



**February 7, 2006  
Broadcast #06-009**

**President Bush Releases the FY 2007 Budget** – President Bush released a \$2.77 trillion budget to Congress Monday, a proposal strongly prioritizing defense and homeland security while attempting to halve the deficit by 2009. The following legislative update provides a preliminary overview of the President’s budget as it affects tribes in setting the nation’s fiscal course for the year. The entire budget is available on-line at [www.whitehouse.gov/omb/budget/fy2007](http://www.whitehouse.gov/omb/budget/fy2007) . NCAI will testify before the Senate Indian Affairs Committee on the proposed budget on Feb. 14. If you have any questions, contact Amber Ebarb at [aebarb@ncai.org](mailto:aebarb@ncai.org) or call 202-466-7767.

**Budget Overview**

The 2,400 page budget proposal would cut non-defense discretionary spending for the second straight year, eliminating or reducing 141 programs. Defense spending would rise 6.9%, from \$411 billion to \$439 billion, and Homeland security spending would rise by 3.3%. All other government spending would fall \$2.2 billion, or 0.5%. \$65 billion would be trimmed from entitlement programs, with \$36 billion from Medicare. The \$2.77 trillion proposal provides an overall increase of 2.25% in all foreign and domestic discretionary spending, which lags behind the projected 2.4% annual rate of inflation. The President’s budget requests deep cuts and flat funding for non-military discretionary programs, which make up less than 20% of the entire budget, to finance Defense increases and to reduce the deficit.

After having been cut in inflation-adjusted terms in FY 2006, total funding for non-security discretionary programs is lower now as a share of the economy than it was in 2001. The President again urged Congress to make his 2001 and 2003 tax cuts permanent as well . The tax cut plans combined would cost \$280 billion over five years and \$1.67 trillion over 10 years, far more than the budget cuts.

Below is a snapshot of proposed budget authority levels by agency for FY 2007, followed by analysis of the proposals for specific programs relevant to tribal governments and American Indians and Alaska Natives.

**Discretionary Budget Authority**

Agency (\$ in billions)	FY2006 Estimate	FY2007 Proposed	% Change
Agriculture	21.1	19.7	-6.5%
Commerce	6.4	6.2	-3.7%
Defense	410.8	439.3	6.9%
Education	56.5	54.4	-3.8%
Energy	23.5	23.6	0.0%
Health and Human Services	67.4	66.0	-2.2%

Agency (\$ in billions)	FY2006 Estimate	FY2007 Proposed	% Change
Homeland Security	30.6	30.9	0.1%
Housing and Urban Development	34.3	33.6	-1.8%
Interior	10.8	10.1	-5.9%
Justice	21.0	19.5	-7.2%
Labor	11.3	10.9	-3.9%
State/International Assistance	30.2	33.9	12.2%
Transportation	61.8	63.6	2.9%
Treasury	11.5	11.6	0.5%
Veterans Affairs	33.1	35.7	8.0%
Environmental Protection Agency	7.6	7.3	-4.0%
Corps of Engineers	5.3	4.7	-11.2%
National Aeronautics and Space Admin.	16.3	16.8	3.2%

**Bureau of Indian Affairs**

The Bureau of Indian Affairs budget request is \$2.22 billion, a level \$52.4 million below the FY 2006 enacted amount. Significant changes to the BIA budget include full funding for contract support costs, the elimination of the Johnson O’Malley program, elimination of the community fire protection program, and reductions to Welfare Assistance, Indian Child Welfare, and education construction. The BIA presented the FY 2007 budget in a restructured format, which groups programs by function rather than organization. NCAI provides an analysis using this new format. The tables below outline funding levels, followed by highlights of key changes and initiatives.

