

**Sheraton National Hotel
Arlington, Virginia
December 5, 2006**

Call to Order, 8:30

Invocation, Kelly Haney

Acting Chairs introduced by Mr. Cason: President Ed Thomas and Chairman Ron Allen

Roll Call

Introductions

Agenda was amended to include protocol under new business on second day.

Opening Remarks

Chairman Ron Allen said not a lot has changed since we last met. The tribes are concerned about the budget, where we are, where we're going, how we fair in 08, and how are priorities fair. We'll talk a lot more about strategy later on. This will be important. Arturo Senclair and Rick Gay will give updates. He said he's met with people on the Hill, but things have changed. We'll have a new set of players. Our agenda is about survival. None of us like CRs. This is a big concern for us. As we get into the discussion about strategy, he thinks it's about not losing our focus and thinking about what our argument should be to make a better case. Chairman Allen had a conversation with Congressman Norm Dicks (chairman of the House Interior Appropriations Subcommittee) and he's assured there will be changes to Interior in a positive way. Without a doubt, Interior has not fared well, with BIA and IHS, under their jurisdiction. That was Congressman Dicks' perspective. Dorgan will not be the chair of Interior on the Senate side.

President Ed Thomas said he's been on the Advisory Council for quite some time. Looking at the budget and debates, it appears we are where we started. Trying to increase TPA has been the goal, but year after year, it has lagged behind the other programs. He thinks the way we've gone about our business has not been working. We've used a strategy, and we barely break even. Many people in Indian Country are hopeful about the change in Congress. Even when Democrats are in power, Indian funding decreases. High cost of energy, no law enforcement, poor education all continue to plague us. He said we must look at the whole system in trying to work with our federal counterparts. We are playing a zero sum game, and Congress does not restore cuts to programs. He thinks the challenges are great.

Ross Swimmer said we'll all have to stay strong and let Congress know what the issues are and where we need funding

Pat Ragsdale said the chief always gives a state of the nation, a comprehensive update. We don't need a state of the nations here. We need to focus also on the human services side and not only the BIA programs. We need to figure out how to have partnerships and strategies, between us and tribes, other agencies, and other service providers. We have a large variance. Some are in better conditions, but too many of our communities are severely at risk, partly due to the meth and drug problem, and all of us need to encourage helping each other out. Talking about a theme – the self-determination movement in the 70s, it evolved into the 90s and the domination of Indian programs by the feds was not good, and the tribes needed to administer them. In the 90s, we moved to a place where tribes develop their own programs and their own performance guidelines. Because of some reporting requirements, we need to work better together. It doesn't matter whether the tribe or the bureau administers the program, we still have to justify the funds.

Tom Dowd said it's been a steep learning curve and he's pleased to be the director of the Indian education bureau.

Jim Cason introduced Carl Artman, the nominee for the Assistant Secretary of Indian Affairs (AS-IA). In the immediate time after Interior Secretary Kempthorne was confirmed, he made the AS-IA a high priority. He felt he had a good relationship with Idaho tribes. He wanted good relationships with tribes nationally as well. Early in his tenure, he heard from Indian Country that they wanted an Indian AS-IA. 20-25 different candidates were interviewed. Mr. Artman was the top of the managers' list. The Secretary acted almost immediately, but the process takes quite a while. Hopefully we're at the very end of the process. We hoped for his confirmation in October. We hope he will be confirmed this week or the next in the remaining lame duck session of Congress.

Carl Artman said as this process continues, hopefully the Senate will act this week. An advantage is already being the associate solicitor for Indian Affairs. He has a great understanding of the inner workings. Under the tutelage of Jim Cason and Ross Swimmer, he's learning a lot more. The confirmation process is ongoing. He thanked everyone for their support. His door is open always.

