

FY2005 APPROPRIATIONS

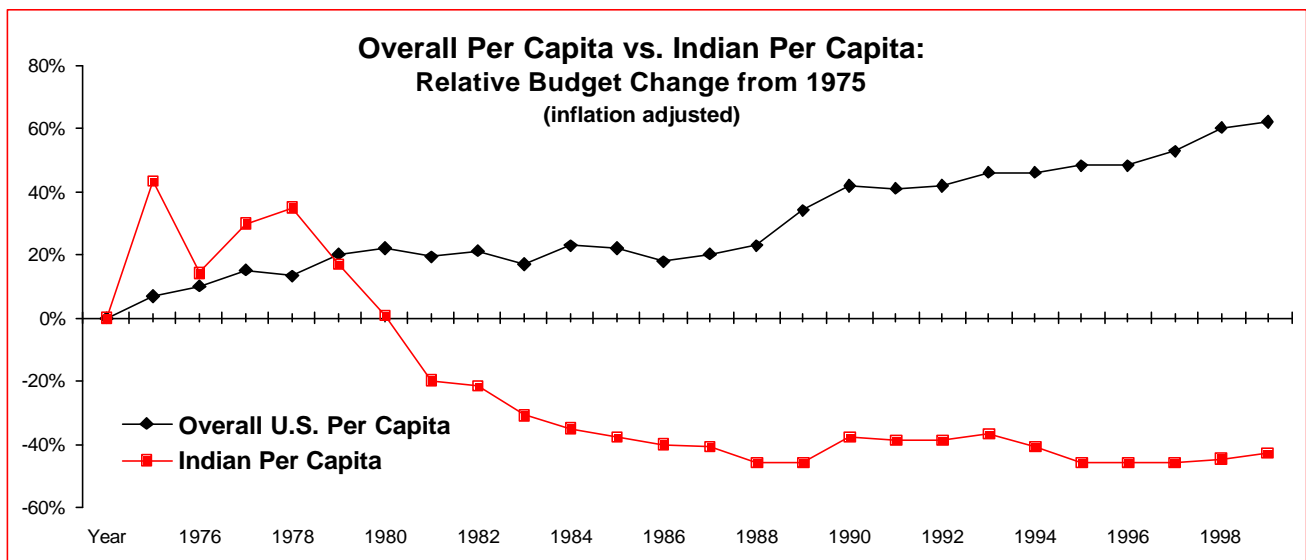
INDIAN COUNTRY AND THE PRESIDENT'S BUDGET

INTRODUCTION

On February 2, 2004, President Bush proposed a \$2.4 trillion budget for FY 2005 that included level funding and numerous decreases for Indian programs, continuing the trend of consistent declines in federal per capita spending for Indians compared to the population at large. A critical priority that has gone ignored for too long in the budget process is the government's solemn promise to American Indians and Alaska Natives to uphold its trust responsibility.

The federal trust responsibility is the legal commitment made by the U.S. government to Indian tribes when Indian lands were ceded to the United States. This commitment is codified in treaties, federal law, executive orders, judicial opinions, and international doctrine. It can be divided into three general obligations: protection of Indian trust lands; protection of tribal self-governance; and provision of basic social, medical, and educational services for tribal members. These promises notwithstanding, the U.S. government has consistently failed to follow through with appropriations to match these fundamental obligations.

In July 2003, the U.S. Commission on Civil Rights reported that the persistent underfunding of Federal trust commitments to tribes constitutes "a quiet crisis." In a comprehensive analysis of unmet needs in Indian Country, the study documented disproportionately lower funding for critical Indian services—including law enforcement, health care, and education—than for all other populations. In the last 25 years, federal expenditure per capita for Indians has steadily declined as compared to spending for the U.S. population at large. Starkly identified in a 1999 Congressional Research Service study (see figure below), this trend demonstrates a troubling failure by the federal government to uphold its trust responsibilities with adequate appropriations.