**By Appropriation Activity/Subactivity**

Operation of Indian Programs (Dollars in Thousands)	2005 Actual	2006 Enacted	2007 Request	Change from Enacted
<b>Tribal Government</b>				
Aid to Tribal Government	34,394	36,699	36,256	-443
Consolidated Tribal Gov't Program	64,629	61,352	63,413	2,061
Self Governance Compacts	135,894	138,079	142,761	4,682
Contract Support	134,420	132,628	151,628	19,000
Indian Self-Determination Fund	986	971	0	-971
New Tribes	1,098	1,402	316	-1,086
Tribal Gov't. Program Oversight	3,343	3,558	7,364	3,806
<b>Subtotal, Tribal Government</b>	<b>374,764</b>	<b>374,689</b>	<b>401,738</b>	<b>27,049</b>
<b>Human Services</b>				
Social Services	31,599	31,614	32,254	813
Welfare Assistance	86,420	85,190	74,179	-11,011
Indian Child Welfare Act	10,300	10,909	10,167	-742
Housing Improvement Program	19,068	18,830	18,849	19
Human Services Program Oversight	3,925	3,873	3,936	63
<b>Subtotal, Human Services</b>	<b>151,312</b>	<b>150,416</b>	<b>139,385</b>	<b>-11,031</b>

The BIA Budget in Brief is available at <http://www.doi.gov/budget/2007/07Hilites/toc.html>.

**Operation of Indian Programs**

Contract Support Costs – “The BIA budget proposes an increase of \$19.0 million to fully fund indirect costs for contracting Tribes. This increase is partially offset by a \$971,000 reduction in the Indian Self-Determination Fund which has sufficient carryover funds to meet estimated needs in 2007. Full funding of contract support costs encourages tribal contracting and promotes progress in achieving Indian self-determination.” – FY 2007 Interior Budget in Brief, February 2006, BH-81

Human Services – Welfare assistance would decrease by \$11 million and Indian Child Welfare would be cut by \$742 thousand. According to the Interior Budget in Brief, these reductions are due “to a lack of performance accountability, duplication of other Federal or State programs, and implementation of management efficiencies.” BH-83

Operation of Indian Programs (\$ in thousands)	2005 Actual	2006 Enacted	2007 Request	Change from Enacted
<b>Trust - Natural Resources Management</b>				
Natural Resources, General	4,819	4,925	4,158	-767
Irrigation Ops. and Maintenance	9,111	13,042	12,480	-562
Rights Protection Implementation	22,065	21,262	18,148	-3,114
Tribal Mgmt./Development Program	9,367	10,146	4,315	-5,831
Unresolved Hunting & Fishing Rights	76	0	0	0
Endangered Species	2,157	1,192	230	-962
Integrated Resource Information Prog	1,269	1,250	1,250	0
Agriculture and Range	24,221	24,272	23,554	-718
Forestry	42,357	42,137	43,094	957
Water Resources	11,739	11,502	9,713	-1,789
Fish, Wildlife and Parks	6,281	6,525	6,506	-19
Minerals and Mining	8,162	8,179	11,464	3,285
Resource Mgmt Program Oversight	8,735	8,322	7,598	-724
<b>Subtotal, Trust-NR Management</b>	<b>150,359</b>	<b>152,754</b>	<b>142,510</b>	<b>-10,244</b>
<b>Trust - Real Estate Services</b>				
Trust Services, General	9,014	11,069	10,492	-577
Navajo-Hopi Settlement Program	1,127	1,139	1,162	23
Probate	11,438	15,708	19,075	3,367
Land Title and Records Offices	11,896	13,436	13,835	399
Real Estate Services	40,983	40,578	47,647	7,069
Land Records Improvement	7,986	7,891	16,801	8,910
Environmental Quality	11,936	11,988	12,000	12
Alaskan Native Programs	1,350	1,391	1,001	-390
Rights Protection	16,740	14,274	14,345	71
Real Estate Services Oversight	23,073	24,368	16,291	-8,077
<b>Subtotal, Trust-Real Estate Services</b>	<b>135,543</b>	<b>141,842</b>	<b>152,649</b>	<b>10,807</b>

Trust – In Natural Resources management, an increase of \$2 million is proposed for energy resource development. In Real Estate Services, to support trust reform, the proposal includes increases of \$3 million to address the backlog of probate cases, and \$6.5 million for the cadastral program to both reduce the backlog and implement the recommendations of the Fiduciary Trust Model.