Jim Cason said he asked the Secretary if he could attend this TBAC. He left this morning to Hawaii. It's the 65th anniversary of the sinking of the USS Arizona and the attack on Pearl Harbor. Ron Allen said we'd sincerely appreciate Sec. Kempthorne's attendance at the TBAC. His appreciation for Indian Country sounds good. But his addressing this body would indicate a lot of how he's going to advance an Indian agenda through the budgetary process.

Budget Update, PowerPoint presented by Mary Jane Miller
(PowerPoint available on the NCAI website.)

Question: Chairman Allen said on obligations (as presented in the PowerPoint) – looking at TPA, Alaska was at 84%. How would that happen? Why is that not 100%? How would Alaska only get 84% out and obligated? Niles Cesar, BIA regional director for Alaska, said there are 231 tribes in the region. 40 or so are on sanctions. You cannot put contracts forth on sanctioned tribes. By law we can't get out the TPA. That's probably 90% of our problem. We can't get the money out if the tribes are on sanction. The money is carried over and it just sits there. Hopefully, the tribe will clean up its act and get its audit done. Some of these little villages, the president is the accountant, runs social services, and may be the housing director too.

Chairman Allen asked about the CR. Jim Cason said a CR environment is not good because there's no certainty. There are certain areas of the budget that are a problem. Departmental staff will talk to OMB and the appropriations staff. Those discussions are going on but we don't know where they will end up. The CR will fund programs at the lower of either the enacted FY06 level or the House passed level. Chairman Allen said we are rated on our performance, but we don't get resources in a timely manner. OMB needs to take that into account so that we are not unduly marked against. Mary Jane Miller said there are two things that happen – we can get additional CR authority – we have 18.9% through a certain time.

Jim Cason said we have to keep in mind, in large part the CR funding is relatively the same as what we get under our assigned budgets. There are some marginal changes. If you think about our budget as 2.2 billion, the proportion is roughly pro rata, but certain areas can end up being a problem, but we end up with some marginal problems.

Chairman Allen asked for copies of the reports to Congress when those are filed (report on the budget structure and law enforcement funding).

Chairman Allen said the trend in tribal priorities looks good until it's compared to inflation.

Mr. Seki asked a question about pay costs.

Ron His Horse is Thunder asked what percentage pay costs are of the total budget. Mr. Allen asked what the breakout of all the different departments for pay costs are. Mr. Ed Thomas asked a question about the priorities. Mary Jane Miller said there are lots of hands that touch this budget.

Mr. Cason said the budget is a creature that this group doesn't control exclusively. We looked at the FY08 budget in May. This goes to the department. The secretary weighs in, etc. When you compare the beginning and end product, a lot of people have a finger in the pie. Governor Art Senclair said that the subcommittee has met with OMB and appropriations staffers. We never agreed to any cuts. Mr. Cason said to manage all the politics, we at Interior do not expect tribes to endorse any cuts to Indian funding. Cason wanted help in prioritizing the budget. We want fund the most important projects. In the

08 budget, the instruction from OMB was to produce a budget that's 3% less than the FY06 budget. You have to find some cuts. We talked about where the cuts will be. Where's the least painful. The department made some nickel and dime changes. Rick Gay said that 3% cut is not from what Congress enacts but from the President's budget. Ed Thomas said this is the major source of his consternation. He said this exercise has led us to where we are.