Source: Congressional Research Service - Library of Congress, March 2, 1999, "Indian-Related Federal Spending Trends, FY1975-FY2000"

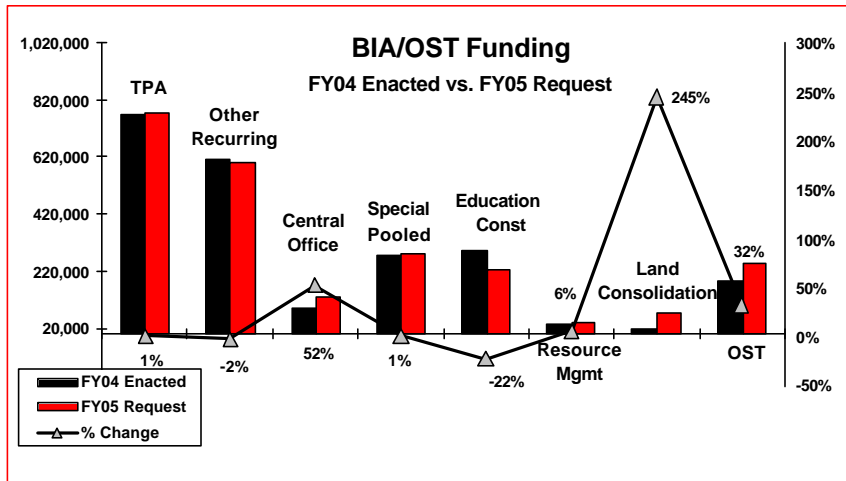
The needs in Indian Country are substantial and the federal trust responsibility to address these needs is clear. As Congress considers FY 2005 funding for Indian programs throughout the federal budget, NCAI strongly recommends a serious commitment across the board to reverse this trend by making funding choices of the magnitude necessary to turn the tide against need in Indian Country. Such a shift in federal funding trends, coupled with continued efforts to strengthen tribal governments and clarify the government-to-government relationship, could make the difference in bringing about the truly stable, diversified, and healthy economies in Indian Country that are the foundation of strong communities.





BUREAU OF INDIAN AFFAIRS (BIA) AND OTHER INTERIOR DEPARTMENT PROGRAMS

The BIA budget request for FY 2005 is \$2.3 billion, a drop of \$52 million from the 2004 enacted level. With continuing focus on a reorganization plan that NCAI and numerous tribes have opposed, the 2005 BIA budget proposes a net increase of \$42 million in trust-related programs, and cuts to other programs to offset trust increases that result in a de facto decrease in critical tribal funding within BIA of over \$100 million. Other key areas of the BIA budget, such as Tribal Priority Allocations and initiatives that support education and economic development, remain deeply under-funded.



TRIBAL PRIORITY ALLOCATIONS (TPA)

TPA funding is the main source of tribal resources to provide governmental services at the local level for most tribes. Funding for this account supports ongoing services at the local tribal level for such critical needs as housing, education, natural resource management, and tribal government services. Since tribes have flexibility to use TPA funds to meet the unique needs of their individual communities, these funds are an essential resource for tribes to exercise their powers of self-governance. This account, key to tribal self-determination, has been deeply underfunded for years. Although FY 2005 TPA funding would increase slightly by \$5 million over the FY 2004 level, the percentage of BIA funds provided to TPA has steadily dwindled since 1998. Between FY1998 and FY2003, TPA spending power has decreased by \$36.5 million or 4.4 percent. **NCAI recommends a 5 percent increase in TPA for FY 2005, an approximate increase of \$35 million over the FY 2004 enacted level.**

Self-Determination Pay Cost Increases. In the past, the 638 Pay Cost account has matched what the Administration and Congress provide for federal workers employed by federal agencies each year. But tribes received only 15% of their 638 Pay Cost funding in FY 2003 and about 30% in FY 2004. As a result of these decreases, tribes' core service funding is effectively rendered far less than nearly a decade ago. This underfunding seriously undermines tribes' ability to provide critical services promoting the public safety, security, and well being of communities already suffering some of the worst living standards in America. Some federal agencies may be able to absorb such an onslaught of cuts, but tribes—wrestling with well-documented funding shortfalls to begin with—cannot. **NCAI recommends that 638 Pay Costs be restored to full funding for tribes in the FY 2005 Interior Appropriations budget.**

Contract Support Costs (CSC). Contract Support Cost (CSC) funds are the key to self-determination for tribes—these funds ensure that tribes have the resources that any contractor would require to successfully manage decentralized programs. The President requested a \$2 million reduction in funding for contract support costs, down to a proposed level of \$133.3 million from the FY 2004 request of \$135.3. An additional \$25 million is needed in BIA to fully fund CSC (excluding direct contract support costs). This shortfall continues to penalize tribes that elect to operate BIA and IHS programs under the self-determination policy. Additional CSC appropriations are needed to implement the self-determination and self-governance policy as supported by Congress. **NCAI Resolution #ABQ-03-46 calls upon the President to request full funding of all contract support requirements and ask Congress to fully budget and to fully appropriate tribal contract support costs.**

School Operations. NCAI and the U.S. Civil Rights Commission have called for badly needed increases to funding for BIA School Operations—but rather than addressing the tremendous need that exists for classroom dollars, transportation, and contract support for tribally operated schools, this critical account would be decreased under the proposed budget to \$522.4 million, down \$6 million from the enacted amount in FY2004.



