatize schools if they so desire.

However, the budget request fails to provide adequate funding to cover the costs of tribal administration of BIA-funded schools, especially for 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 in this account, which is currently funded at less than 80 percent of the level required under federal law. Additional school conversions to tribal operation would decrease the slice of the already too-small 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.

Indian Health Service

The budget request includes \$2.9 billion for the Indian Health Service, a \$60 million increase over the current funding level, but a de facto decrease given the absorption requirements proposed under the President's request. Of this total, \$2.5 billion is proposed for Indian health services. For facilities, \$370.5 million is proposed – an increase of less than \$1 million.

Because most of the increases are targeted for mandatory pay-cost adjustments and staffing at new facilities, the budget request falls short of allowing the IHS to break even with FY 2002 funding levels once the new absorption requirements under the President's budget are accounted for. When measured in constant dollars, per capita spending for health care in the IHS service population is actually lower today than it was in 1977. Since 1993, funding has dropped below the rate of inflation and the 27 percent hike in the IHS service population in the 1990s.

Indian Country is all-too-familiar with the disproportionate impact that diseases such as diabetes, heart disease, and cancer have in American Indian and Alaska Native communities. In January, the Centers for Disease Control released a study¹ that found that, between 1990

¹ Department of Health and Human Services, Centers for Disease Control, *Trends in Racial and Ethnic-Specific Rates for the Health Status Indicators: United States, 1990-98*, January, 2002.

and 1998, the lung cancer death rate for American Indians and Alaska Natives increased by 28 percent and the percent of low birthweight infants increased by 11 percent. The study also found that American Indians and Alaska Natives do not appear to have experienced the same improvements in the suicide breast cancer, and stroke death rates as other racial/ethnic groups.

To help address these health disparities in a meaningful way, the IHS Level-of-Need Funding Workgroup has identified an \$18 billion needs-based budget for the IHS, including a nonrecurring \$8.7 billion facilities request and \$10 billion to fully fund the health needs of American Indians and Alaska Natives.

A ten-year phase-in of the \$18 billion needs-based budget can be achieved through a several years of appropriations increases. If a first year increase of \$2.6 billion were appropriated (a 112 percent increase), the following years' increases would decline to 20 percent in year five and 10 percent in year ten. The first year increase would be substantially more to help offset the more than \$2 billion lost to inflation over the past eight years.

This type of major investment would account for the real revenue losses due to inflation and population growth, create long-term savings to taxpayers, and eliminate the vast health disparities that exist between American Indians and Alaska Natives and the general U.S. population.

Other Key Issues

Public Safety

More than 200 police departments, ranging from tiny departments with only two or three officers to those with more than 200 officers, help to maintain public safety in Indian Country. According to a recent Justice Department² study, the typical Indian Country police department has no more than three and as few as one officer patrolling an area the size of Delaware.

The same study found that inadequate funding is "an important obstacle to good policing in Indian Country." According to DOJ, the appropriate police coverage comparison may be between tribal departments and communities with similar crime problems. Because the violent crime rate in Indian Country is more than double the national average, we should compare our police coverage with large urban areas with high violent crime rates. According to the Bureau of Justice Statistics, cities like Baltimore, Detroit, and Washington have high

² U.S. Department of Justice, Office of Justice Programs, National Institute of Justice, *Policing on American Indian Reservations*, September 2001.

police-to-citizen ratios of 3.9 to 6.6 officers per 1,000 residents. On the other hand, virtually no tribal police department has more than 2 officers per thousand residents.

Given that the Justice Department itself just published a study that justifies the need to increase resources for Indian Country law enforcement, it is astounding to see that our law enforcement programs actually took a \$40 million direct hit in the FY 2003 budget request. The budget would eliminate all \$35 million in tribal jail construction funding and would cut \$5 million in tribal law enforcement personnel funds. We strongly oppose these cuts, and request an increase to the FY 2002 funding levels for Indian Country law enforcement programs.

Housing

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.

In the face of the widely-reported housing deficiencies in Indian Country, I am sure that you were as surprised as us to see that the FY 2003 budget request actually cuts several programs authorized under the Native American Housing Assistance and Self-Determination Act (NAHASDA). The President's proposal reduces the Indian Housing Block Grant Program by \$2 million, to \$647 million, and slashes the Title VI loan guarantee program by two-thirds.

The FY 2003 request is far below the \$1.1 billion base funding determined by the National American Indian Housing Council (NAIHC) as a minimum to begin addressing the housing shortage in American Indian communities. NCAI supports the NAIHC-recommended funding level and calls upon Congress to reject the cuts proposed by the Administration.

Transportation

Indian Reservation Roads (IRR) make up 2.63 percent of all existing roads in the federal-aid highway system, but historically they have received less than one percent of all federal highway dollars. On average, only \$500 per mile – and in some cases, as little as \$80 per mile – is available for maintenance. In comparison, an average of \$2,200 per mile is spent maintaining other federal roads, and an average of \$2,500 to \$4,000 per mile is spent by states.

Recognizing the urgent need to improve the road conditions in Indian Country, Congress last year approved a FY 2002 Transportation Appropriations bill that provided funds to offset the obligation limitation on the IRR and thus resulted in a final funding level of approximately \$275 million, the full authorization level.

The budget request for the Department of Transportation eliminates the additional IRR funding contained in the FY 2002 appropriation, which means that we would see a funding level of approximately \$240 million.

Indian Reservation Roads are among the worst maintained in the United States and often must be shut down during the winter months or in rainy weather. This type of unreliable transportation infrastructure hurts our ability to attract businesses, provide emergency services, and bus our children safely to school. The IRR program needs an increase, not a decrease, and we urge you to support an appropriation to offset any negative effect of the obligation limitation on its authorized level of \$275 million.

Community and Economic Development Programs

Members of the Senate Indian Affairs Committee know the critical need to promote community development and economic diversification in our tribal communities.

Many economic development programs that assist tribes would be cut or eliminated in the budget. The request for the Small Business Administration would eliminate One Stop Capital Shops, Micro-Loan Technical Assistance, New Markets Venture Capital, and BusinessLINC. The Administration also failed to request any funding whatsoever to establish the Office of Native American Business Development, as authorized in the Native American Business Development, Trade Promotion, and Tourism Act of 2000.

Furthermore, programs designed to help tribes close the "dial-tone divide" and improve the telecommunications infrastructures in their communities are eliminated outright or severely reduced in the President's budget. For example, the request for the Commerce Department would eliminate the Technology Opportunities Program – TOP – which in FY 2001 provided over \$4 million in competitive grants to tribes and tribal organizations for the purpose of expanding technology in their communities.

Reducing or eliminating economic development tools for Indian Country is unthinkable in the face of the compelling needs that exist. NCAI has approved numerous resolutions calling for increased support of economic development programs within the Small Business Administration and Department of Commerce, and we urge that these programs and others that are designed to promote tribal community development be fully funded.

Conclusion

Thank you for this opportunity to present written testimony regarding the President's FY 2003 budget request for Indian programs. 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 the Congress to maintain this solemn obligation to Indian Country and continue to assist tribal governments as we build strong, diverse, and healthy nations for our people.