Mr. Ed Thomas expressed concern about the threat of agencies referring tribes to other agencies for ostensibly duplicative funding. He thinks this is disingenuous. Rick underscored what was said earlier - that we don't have control of the process. He mentioned an argument he had with Jim Cason for 45 minutes about letting the fixed costs fall where they may - which would have the heaviest impact on BIA run programs. They agreed that made sense. But the department would not allow that to happen. 2 years that was about 30 million. We argue those things. TPA, on the subcommittee, is the Holy Grail. We try to protect the TPA, but we're not always successful. Given the rules of the game, we have to make suggestions that we think are the least harmful. Ed Thomas said that's a good answer. But we're in the game from a wrong perspective. The Administration will place resources where it's needed. He suggested we oppose the reduced targets. Mary Jane said if we don't try to put a budget forward at all, we will lose all control. If we go in with a non-credible budget, OMB will make changes anywhere they want. Initially, we have to go where we want resources. We make arguments for the most important areas. She can't tell tribes exactly the game with OMB and the department. Mr. Allen said we have been in the middle of this process in identifying tribes' priorities for a long time and many of us get frustrated with what the President advocates for and what the Senate and House change and the dialogues with OMB. How we navigate this game affects the resulting funding available to our families. We need to try to correct the system with OMB and the Hill. We need our friends on the Hill to help weigh in on the instruction provided on these budgets. We should put out diagram charts showing how we're losing ground and not carrying out the mission and goals of the president in advancing self-reliance and self-determination. We need to tap those messages in an effective way. We need to stay focused. Strategy is and should be part of our agenda as well as discussing our priorities. We had concerns about sweeps and we discussed our concerns in the past. We can't lose focus on this political framework - it's not going to change, but we can push hard back and enhance the overall BIA budget because it's not doing its job with tribal government, natural resources, environment, schools. We need to keep pushing and keep making our case and not accepting OMB's argument. We'd like to meet with Secretary Kempthorne and the OMB director. It's the only way for our squeaky wheel to be greased.

Discussion on the Passback

Mr. Ron Allen asked Mary Jane Miller about the passback. Mary Jane Miller said they've responded to the department's proposed budget and the department has appealed. Mr. Cason said there's a little bit of opportunity. He said, first, the challenge we have collectively is that we're in a position where we do not control the process. At the end,

the ones who control the process are the appropriations committees. Last time we developed this strategy to influence the process. The effectiveness of our strategy will be reflected in the targets that are set for 08. We made arguments showing that the target budget is not adequate for BIA. Looking at the entirety of the Interior budget, BIA does not have enough. Cason said he thinks we were successful with this strategy. We're required to ask for the target budget, but we can go in and ask for additional funding. The Interior Secretary's very responsive. We shipped a budget to OMB that was over the target, and OMB sent back a budget that was challenging. The Secretary wrote a letter back to OMB with our feedback and said his number one item for the Interior is to deal with fixed costs – and Indian Affairs is #1, programmatically. The Secretary asked OMB Director Rob Portman to look at the Indian Affairs budget. Cason doesn't know where we'll go, but the Secretary is very sensitive and very supportive in correcting the shortcomings in our budget.

Mr. Jandreau said a lot is happening on the budget. Some of the things on the local level is that when we as tribes try to access info, the budget process is so fragmented and there's no central location, so we become frustrated. We talk many times of trying to plan as tribes where we're going. The info is not available. At home, he asked a budget person at the regional level on the previous year's level—he said he might be able to give info on last years but can't on this year's budget because of the CR. The regional director didn't have the right info. He said all these charts are difficult to read. We can talk about strategy in working together, but as long as the real need of tribes and organizations cannot be identified, we'll always have a problem.

Mr. Cason said many of you may or may not know what Indian Affairs is doing. We're trying to align our staff with the budget. The staff has become skewed relative to the budget – we have too much in some places and not enough in others. We're going through a process of recognizing the true cost of Indian Affairs employees. This is a rigorous process to place accountability at the lowest supervisory level. It's Interior's effort to discipline the department. Mr. Thomas thanked Mr. Cason for his advocacy. But the tribes' priorities are tied into TPA and it's not increasing, historically. Mr. Thomas asked how we will prioritize. He said it's critical. Mr. Allen said this meeting is allowing us to prepare for the priorities setting in our spring meeting. We are just preparing for the next fiscal year. This budget has already priorities set. As a part of the strategy, we could talk about how we prepare for the spring meeting and what we've done in the past. Mary Jane Miller said we should choose the larger priorities in advance of the national budget meeting. We should choose the overarching priorities. Maybe you want them the same as FY08, or maybe we want to change a couple. We're trying to do the larger themes. Mr. Thomas questioned the methodology. Mr. Allen said if we're going to do this, it should be reconciled with what we do in the March session. The regions bring forward the needs of the tribes in those areas. We have to keep in mind the needs of the regions as we develop the overarching themes.