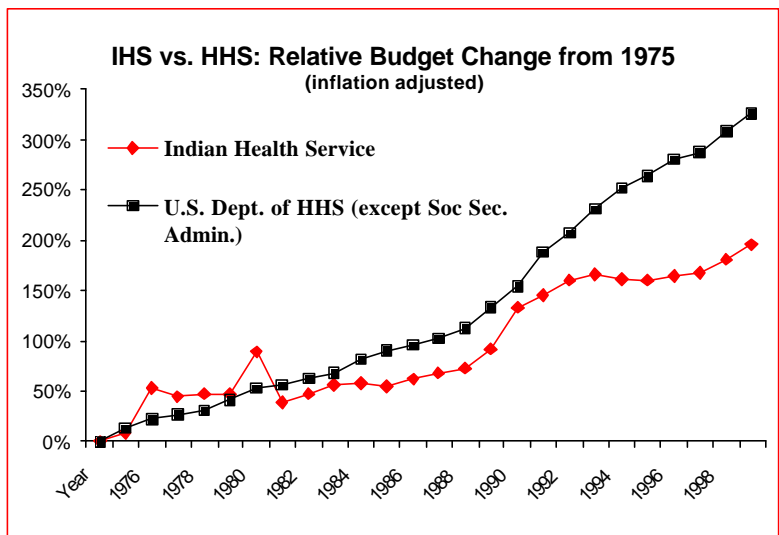
Proposed funding for Administrative Cost Grants--the equivalent of contract support for tribally operated schools--not only fails to come close to addressing the drastic shortfalls faced in this account, but would actually be cut. Despite current funding that is approximately 70% of the formula required by law for essential Administrative Cost Grants that support sound management of tribally-operated schools the President's budget would cut funding for this critical line item by \$3.8 million to \$45.3 million for FY 2005.

Office of Special Trustee. The budget request includes a significant initiative to increase funding for trust management within the BIA and the Office of Special Trustee. The request included a significant increase of \$53.3 million to the Indian Land Consolidation account, a welcome increase to an area supported by NCAI and tribes as vital to long-term trust management reforms. However, \$109 million would be directed toward a historical accounting without mutually acceptable parameters established on how to undertake this extraordinary complex task. The Office of Special Trustee would receive a \$113.6 million increase – to \$322.7 million – which is partially offset by a \$63 million cut to BIA Construction and a \$13.5 million cut to BIA Other Recurring Programs. Within BIA Construction accounts, Education Construction will lose \$65.9 million—despite a terrible backlog of new school construction needs that everyone agrees must be taken care of promptly.

INDIAN HEALTH SERVICE

The FY 2005 funding request for the Indian Health Service marks a rise of \$45 million over the FY 2004 enacted level—but falls far short of addressing the overall growth in population and rapidly increasing medical costs which have resulted in expanded unmet needs in Indian Country.

The HHS discretionary budget has increased at a faster rate than the total IHS budget since 1975 (see figure at right). Between 1998 and 2003, the service population of IHS has increased at least 11.5 percent, despite estimates that between 1998 and 2003, the service population of IHS has increased at least 11.5 percent and estimates that medical costs have grown 10 to 12 percent annually.



Proposed funding for Indian health care facilities construction would be cut by more than half under the proposal, down from \$94 million enacted in FY 2004 to \$42 million requested in FY 2005.

Funding for Maintenance and Improvement as well as Medical Equipment for Indian health facilities would receive level funding in the proposed budget. Yet IHS facilities have an average age of 32 years and medical equipment is used for twice the normal life span in IHS facilities as compared to general facilities.

