STATEMENT
OF
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ASSISTANT SECRETARY – INDIAN AFFAIRS
BEFORE THE
COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE
ON THE PRESIDENT'S
FISCAL YEAR 2013
BUDGET REQUEST FOR INDIAN PROGRAMS IN THE
DEPARTMENT OF THE INTERIOR
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Good afternoon, Chairman Akaka, Vice Chairman Barrasso, and members of the Committee. Thank you for the opportunity to provide the Department of the Interior's (Department) statement on the fiscal year (FY) 2013 President's Budget request that was released on February 13, 2012 for Indian Affairs' programs in the Department. The FY 2013 budget request for Indian Affairs programs within the Department totals $2.5 billion in current appropriations. This is $4.6 million below the FY 2012 enacted level, or a reduction of less than one percent. Informed by consultation with the Tribes, the budget includes $43.8 million program increases in priority areas including contract support costs, rights protection implementation, and law enforcement. There are also reductions of $66.9 million, comprised of a reduction of $19.7 million as a result of streamlining measures, $13.8 million in management efficiencies, and $33.1 million in program reductions.

Overall, the 2013 Indian Affairs budget reflects a fiscally responsible balance of the priorities expressed by Tribes during consultation and broader objectives of the Administration, as well as demonstrated program performance, and realistic administrative limitations. The 2013 budget focuses on core responsibilities to American Indians and Alaska Natives through programs and services that are vital to Indian Country and that benefit the greatest number of Indian people on a nationwide basis. The budget focuses on priority areas in Indian Country and honors the Federal Government's obligations to tribal nations in a focused and informed manner.

As the Assistant Secretary for Indian Affairs, I have the responsibility to oversee the numerous programs within the Bureau of Indian Affairs (BIA) and the Bureau of Indian Education (BIE), along with other programs within the immediate Office of the Assistant Secretary for Indian Affairs. The Office of the Assistant Secretary for Indian Affairs, BIA, and BIE programs expend over 90 percent of appropriated funds at the local level. Of this amount, at least 62 percent of the appropriations are provided directly to Tribes and tribal organizations through grants, contracts, and compacts for Tribes to operate government programs and schools. Indian Affairs' programs serve the more than 1.7 million American Indian and Alaska Natives living on or near the reservation.

The Indian Affairs FY 2013 budget request continues to provide funding for two of the Department's priority initiatives: Strengthening Tribal Nations and New Energy Frontier.

Strengthening Tribal Nations

This budget request includes an increase for $43.8 million for the Strengthening Tribal Nations initiative. This initiative takes a multi-faceted approach to advance Nation-to-Nation relationships, protects Indian communities, advance Indian education, and reforms trust land management, with the ultimate goal of greater tribal self-determination and self-governance. This initiative has been highlighted over the past three years as President Obama and his Administration have engaged in direct dialogue with tribal nations. Held in November 2009, December 2010, and December 2011, at the Department's Yates Auditorium, over 400 tribal leaders have attended each White House Tribal Nations Conference.

Advancing Nation-to-Nation Relationships

The Administration seeks $12.3 million in programmatic increases for contract support costs, Indian Self Determination funds, Indian Land and Water Claim Settlements and continued work on the Navajo-Gallup Water Supply Project. The $8.8 million increase for contract support complements the top priority identified by many tribal nations through Tribal Interior Budget Council meetings held quarterly throughout the calendar year. Funding contract support and self-determination will strengthen the capacity of Tribes to manage the Federal programs for which they contract, as well as eliminate the need for Tribes to use program funds to fulfill administrative requirements. The requested increase reflects 100% of current estimated contract support need. The remaining $3.5 million increase is for Indian and Water Claims Settlements, with $3.4 million of that funding requested for the Navajo-Gallup Water Supply Project.

Protecting Indian Country

The BIA supports 193 law enforcement programs throughout the nation; within the 193 programs, there are 6 district offices and 187 programs performing law enforcement services consisting of 36 BIA-operated programs and 151 tribally-operated programs. Approximately 78 percent of the total BIA Office of Justice Services (OJS) programs are outsourced to Tribes.