Budget Subcommittee Updates

Mr. Richard Gay introduced the other members of the Subcommittee: Brenda Fields, Tiffany Cheuvront, Ron Allen, Cyndi Holmes, Joe Shirley. He gave the history of the subcommittee—it was formed when the national meeting was delayed and some tribes needed to do the work of developing the budget to submit to OMB. At our August meeting, we set up a meeting with the Senate appropriations staff. We had prepared a paper for the meeting—and Rick went over the presentation to the staffers. The four priorities were the focus of the meeting, which was laying out the data we had for the areas and providing a tribal perspective to the programs. We discussed the problems with the PART scores, the misperception of fire protection, the meth problem in Indian Country. Because of the work Chris Chaney's shop had done, we were able to give hard numbers. We touched on education, natural resources, contract support and the need for information and data collection. Rick said the Senate staff received the meeting well and wanted to meet with the subcommittee on a regular basis. They said they wanted to review and digest some of the President's budget release during the TBAC March meeting. We're aware of the priority issues and tried to convey an overall viewpoint of what's going on in Indian Country. Given the election, we are waiting to see who the staffers will be.

The next day the subcommittee met with OMB. Normally, they meet with Jim Kazel and Ann Kendall who are the frontline OMB examiners, but at this meeting they brought Janet Irwin, their boss. They went over the same content. We talked about the realities on the ground at the tribal level and what the priorities mean. A lot of information was exchanged, but as Governor Senclair mentioned, there's always the question, what are our dollars buying? What would an increase in dollars buy? We can't just talk about need. We have to show what dollars to Indian Country buy compared to national standards. We were very well received, and OMB wants to meet with the subcommittee on an ongoing basis. With hints about the passback, maybe our efforts weren't as effective as we thought, but we have to continue fighting against the limits on targets for the BIA and Interior.

Mr. Cason asked if we were able to discuss the 3% cuts. Rick said we did discuss this with OMB. We got the normal: tough fiscal times, hurricanes, the war, the only place to pay for this is domestic spending and everybody's got to tighten their belt. But this was about what info we need to turn this situation around. Lack of understanding of the reality and how the money flows through the bureau to the tribal level and how it's used is an impediment – they see it more as a federal program.

Mr. Allen said examiners Jim Kazel and Ann Kendall emphasized that the basis to increase the base budget is whether money is well spent – whether it's effective. We would like to see a data reporting system to show the effectiveness of our programs. They expressed an interest in that, which was encouraging. We promoted education as a priority. Ann Kendall asked why she had such difficulty getting info from the department: ratios of students to teachers. Some of their frustration of getting basic info from BIA was somewhat part of their reluctance to give more money to BIA. They need to know how to measure success. We went back to the data system proposed by the data

management committee. It sounded like we need to work better in getting them the right kind of data to OMB. It was helpful to have Janet Irwin in the room.

Mr. Thomas said Tom Weimer asked a couple of questions at the Silver Spring meeting. Did he give the subcommittee a report on his meetings with his superiors? Mr. Cason said tom's job is Assistant Secretary of Policy Management and Budget. He's responsible for formulating the department's budget and he meets regularly with the Secretary. He was intimately involved in the passback and met with the Secretary many times and was a good advocate. Mr. Thomas said we asked him a series of questions. Mr. Allen said we were driven into identifying priorities but we underscored that there were many other needs across Indian Country. Mr. Senclair said it comes back to the Miccosukee meeting. Part of the problem is that we were never involved. When we talk about needs, everybody will be different. We need to identify no more than 4. When we talk about these 4, we can't put everything in those areas, but when we are faced with the fact that 3% cuts are required by OMB, it's the responsibility of tribal leaders to lobby. Mr. Senclair said it appears that we are taking a step back, but we have to follow through with these efforts.

