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The Department of the Interior today signed a contract with Security Pacific National Bank of Los Angeles to strengthen internal management and administration of more than $1.8 billion in Indian trust funds.

"This contract will provide better management of resources belonging to individual Indians and tribes," Secretary of the Interior Don Hodel said at a contract signing ceremony in his office. "And the federal government will save almost $3 million over a five-year period in costs of administering trust funds

"This does not relieve the federal government of any trust responsibilities," Hodel said. "As trustee, what we are doing is assuring that the Indians will get the best possible administration and accounting of the assets involved." Hodel praised Ross Swimmer, Assistant Secretary of Indian Affairs, for three years of intensive effort to bring about this improvement in the handling of Indian trust funds.

"There were times when a person less committed to improving the administration of federal Indian programs would have given up, but Assistant Secretary Swimmer went the extra mile to see this through," Hodel said. "Time will demonstrate that this is a landmark improvement in U.S. Indian affairs." Today's action followed extensive consultations with Indian leaders.

The Bureau of Indian Affairs (BIA) opened competitive bidding last February on a proposal to procure collection, accounting, advisory investment services and custodial services for funds held in trust for Indian tribes, individuals and others. The more than 300,000 accounts represent land claims or damage awards, income from trust lands, oil and gas revenues, timber sales and the like. Bidding for the contract was open to all financial institutions for the single contract to run for one year with four one-year renewable options.

An Interior Department interagency committee and three tribal consultants reported in July that the Security Pacific National Bank proposal would cost $21.2 million over a five-year period. Added to that cost would be a conversion differential of $9809000 to change from government management of the funds; the committee estimated that an in-house BIA proposal would cost $25.2 million, almost $3 million more than the contract signed today

Swimmer, designated by Hodel as trustee of Indian trust funds, signed the contract for the government with Michael J. Barrett, vice president of Security Pacific's Government Services Division. Security Pacific, the Nation's sixth largest banking company with over $70 billion in assets and more than $147 billion in assets under management, has teamed with Computer Data Systems, Inc., of Rockvi1le, Md., to support the trust fund accounting and data processing services.