The FY 2013 budget request seeks an additional $11.0 million in public safety funding over the FY 2012 enacted level. Within the increase, $3.5 million is for hiring additional tribal and bureau law enforcement personnel and $6.5 million will fund staff increases at newly constructed tribal and Bureau detention centers. This request also supports the expansion of a highly successful pilot program launched in 2010 to reduce crime on four reservations with high violent crime rates. The targeted, intense community-safety pilot resulted in a combined reduction in violent crime of 35 percent which exceeded the project's goals. The budget also requests an additional $1.0 million for Tribal Courts, which are expected to increase in caseloads as a result of enforcing the Tribal Law and Order Act of 2010.

Advancing Indian Education

The BIE is one of only two agencies in the Federal government that manages a school system, the other being the Department of Defense. Education is critical to ensuring a viable and prosperous future for tribal communities and American Indians. It is this Department's goal to improve Indian education and provide quality educational opportunities for those students who attend the 183 BIE funded elementary and secondary schools and dormitories located on 64 reservations in 23 States and serving approximately 41,000 students.

The FY 2013 provides an increase of $5.2 million for BIE activities. A component of the BIE program increase is for Tribal Grant Support Costs, which cover administrative and indirect costs at 125 tribally controlled schools and residential facilities. Tribes operating BIE-funded schools under contract or grant authorization use these funds to pay for the administrative overhead necessary to operate a school, meet legal requirements, and carry out other support functions that would otherwise be provided by the BIE school system. The budget increases funding for these activities by $2.0 million.

The 2013 budget includes a program increase of $2.5 million for Tribal Colleges and Universities to assist in the economic development of tribal communities and increasing enrollment. The request also includes a program increase of $710,000 for Scholarships and Adult Education and Special Higher Education Scholarships.

Improving Trust Land Management

The United States holds 56 million surface acres of land and 57 million acres of subsurface mineral estates in trust for Tribes and individual Indians. Trust management is vital to tribal and individual economic development. The management of Indian natural resources is a primary economic driver in many regions within the country. For example, some of the larger forested Tribes operate the only sawmills in their region and are major employers of not only their own people, but of the non-tribal members who live in or near their communities.

This Administration seeks to continue assisting Tribes in the management, development and protection of Indian trust lands and their natural resources. The FY 2013 budget request includes $15.4 million in programmatic increases for land and water management activities. Those activities include: $3.5 million for the Rights Protection Implementation program and $2.0 million for the Tribal Management and Development Program to support fishing, hunting and gathering rights on and off reservations. The budget also provides program increases of $1.0 million for the Forestry program and $500,000 for the Invasive Species program. An increase of $800,000 supports greater BIA and tribal participation in the Landscape Conservation Cooperative, for a total program of $1.0 million.

In February 2010, the Klamath Basin Restoration Agreement was signed to enable the recovery of salmon and other species that have been threatened by low river flows, poor water quality, and pollution. The budget request for Trust Services includes a program increase of $5.5 million to support the objectives of the agreement including grants for economic development. The 2013 request also includes a program increase of $1.5 million for Litigation Support/Attorney Fees

which provides funding to Tribes involved in litigation, negotiation, or administrative proceedings to protect, defend, or establish their rights or trust resources guaranteed through treaty, court order, statute, executive order, or other legal authorities. The last component is a program increase of $550,000 for the Fort Peck Water System, a new water treatment plant facility that is expected to be fully operational in early 2012. The total funding for the new water treatment plan will be $750,000 in 2013.