Mr. Allen said there are two sets of politics – what the White House wants to do and what Congress wants to do. We're making headway in improving the dialogue. If we don't come here to make the case, we are left to the whims of those making decisions on our behalf. We should work our way up the pecking order. Janet Irwin does not set the overall targets. Mr. Thomas mentioned that Central Office receives most of the increases. He agrees that these dialogues should be continued, and he doesn't know how to be invited. Rick Gay said the Senate staff very clearly said that they were up front about the trade offs to keep the issue on the table during conference. In some respects, those are minor amounts, but they weren't sure which way to come down. Mr. Cason said, even at the end of the process, they are nickel and diming the budget. In the end of the process, the conferees don't even know how it will happen. Nobody in the process really controls it until the very end. We'll have to retrain one of the OMB examiners, as Jim Kazel has left OMB.

Mr. Ron His Horse is Thunder said it's easy to lose track of our purpose. He said we're shuffling money from one place to another within a certain ceiling. In terms of affecting the President's budget, that is a job for NCAI and tribal leaders. If we'll have an impact, we have to talk to our congressional delegations. If we're talking about getting ahead, one problem we face is the perception of casino money, and also the GPRA factor. He said Ron Allen is right in meeting with higher ups at OMB, but we need to work with NCAI.

OST Budget Update, powerpoint presented by Malcolm Shorter
(PowerPoint available on NCAI website.)

Mr. Allen asked about the IT portion that was cut. How is this related to BIA being offline? How much progress are we making at OST in helping get BIA back online? A

lot of these systems could be accessible on the internet. Mr. Cason said that if they were given the authority to be online, they could do that. Mr. Allen asked if we're anywhere close. Mr. Cason thinks we're getting closer to the end. The court of appeals said to vacate the decision, remove Judge Lamberth. We still have an impediment because the plaintiff has asked for an en banc review. The plaintiffs may go to the supreme for cert. The Supreme Court will decide in a few months. As soon as we get a new judge, one of the first things on the agenda will be internet connectivity.

Ms. Roxanne Bighorn said that with the implementation of the American Indian Probate Reform Act (AIPRA), Indian Land Consolidation (ILCP) funding has to grow. Funding decreases have to be selective. Fort Peck has a lot of tribal members who would like to sell their land to the tribe. She asked for continued funding of ILCP so tribes can purchase land from their own tribal members. Mr. Ross Swimmer said they asked for a substantial increase to ILCA. Congress reduced this increase. It looks like we'll be at \$34 or \$36 million. ILCA is trying to focus on the most highly fractionated tracts. Other tracts will reach that point. There's no point in trying to settle anything unless we deal with the underlying problem of fractionation. Rosebud has an innovative program. \$4 or \$5 billion is actually the need to address this problem.

Law Enforcement Update, Chris Chaney presented a PowerPoint.

(The PowerPoint available on the NCAI website.)

Questions – Art asked about the \$3.9 million distribution to high crime areas. The determination was made to distribute more money to fewer tribes to make a larger impact. On the shortage of officers, we need sworn officers, but when we're looking at the needs of tribal police officers. Cheney said the BIA officers are subject to appropriations – whereas tribes supplement their police departments. Mr. Senclair said there's about a 1 hour response time in the southwest.

Education Update, Tom Dowd

(The PowerPoint is available on the NCAI website.)

