

**STATEMENT
OF
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ASSISTANT SECRETARY – INDIAN AFFAIRS
BEFORE THE
SENATE COMMITTEE ON INDIAN AFFAIRS
ON THE PRESIDENT’S
FISCAL YEAR 2011
BUDGET REQUEST FOR INDIAN PROGRAMS IN THE
DEPARTMENT OF THE INTERIOR**

FEBRUARY 25, 2010

Good afternoon Mr. Chairman, Vice Chairman, 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) 2011 President’s Budget request that was released on February 1, 2010 for Indian programs. The FY 2011 budget request for Indian Affairs programs within the Department totals \$2.6 billion. This reflects a decrease of \$3.6 million from the 2010 enacted level, excluding the \$50.0 million in one-time funding to forward-fund tribal colleges in 2010. The budget focuses on priority areas in Indian Country and honors the Federal Government’s obligation to federally recognized American Indian and Alaska Native governments in an informed and focused 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 Indian Affairs’ BIA and BIE programs expend over 90 percent of appropriations 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 located on or near reservations.

The Office of Indian Affairs 2011 budget request provides funding for three of the Department’s 2011 priority initiatives: the Empowering Tribal Nations initiative; the New Energy Frontier initiative; and the Climate Change Adaptation initiative.

Empowering Tribal Nations

The Empowering Tribal Nations initiative is a multi-faceted effort that will advance Nation-to-Nation relationships, improve Indian education, protect Indian communities and reform trust land management, with the ultimate goal of greater self-determination. This initiative actually began before this budget request when then candidate for President, and now President Obama, promised that a new era of change would include direct dialogue between Tribal Nations and this Administration. This promise, followed up by action, came to fruition in November 2009, when

the White House held the Tribal Nations' Conference at the Department's Yates Auditorium, with over 400 Tribal leaders in attendance.

Nation-to-Nation Relationship

This Administration believes that investing in Indian Country is the key to advancing our Nation-to-Nation relationship, and therefore seeks \$29.9 million in programmatic increases for contract support, self determination contract specialists, social workers, support for small tribal governments, and the final year of the Washington Shellfish settlement. At the forefront of this investment is contract support, which was identified by many Tribal Nations as their top priority. The increase in contract support will allow the BIA to pay approximately 94 percent of the identified need for contract support costs in FY 2011.

Funding contract support costs encourages tribal contracting and supports Indian self-determination. Contract support funds are used by tribes that manage Federal programs to pay a wide range of administrative and management costs, including finance, personnel, maintenance, insurance, utilities, audits, communications, and vehicle costs.

The requested 2011 increases will also allow the BIA to fund Self-Determination Specialist positions to ensure proper contract oversight. In addition, it will allow the BIA to add more Social Workers to assist tribal communities in addressing problems associated with high unemployment and substance abuse. We also plan for \$3.0 million of this request to go toward support for small Tribes (those with a population of less than 1,700) in order to improve the effectiveness of their tribal governments.

Protecting Indian Country

For the past several years, Tribal Nations have consistently identified that increased public safety in Indian Country is one of their top priorities. The BIA has a service population of over 1.7 million American Indians and Alaska Natives who belong to 564 federally recognized tribes. The BIA supports 191 law enforcement programs with 42 BIA-operated programs and 149 tribally-operated programs. Approximately 78 percent of the total BIA Office of Justice Services (OJS) programs are outsourced to Tribes.

President Obama, Secretary Salazar and I have heard from Indian Country that increased public safety is a top priority. The FY 2011 budget request seeks an additional \$20 million in public safety funding over the FY 2010 enacted levels. This additional funding will support the Department's "Protecting Indian Country" initiative, which will fund new law enforcement agents and provide funding for detention center operations in Indian Country.

This budget reflects this commitment to public safety in Indian Country by collaborating with the Department of Justice for additional FBI agents dedicated to protecting Indian lands. Of this increase, \$19.0 million will be provided via reimbursement by BIA to DOJ to fund additional FBI agents. The FBI has primary jurisdiction over major crimes on more than 200 reservations with approximately 105 agents available to investigate crimes that occur in Indian Country. The reimbursable funding provided to the FBI will add 45 agents as well as other personnel, assuring

that the resources will be spent in Indian Country and focused on high-priority areas like drug trafficking and the violence related to it. The budget also proposes an increase of \$1.0 million for detention center operations and maintenance for new facilities built with DOJ grants.

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. One of our top priorities is to improve Indian education and provide quality educational opportunities for those students who walk the hallways of the 183 BIE funded elementary and secondary schools and dormitories located on 63 reservations in 23 states and serving approximately 42,000 students.