New Energy Frontier Initiative

The Office of Indian Energy and Economic Development (IEED) works closely with Tribes to assist them with the exploration and development of tribal lands with active and potential energy resources. These lands have the potential for renewable and conventional energy resource development. The FY 2013 budget request provides a total of $8.5 million to support energy resource development on tribal lands. Of this total, $6.0 million is provided for renewable energy projects. The remaining $2.5 million is provided for conventional energy and audit compliance in support of leasing activities on the Fort Berthold Reservation. This request will continue the Department's New Energy Frontier initiative, which will allow Indian Affairs to assist Tribes to explore and develop 1.8 million acres of active and potential energy sources on tribal land. The IEED provides funding, guidance, and implementation of feasibility studies, market analyses, and oversight of leasehold agreements of oil, gas, coal, renewable and industrial mineral deposits located on Indian lands.

To assist with developing energy on tribal lands, Secretary Salazar and I announced the reform of Federal surface leasing regulations in November 2011. The proposed reform of surface leasing regulations for Indian lands will streamline the approval process for home ownership, expedite economic development and jump-start renewable energy development in Indian Country. The BIA conducted several consultation meetings on the rule and gathered over 2,300 comments from over 70 Tribes and Federal agencies, and is working to publish the final rule in 2012.

BIA programs assist Tribes and individual tribal landowners with optimizing resource use, providing many benefits such as revenue, jobs and the protection of cultural, spiritual and traditional resources. The estimated economic impact of these activities is $14.4 billion which supports over 136,000 jobs.

The budget also proposes a transfer of $1.3 million for the Indian Arts and Crafts Board from the Office of the Secretary in order to better protect Indian artifacts.

Requested Decreases

The initiatives described above, and the related increases in the Administration's request, mark a continued step toward the advancement of the Federal government's relationship with tribal nations. These initiatives focus on those programs geared toward strengthening tribal nations and reflect the President's priorities to support economic development in Indian Country.

The President has also called upon members of his Administration to meet important objectives while also exercising fiscal responsibility. Consistent with that directive, we made several difficult choices in the FY 2013 appropriations request for Indian Affairs. The FY 2013 request includes $66.9 million in reductions resulting from strategies for improving the effectiveness and efficiency of operating Indian programs. These reductions include $19.7 million in streamlining measures, $13.8 million in administrative savings and $33.1 million in program reductions.

The $19.7 million reduction is anticipated to come from eliminating duplicative or overlapping functions and processes to achieve necessary staffing reductions across the Bureau. Indian Affairs will explore the use of early retirement and voluntary separations to manage full time employment reductions along with other position management techniques. The $13.8 million reduction will come from anticipated management efficiencies such as printing and travel.

The Department's requested reduction includes $33.1 million in program deceases. Included in this reduction is $2.6 million less for Law Enforcement Special Initiatives reflecting decreased participation in activities such as intelligence sharing. Also included in the reduction is $6.1 million for Information Resources Technology consistent with the standardization of IT within the Department. Education related activities will see a decrease of $4.5 million for the Indian Student Equalization Program (ISEP) to reflect a slight decline in student population.

The 2013 budget request for the Construction program is a reduction of $17.7 million below 2012. The request includes a programmatic decrease of $17.8 million for new school construction funding. Indian Affairs will focus on improving existing school facilities as part of the Department's strategic approach to not fund new construction in FY 2013. The total 2013 request for Education Construction is $52.9 million. The budget provides $11.3 million for Public Safety and Justice, $32.7 million for Resource Management, and $9.0 million for Other Program Construction.

The budget provides $5.0 million for the Indian Guaranteed Loan program, a reduction of $2.1 million from the 2012 enacted level, while the program undergoes an independent evaluation.. This level of funding will continue to allow the same dollar amount of loans, approximately $71.7 million, to be loaned out due to a lower subsidy rate from the prior year.

Conclusion

We are aware of the current fiscal challenges our Nation faces. This Administration understands the need to take fiscal responsibility, and also understands the need to strengthen tribal nations, foster responsible development of tribal energy resources, and improve the Nation-to-Nation relationship between tribal nations and the United States. It is our sincere belief that we have struck a balance in this FY 2013 budget request for Indian Affairs that achieves the President's objectives of fiscal discipline while at the same time meeting our obligations to tribal nations with which our Federal government has a Constitutionally-based government-to-government relationship.

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today. I am happy to answer any questions you may have.