Operation of Indian Programs, cont'd (\$ in thousands)	2005 Actual	2006 Enacted	2007 Request	Change from Enacted
<b>Education</b>				
Elementary and Secondary Programs - Forward Funded	449,721	457,750	457,352	-398
Elementary and Secondary Programs	76,218	77,223	60,800	-15,087
Post Secondary Programs	101,267	102,674	103,161	-849
Education Management	10,566	8,783	17,842	9,059
<b>Subtotal, Education Programs</b>	<b>637,772</b>	<b>646,430</b>	<b>639,155</b>	<b>-7,275</b>
<b>Public Safety and Justice</b>				
Law Enforcement	180,063	193,377	201,620	8,243
Tribal Courts	17,762	17,621	12,109	-5,512
Fire Protection	1,222	1,144	0	-1,144
<b>Subtotal, Public Safety and Justice</b>	<b>199,047</b>	<b>212,142</b>	<b>213,729</b>	<b>1,587</b>
<b>Community And Economic Development</b>				
Job Placement and Training	8,566	8,396	8,467	71
Economic Development	4,879	4,407	4,401	-6
Road Maintenance	26,967	27,386	25,336	-2,050
Community Development	11,554	10,148	0	-10,148
Community Development Oversight	778	1,445	971	-474
<b>Subtotal, Comm. &amp; Economic Dev.</b>	<b>52,744</b>	<b>51,782</b>	<b>39,175</b>	<b>-12,607</b>
<b>Executive Direction &amp; Admin. Services</b>	<b>224,550</b>	<b>232,135</b>	<b>238,253</b>	<b>6,118</b>
<b>TOTAL APPROPRIATION</b>	<b>1,926,091</b>	<b>1,962,190</b>	<b>1,966,594</b>	<b>4,404</b>

Education – “A decrease (-\$16.4 million) is proposed to eliminate Johnson-O’Malley assistance grants due to the availability of other Federal funding and a lack of accountability for how the funding is used” (BH-86). An increase of \$2.5 million is proposed to realign the education offices and create new leadership positions. Other decreases include: \$3.2 million to early childhood development, \$493,000 to administrative cost grants, and \$824,000 to tribal endowment grants.

Public Safety -- An increase of \$2.7 million is proposed to staff the newest BIA funded detention centers. An increase of \$1.786 million is proposed for law enforcement officers and equipment to be allocated to locations with the most serious crime. The budget includes an increase of \$1.48 million for tribal justice support. A decrease (-\$1.144 million) is proposed to eliminate the community fire protection program. The budget is reduced (-\$5.330 million) for training related to tribal courts.

Community and Economic Development -- Decreases include (-\$2.6 million) for road maintenance, (-493 thousand) for central office oversight, and (-\$10.148 million) for the elimination of community development earmarks.

BIA Construction (\$ in thousands)	2005 Actual	2006 Enacted	2007 Request	Change from Enacted
Education	263,373	206,787	157,441	-49,346
Public Safety and Justice	7,381	11,603	11,611	8
Resources Management	40,289	45,099	37,810	-7,289
General Administration	2,126	2,105	2,111	6
Construction Management	5,961	5,988	6,076	88
<b>TOTAL APPROPRIATION</b>	<b>311,787</b>	<b>271,582</b>	<b>215,049</b>	<b>-56,533</b>

**Office of Special Trustee for American Indians**

The FY 2007 request for OST totals \$244.5 million, \$185.0 million for Federal Trust Programs, and \$59.5 million for Indian Land Consolidation. The request reflects a net \$21.7 million, or ten percent, increase above the FY 2006 enacted level and provides a significant increase in funding for purchase of individual Indian lands to reduce fractionation.

Office of Special Trustee (\$ in thousands)	FY 2006 Enacted	FY 2007 Request	Change from 2006 enacted
Office of Special Trustee	188,774	185,036	-3,738
Indian Land Consolidation Program	34,006	59,449	+25,443

Within the OST request is \$56.4 million for the Office of Historical Trust Accounting, continuing the level enacted by Congress in 2006. This amount will provide approximately \$39.0 million for IIM accounting, and \$17.4 million for tribal accounting. This amount may be revised depending on the outcome of any further court rulings in Cobell v. Norton or congressional action.

Indian Land Consolidation – The FY 2007 budget proposes funding of \$59.5 million for Indian land consolidation, an increase of \$25.4 million, or 75 percent above the FY 2006 enacted level.

**Indian Health Service**

The 2007 budget request for IHS is \$4.0 billion, a net increase of \$124 million over FY 2006. The Administration’s budget proposes to decrease the amount of funding for Health Care Facilities Construction by \$20 million and to cut all funding to Urban Indian Health Programs.