He said he appreciated the chance to listen to tribal leaders. Mr. Ed Thomas said the overall report didn't indicate whether the overall facilities were up to standard and whether there were enough teachers. Mr. Dowd said we have an issue of retaining teachers from year to year, very high turnover. With facilities, a number of schools need to be improved and we've been working with Mr. Jack Rever. We do have a list of those schools that do need serious repair. Mr. Thomas asked what the strategy is to get the AYP level out of the 30% range. One is to have the schools complete the gap analysis. You need a customized approach to each school. Schools range from 12 students to 3500 students. We have to identify the shortcomings.

A question was asked about the advantage of creating the Bureau of Indian Education. Mr. Dowd said it should place an emphasis on Indian education. There is quite a difference between being an office and a bureau.

Mr. Rick Gay said he agrees with the need for dramatic improvement to BIA run schools. 10% of Indian students attend BIA schools. He realizes that things in the budget for Johnson O'Malley and scholarships are a small slice of the BIA budget. He was wondering what would happen to these two small programs. Mr. Dowd said, given the constraints we have, they want to do the things they do the best they can. This doesn't mean that the two programs mentioned aren't unimportant. We have to focus on core programs. Darrel Seki asked about scholarships in TPA. Jim Cason said the scholarships money probably won't increase materially. A comment was made that we shouldn't forget the 90% of Indian students not in BIA schools. We need afterschool programs. Leslie Lohse said we need to show success stories to Congress and OMB, such as reconstruction projects. These facilities were in horrible disrepair. Fixing this will send a strong message. Hope Macdonald-Lonetree asked how BIA is planning to deal with violence in schools. Tom Dowd said schools practice stand down situations. Each month, the protocols are checked. Dave Gipp mentioned the issue of making partnerships with the Department of Education as important to improving Indian education as well.

Strategy Session, Jackie Johnson

Presentation

Strategic Planning Committee – added Art Senclair and Andrew Old Elk.

Tribal Caucus:

Elections of new tribal co-chair.

Mike Jandreau nominated Ron His Horse is Thunder. Roland Johnson nominated Ron Allen.

Tom Gamble said it would be good for NCAI officers to be alternates. Darrel Seki nominated Ed Thomas.

Ron Allen said when we discuss the protocol, we can include this topic.

Leslie Lohse nominated Arturo Senclair.

Delia moved to close nominations, seconded by Rick.

Votes:

Ed = 6

Art = 6

Ron = 5

Tie Breaking Votes:

Ed Thomas = 7

Arturo Senclair = 9

Ron His Horse is Thunder = 1

Arturo Senclair is elected the new tribal co-chair.

Discussion on FY09 Priorities:

The question for tomorrow will be the basic areas that will be the main message to take and advance a budget for FY09. We have good news and bad news. Just because we have priorities doesn't mean we don't have needs. The secretary has got to be the champion. It was very good to hear from the secretary that he cares for Indian affairs, but he also cares for education. He also cares for public safety. Those are two natural areas that would be good for us. As tribes you can't not say CSC isn't important, which is the core business. Natural resources is harder.

Rick said when we had this discussion last year, we had economic development.

We did vote essentially to fund indirect contract support fully. Jackie mentioned that we should keep economic development as the umbrella under which others can go. A point was made that as important as resource development and other priorities are, we shouldn't forget the cuts to natural resources, which are at a breaking point.

Ed Thomas said we should always have a copy of their next proposed budget. The things just mentioned were included in the department's testimony.

Ron His Horse is Thunder said within in the rest of the budget, where can we draw money from other agencies. At Fort Peck, tribal courts are very under funded. Also social services have suffered major cuts.

Ron Allen proposed take out contract support, and insert economic development into community development. We want to ensure the preservation of our base budget. We can make a case for economic development because we need to make jobs. CSC is base funding. We can weave that in. Andrew Old Elk made a comment about pursuing other agency funding. Ron His Horse is Thunder said he doesn't know if we can tie community development with economic development. Ron Allen said he agreed that it's not an easy story. We have to get the message to OMB that we need help in a lot of areas. The rest of the discussion was postponed to the next day.

Recess