OPENING STATEMENT
of
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PRINCIPAL DEPUTY SPECIAL TRUSTEE FOR AMERICAN INDIANS
before the
SUBCOMMITTEE ON INTERIOR AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. SENATE
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Introduction

Good morning, Mr. Chairman and Members of the Subcommittee. I appreciate the opportunity to present the President's FY 2001 budget request for the Office of the Special Trustee for American Indians (OST). The total FY 2001 request for the OST accounts is $95 million, about the same level as FY 2000 enacted. This request includes an increase of $7.5 million for Indian Land Consolidation that is offset by a $7.4 million reduction in OST operations that are non-recurring or shifted to the Bureau of Indian Affairs (BIA). The combined OST and BIA budget requests reflect the continued emphasis the Administration and the Secretary place on implementation of Indian Trust Asset Reform efforts and the resources needed to sustain the operational and organizational improvements initiated in previous years. Improvements in systems, operations and policies are critically needed to ensure the Federal Government meets its fiduciary obligations to Indian tribes and individual American Indians. New systems linking the management of underlying trust assets and the financial accounts are expected to begin operations in late 2000 to ensure that collections and payments are accurate.

The BIA requests a $35.1 million increase for trust management functions, including real estate services, probate, cadastral surveys, and land titles and records programs. These increases are absolutely crucial to ensure that the trust management improvements we are implementing are institutionalized and maintained in the long term.

Eliminating Indian trust management deficiencies continues to be the highest management priority for the Department. Secretary Babbitt has testified repeatedly to our commitment to resolve the decades-old trust fund management issues. This Committee provided significant help in solving this problem by fully funding our FY 2000 budget request. As a result, the Department has been able to make progress in implementing much-needed reform efforts.

Indian Trust Management Reform Progress

In line with the commitment we made to you last year, conversion of individual Indian accounts to the new Trust Fund Accounting System (TFAS) will be completed by May. Implementation of TFAS, suitable for both Tribal and IIM accounts, will be operational nationwide in all BIA and OST Regional locations by that date. The BIA has piloted the Trust Asset and Accounting Management System in one location and expects to begin deploying the land title functions of the system to other locations late this spring. Some additional accomplishments include:

- Publishing a revision to the High Level Implementation Plan (HLIP), which outlines progress made toward completing improvements in trust management and lays out additional steps that must be taken to reach the goals and objectives that we have established. Significant headway has been made in establishing new trust management and financial systems that will handle the hundreds of thousands of records that are the foundation of a reliable trust management program.

- Significant data clean up activities have been completed in OST. Similar efforts are underway in BIA. Both OST and BIA will continue data clean-up in support of the new systems.

- BIA is well on the way to eliminating appraisal backlogs this year.

- Probate backlogs will be addressed through probate re-invention efforts and additional staffing in both the BIA and the Office of Hearings and Appeals (OHA).

- Additional Records Management staff has been hired, records management training is ongoing, and assessments of BIA records storage locations will begin this year.

- Additional staff is being hired to address internal control issues and manage the overall training programs.

- Joint efforts are also underway to address policies and procedures.

It should be noted that Department-wide, staff who are responsible for these accomplishments continue to be heavily involved in providing support to the *Cobell v Babbitt* litigation, while also carrying on their day-to-day responsibilities. Many of the initiatives are supported or accomplished by contractors. We estimate that approximately 65% of the funds provided for trust management improvements will be obligated through contracts.

FY 2001 Budget Request

The 2001 budget includes a comprehensive proposal to continue ongoing trust management improvements, institute permanent and lasting changes in trust management functions in BIA, and resolve land ownership fractionation, which is one of the root causes of trust management problems.

For Program Operations, Support and Improvements, $80.4 million is requested, which includes $58.4 million needed for continued implementation of the trust management improvement activities of OST, BIA, and OHA. These funds will be used to operate the trust fund and trust asset and accounting management systems, address account data problems, and further reduce backlogs in trust asset processing functions. The Department has installed and is operating a Trust Funds Accounting System (TFAS), suitable for both Tribal and IIM accounts. The Department

also is piloting and will begin installation of a standardized, commercial off-the-shelf land management system technology, referred to as Trust Asset and Accounting Management System (TAAMS), which will replace the aging BIA trust asset management systems and land title and records and minerals royalty systems.

Another $19.6 million is required to support day-to-day financial trust activities at the Office of Trust Funds Management, including the field staff and support services. Included in the request is an additional $726,000 for increased staffing and support costs to sustain improvements in various trust operations activities within OST, $580,000 for Office-wide fixed costs such as pay raises and increased space costs paid to the General Services Administration, and $423,000 for increases in other administrative support contract costs.

A total of $2.5 million is requested to fund the Office of Trust Litigation Support, a net decrease of $2.7 million from FY 2000 due to a decrease in requirements for funding tribal settlement support activities and ongoing litigations efforts.

Executive Direction

For Executive Direction, $ 2.2 million is requested, an increase of $496,000 above FY 2000. The immediate Office of the Special Trustee will need additional staff to oversee and coordinate trust improvements Department-wide as the pace and scope of improvements accelerate. This request includes $250,000 for support of the InterTribal Monitoring Association and $85,000 for the Advisory Board. These groups advise the OST on trust funds matters.

Land Consolidation

Our FY 2001 budget requests $12.5 million for the Indian Land Consolidation Program, an increase of $7.5 million above the FY 2000 enacted level. We need to expand the pilot land acquisition program to consolidate fractional interests and support the reopening and acquisition of "*Youpee*" interests in allotted Indian lands. In 1999, BIA implemented a pilot program on three reservations in Wisconsin and by the end of 2000 will have acquired over 36,000 fractional interests in allotted Indian lands. The 2001 request will allow us to acquire up to 40,000 additional fractional interests. Resolving land ownership fractionation is key to trust reform efforts. We are pleased that the Committee on Indian Affairs has approved S. 1586, which will provide permanent authority for the Indian Land Consolidation Program. We hope the Senate will approve this bill soon.

One final note Mr. Chairman, as you are aware, the President has nominated Mr. Thomas N. Slonaker to serve as Special Trustee for American Indians. The Committee on Indian Affairs held the confirmation hearing on his nomination on Wednesday, March 22, 2000 . We hope the Senate will confirm Mr. Slonaker quickly, so he can join the Departmental effort to address Indian trust management reform.

This concludes my opening statement, Mr. Chairman. I will be pleased to answer questions of the Subcommittee.