IHS Funding Table (\$ in millions)	FY 2005 Actual	FY 2006 Enacted	FY 2007 Request	Change: 2005 enacted
Indian Health Service:				
Clinical Services	2762	2854	3001	147
Contract Health Services (Non-Add)	498	517	554	37
Preventive Health	110	117	125	8
Contract Support Costs	264	265	270	6
Tribal Management/Self-Governance	8	8	8	0
Urban Health	32	33	0	-33
Indian Health Professions	30	31	32	1
Direct Operations	62	62	64	2
Diabetes Grants	150	150	150	0
Subtotal - Services Program Level	3418	3520	3650	130
Indian Health Facilities:				
Health Care Facilities Construction	89	38	18	-20
Sanitation Construction	92	92	94	2
Facilities & Env. Health Support	142	151	161	11
Maintenance & Improvement	55	58	59	1
Medical Equipment	17	21	22	1
Subtotal - Facilities Program Level	395	359	354	-6
Total - Program Level	3813	3879	4004	124

### Health and Human Services

The FY 2007 budget totals \$698 billion in outlays, an increase of \$58 billion. The discretionary portion of the HHS budget totals \$74 billion in budget authority. Highlighted below are some of the programs affecting tribes within HHS.

HHS Funding Table (\$ in millions)	FY 2006 Enacted	FY 2007 Request	Change from 2006 enacted
<b>Administration on Aging</b>			
Aging Grants for Native Americans	26	26	0
<b>Administration for Children and Families</b>			
Head Start	6,786	6,786	0
Promoting Safe and Stable Families	89	89	0
Child Welfare Services	294	294	0
Administration for Native Americans	44	44	0
<b>Health Resources and Services Administration</b>	6,615	6,363	-252
Community Health Centers	1,782	1,963	181
Ryan White AIDS	2,063	2,158	95
<b>National Institutes of Health</b>			
Minority Health and Health Disparities	195	194	-1
Diabetes and Digestive and Kidney Diseases	1,855	1,844	-11
Substance Abuse and Mental Health Services Admin.	3,327	3,260	-67

Head Start – The budget request remained constant with FY 2006 at \$6.8 billion. Tribes receive a 2.9% set-aside of Head Start funds.

### Housing and Urban Development

The President proposed a slight increase for the Indian Housing Block Grant. The Administration did not request funding for the National American Indian Housing Council for FY 2007.

HUD Funding Table (\$ in millions)	FY 2005 Enacted	FY 2006 Enacted	FY 2007 Request
Indian Housing Block Grant	622	624	<b>626</b>
Title VI Loans Program Account	2	2	<b>2</b>
Loan Guarantee Limitation	18	18	<b>15</b>
Indian Housing Loan Guarantee Fund	5	4	<b>6</b>
Indian Community Development Block Grant	68	59	<b>57</b>
Rural Housing and Economic Development	25.0	24.0	--
Empowerment Zones/Enterprise Communities	15.0	10.0	--

### Department of Education

The President’s budget proposes an overall reduction to the Department of Education of about 5.5% from the FY 2006 enacted amount.

<b>Education</b>	<b>FY 2006 Enacted</b>	<b>FY 2007 Request</b>	<b>Change from FY06 to FY07</b>
(\$ in millions)			
<b>Impact Aid</b>	1228.5	1228.5	0
<b>Indian Education Act</b>	118.7	118.7	0
Formula Grants to LEAs	95.3	95.3	0
National Activities (Research, Eval., Data)	4.0	4.0	0
Special Programs (incl. Indian Teacher Corps)	19.4	19.4	0
Education for Native Hawaiians	33.9	31.4	-2.5
Alaska Native Education Equity Assistance Program	33.9	33.9	0
Strengthening AN, Native HA-Serving Institutions	11.8	9.2	-2.6
Strengthening Tribal Colleges	23.6	23.6	0
Tribally Controlled Postsecondary Institutions	7.4	7.4	0

NCAI will provide further analysis of the President’s budget proposals for the Departments of Agriculture, Justice, Homeland Security and others as budget documents become available. Updated versions of this broadcast will be posted on the NCAI website at [www.ncai.org](http://www.ncai.org). NCAI has also posted the FY2007 Tribal Budget Request at [www.ncai.org/uploads/media/Tribal\\_Budget\\_Final.pdf](http://www.ncai.org/uploads/media/Tribal_Budget_Final.pdf).