The 2011 request maintains the Department's ongoing commitment to improve Indian education for students in bureau-funded schools and tribally controlled colleges. The budget sustains 2010 funding levels for many programs, and provides an increase of \$8.9 million for key programs. The budget request includes an increase of \$5.9 million to promote safe and secure schools. Of this increase, \$3.9 million will be used to implement safety and security programs at 10 schools to mitigate security issues identified by the Inspector General in the past year, and to train staff to deal effectively with high risk student behaviors. The remaining \$2.0 million will provide funds for 13 full-time environmental professionals to conduct environmental audits at BIE schools.

Another component of BIE funding is Tribal Grant Support Costs, which cover administrative and indirect costs at 124 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 \$3.0 million.

I should note again that we were successful in our effort to forward-fund tribal colleges in 2010, so that one-time funding of \$50 million is not needed in 2011.

Improving Trust Land Management

In addition to the human services components of Indian Affairs, the United States holds 55 million surface acres of land and 57 million acres of subsurface mineral estates in trust for tribes and individual Indians.

This Administration seeks to advance the Empowering Tribal Nations initiative by assisting Tribes in the management, development and protection of Indian trust land, as well as natural resources on those lands. The 2011 budget request includes \$9.1 million in programmatic increases for land management, improvements, water management, cadastral surveys and dam safety.

Within these proposed increases for FY 2011, the BIA seeks to promote development within the former Bennett Freeze area in Arizona with \$1.2 million. There are more than 12,000 Navajo

people living in this area, which was subjected to restrictions on development over a 40-year period involving a land dispute between the Navajo Tribe and Hopi Tribe. Additionally, the requested increases will go toward meeting the requirements of the Nez Perce/Snake River water rights settlement and will also go toward the probate program in BIA.

New Energy Frontier

Indian Affairs 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 both conventional and renewable energy resource development. The 2011 budget includes an increase of \$2.5 million in Indian Affairs for energy projects as part of the Department's New Energy Frontier initiative.

This increase includes \$1.0 million in the Minerals and Mining program to provide grants directly to Tribes for projects to evaluate and develop energy resources on tribal trust land. The budget also contains a \$1.0 million increase for conventional energy development on the Fort Berthold Reservation. To further expedite energy development on the Fort Berthold Reservation, Indian Affairs, the Bureau of Land Management, Minerals Management Service, and the Office of the Special Trustee for American Indians will create a "virtual" one-stop shop. The budget includes a \$500,000 increase to support staff onsite, as well as provide on-call access to the full range of the Department's operational and financial management services.

Climate Change Adaptation

The budget also includes \$200,000 as part of the Department's Climate Change Adaptation initiative. This funding will support BIA and tribal collaboration with the Department's Landscape Conservation Cooperatives (LCC), providing tribal input and perspective to climate adaptation issues in the form of traditional ecological knowledge. Indian Affairs will suggest strategies to address adaptation and mitigation for climate change on Indian lands when working with the LCCs. Both Indian Affairs' staff and local tribal members will be involved with the LCCs.

Cobell settlement

I was recused from participating in discussions about *Cobell v. Salazar*, a case involving the management of individual Indian trust accounts related to Indian lands, but I am pleased to report that the budget also takes into account the settlement agreement in the case. Pending Congressional action and final approval by the Court, \$3.412 billion will be expended from the Judgment Fund in 2010, including payments made to settle individual claims. Also within this total, the settlement agreement provides that \$2.0 billion will be transferred to a Trust Land Consolidation Fund to be administered by the Department of the Interior for the buy-back and consolidation of fractionated land interests.

Requested Decreases

The initiatives described above, and the related increases in the Administration's request, mark a significant step toward the advancement of the federal government's relationship with Tribal Nations. These initiatives focus on those programs geared toward empowering 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 2011 appropriations request for Indian Affairs.

The construction program contains program reductions of \$51.6 million. The request takes into consideration the \$285.0 million that was provided to Indian Affairs for school and detention center construction activities and \$225.0 million provided to the Department of Justice for detention center construction under the American Recovery and Reinvestment Act. With funding from the Recovery Act, Indian Affairs will complete a number of high-priority projects. The request also reflects a proposed transfer of some maintenance funding from the construction account to the operations account.

The amount requested for construction includes: \$52.9 million for Education, \$11.4 million for Public Safety and Justice, \$42.2 million for Resource Management, and \$9.3 million for other program construction. An increase of \$3.8 million for the Safety of Dams program is also included. At \$52.9 million, the Education Construction budget will fund phase two of the Denehotso replacement school, one school facility replacement project, and support employee housing. The budget maintains essential funding for facility improvement and repair projects at \$34.6 million. The Public Safety and Justice Construction program is funded at \$11.4 million to support employee housing and facilities improvement and repairs at detention centers.

Conclusion

The 2011 budget for Indian Affairs achieves the President's objectives of restoring fiscal discipline, helping empower tribal nations and foster responsible development of tribal energy resources and improving the Nation-to-Nation relationship between tribal nations and the United States. The pool of federal resources is not unlimited, and we heeded the President's call to act responsibly to maximize our impact while limiting spending growth.

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