Despite slight increases, IHS' real spending per American Indian has fallen over time, after adjusting for inflation and population growth. IHS spends roughly \$1900 per person per year on comprehensive health services, far below expenditures per person by public and private health insurance plans, and 50 percent of that spent on federal prisoners. Even when including IHS non-medical expenditures per person, IHS spends less on its service users than the government spends on any other group receiving public health care.

According to the National Indian Health Board, in 2001, there was a \$900 million backlog in unmet needs for health facilities, impeding Indian access to care and contributing to the degenerating health conditions in Indian Country. About a quarter of IHS' budget for Clinical Services is dedicated to contracted care. The amount required to meet the needs of the Contract Health Service programs in Indian Country is estimated to be \$1 billion, but the request for Contract Health Services would provide only \$497 million for FY 2005, less than half the amount needed to run the program. Under such conditions, funds are only available to treat life threatening illnesses—medical care in Indian country is literally life or limb service. **NCAI recommends an increase to Contract Health Services of \$120 million in FY 2005.**



While important gains have been made in funding for diabetes prevention and treatment efforts, progress toward the goal of eliminating health disparities for American Indians and Alaska Natives will require coordinated, concerted efforts—and increases across the board in the IHS budget.

PUBLIC SAFETY

More than 200 police departments, ranging from tiny departments with only two officers to those with more than 200 officers, help to maintain public safety in Indian Country. According to a recent Justice Department 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 study acknowledges that inadequate funding obstructs effective policing in Indian Country, which has a violent crime rate of more than double the national average.

Given that the Justice Department itself published a study that justifies the need to increase resources for Indian Country law enforcement, it is disappointing that tribal law enforcement programs have either lost funding or at best retained level funding since FY 2002. The President's budget would cut \$4.7 million in essential tribal law enforcement funds allocated by the COPS program. We strongly oppose these cuts, and request an increase to FY 2002 funding levels at a minimum for Indian Country law enforcement programs. Under the Administration's proposed budget, essential Department of Justice funding for Tribal Courts would be cut to \$5.9 million. Indian Country Prison grants would be cut by \$2.5 million. **A 50% increase in funding for tribal law enforcement is necessary to provide for basic public safety in Indian Country. Tribal Courts should be funded at least \$15 million per year which would enable them to continue to operate and enhance their tribal justice facilities.**

ENVIRONMENTAL SAFETY AND INFRASTRUCTURE

In the FY 2005 request for the Dept. of Agriculture, Rural Community Advancement Program grants to tribes would be reduced from \$24 million to \$13 million and Alaska Rural and Native Water Systems funding would lose \$16 million. State and Tribal Assistance Grants within EPA that address drinking water and waste infrastructure needs of rural Alaska Native villages would be reduced from \$43 million to \$40 million. Rural Water Projects within the Bureau of Reclamation budget, also critical to ensuring safe water supply to tribes, would be cut by nearly \$7 million under the Administration's request. **These programs need increased funding—not cuts—to address these infrastructure needs that are so critical to public health.**

General Assistance Program. Tribal environmental program managers rightly perceive the EPA's General Assistance Programs (GAP) as the primary federal mechanism available to protect our lands. GAP activities provide tribes with the resources needed to build capacity for EPA-delegated environmental programs. **The Administration has requested \$62.5 million for tribal GAP grants; but in order for tribes to continue to develop their environmental management infrastructure capability, a minimum level of \$67 million is needed.**

HOUSING AND URBAN DEVELOPMENT

Under the President's budget, NAHASDA funds would be decreased from the \$654.1 million amount enacted in FY 2004 to \$647 million for FY 2005. For the Indian Housing Loan Guarantee program, the President's budget requested \$1 million, down from \$3 million enacted in FY 2004. Indian and Hawaiian Loan Programs would be decreased to \$2 million in the FY 2005 request from \$6 million in FY 2004. The budget request proposed \$71.6 million for Community Development Block Grants for FY 2005. **NCAI recommends that these cuts be reversed.**

HOMELAND SECURITY

Under the Homeland Security Act of 2002, the responsibilities tribes bear for ensuring the security of lands has largely been overlooked, with tribes treated as local governments such as counties or municipalities in spite of their much broader public safety enforcement responsibilities. Legislation to amend the Homeland Security Act of 2002 has been proposed (S.587 and companion bill H.R. 2242) to ensure that tribes are treated in a manner more similar to state governments. **NCAI asks that a concerted effort be made to ensure that tribal areas have equal access to funding as FY 2005 funds are directed toward Homeland Security.**