

**STATEMENT
OF
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ASSISTANT SECRETARY – INDIAN AFFAIRS
BEFORE THE
SENATE COMMITTEE ON INDIAN AFFAIRS
ON THE PRESIDENT’S
FISCAL YEAR 2012
BUDGET REQUEST FOR INDIAN PROGRAMS IN THE
DEPARTMENT OF THE INTERIOR**

MARCH 15, 2011

Good morning Chairman Akaka and Vice-Chairman Barrasso, and members of the Committee on Indian Affairs. Thank you for the opportunity to provide the Department of the Interior’s (Department) statement on the fiscal year (FY) 2012 President’s Budget request that was released on February 14, 2011 for Indian Affairs’ programs. The FY 2012 budget request for Indian Affairs programs within the Department totals \$2.5 billion in current appropriations. This reflects \$118.9 million, a 4.5 percent decrease, from the FY 2010 enacted level. The budget includes a reduction of \$50.0 million to eliminate the one-time forward funding provided in 2010 to Tribal Colleges and Universities; a reduction of \$41.5 million for detention center new facility construction due to a similar program within the Department of Justice; and a reduction of \$22.1 million for administrative cost savings and management efficiencies.

Overall, the 2012 Indian Affairs budget reflects a fiscally responsible balance of the priorities expressed by the Tribes during consultation and broader objectives of the Administration, as well as demonstrated program performance, and realistic administrative limitations. The 2012 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 consulted 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 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 living on or near the reservation.

The Indian Affairs FY 2012 budget request provides funding for three of the Department's priority initiatives: Strengthening Tribal Nations, New Energy Frontier, and Cooperative Landscape Conservation.

Strengthening Tribal Nations

The Strengthening Tribal Nations initiative is a multi-faceted approach to enhance Nation-to-Nation relationships, improve Indian education, protect Indian communities, and reform trust land management, with the ultimate goal of greater tribal self-determination. This initiative was highlighted over a year ago when President Obama and his Administration engaged in direct dialogue with Tribal Nations in November 2009 at the White House Tribal Nations Conference held at the Department's Yates Auditorium, with over 400 tribal leaders in attendance. The President held a second successful conference in December 2010 to continue dialogue and work with Tribal Nations.

Nation-to-Nation Relationship

The Administration, in believing that investing in Indian Country is the key to advancing our Nation-to-Nation relationship, seeks \$42.3 million in programmatic increases for contract support, self determination contract specialists, and social workers. At the forefront of this investment is contract support, which was identified by many Tribal Nations as their top priority.

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 FY 2012 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. Through this assistance, and by addressing these problems, there will be positive indirect impacts on public safety and education in these tribal communities. We also plan for \$3.0 million of this request for approximately 86 Alaska and 17 "lower-48" Small and Needy Tribes that both have populations below 1,700 and receive less than the recommended threshold for base funding. These funds will bring these Tribes to the minimum funding necessary to strengthen their tribal governments (\$160,000 in the lower-48 and \$190,000 in Alaska).

In addition, reflecting a top priority of President Obama, Secretary Salazar and I, the budget request includes language confirming the Department of the Interior's authority to acquire land in trust for all federally recognized tribes. Taking land into trust is one of the most important functions that the Department undertakes on behalf of Indian tribes. Since 2009, the Department has acquired more than 34,000 acres of land in trust on behalf of Indian nations. Tribal homelands are essential to the health, safety and welfare of American Indians and Alaska Natives.

Protecting Indian Country

For the past several years, Tribal Nations have consistently identified public safety as one of their top priorities. 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.

President Obama, Secretary Salazar and I have prioritized public safety based on feedback from the respective tribes. The FY 2012 budget request seeks an additional \$20.0 million in public safety funding over the FY 2010 enacted level. Within the increase, \$5.1 million is for tribal and bureau law enforcement operations and \$10.4 million for tribal and bureau detention facilities operations. The funding will be used for staffing, training, implementation of the Tribal Law and Order Act, and equipment to increase staffing capacity for law enforcement and detention programs and ensure communities can support efforts to combat crime in Indian Country. The budget requests an additional \$1.0 million, for a total of \$13.8 million in funding for detention facilities operations and maintenance throughout Indian Country.

The budget includes \$2.5 million for tribal courts to support the enhanced capabilities given to tribal courts in the Tribal Law and Order Act. The increases to tribal courts and corrections will augment recent increases to the size of the tribal police forces over the last several years, which is part of a multistep plan to strengthen tribal justice systems.

The budget also includes \$1.0 million for tribal Conservation Law Enforcement Officers (CLEO). The CLEO's primary responsibility is the protection of tribal natural resources; however, officers are often cross-deputized with local law enforcement agencies providing CLEOs with the authorization to enforce criminal law.

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 2012 request maintains the President's, Secretary Salazar's, and my ongoing commitment to improve Indian education for students in bureau-funded schools and tribally controlled colleges. The budget provides an increase of \$8.9 million to improve the state of BIE schools. We plan to use \$3.9 million to promote safe and secure schools by implementing safety and security measures at 10 schools and 2 dormitories. This request also includes an increase of \$2.0 million, which will provide funds for additional 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 126 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.

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. 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 advancing the Strengthening 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 FY 2012 budget request includes \$18.4 million in programmatic increases for land and water management activities. Those activities include: \$1.2 million for land development in the former Bennett Freeze area in Arizona on the Navajo Nation reservation and \$1.0 million for the Forestry program.

The 2012 budget provides \$2.0 million for the Rights Implementation program and the Tribal Management and Development program to support fishing, hunting, and gathering rights on and off reservations. The request provides \$2.0 million for Fish, Wildlife, and Parks programs and projects to support fisheries management at BIA and tribal levels. The budget also provides an additional \$500,000 for the Invasive Species/Noxious Weed Eradication program to provide weed control on 20,000 acres.

The budget proposes an additional \$1.0 million for the Water Management and Pre-Development program to assist tribes in the identification and quantification of water resources; \$1.0 million for Water Rights/Litigation to defend and assert Indian water rights. The budget also provides an increase of \$3.8 million to help BIA address dam safety deficiencies and ensure public safety near high hazard dams in Indian Country.

Additional increases for Improving Trust Land Management are included in the New Energy Frontier and the Cooperative Landscape Conservation initiatives.

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 2012 budget includes an increase of \$3.5 million in Indian Affairs for

conventional and renewable energy projects as part of the Department's New Energy Frontier initiative, which will allow Indian Affairs and 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.

This increase includes \$2.0 million in the Minerals and Mining program to provide grants directly to tribes for projects to evaluate and develop renewable energy resources on tribal trust land, a vital first step before energy development can begin. 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, Bureau of Ocean Energy Management, Regulation and Enforcement, and the Office of the Special Trustee for American Indians created a "virtual" one-stop shop. The IEED - Division of Energy and Mineral Development, at the one-stop shop, has been proactive in using technology and technical assistance to process permits on the Fort Berthold Reservation. In 2010, the number of wells went from zero wells at the start of 2010 to over 100 producing wells at the end of 2010. It is anticipated that in 2011 this number will double to over 200 producing wells on Indian trust lands. 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.

In addition, IEED supports economic growth in Indian Country and assists Indian Tribes in developing economic infrastructure, augmenting business knowledge, increasing jobs, businesses, capital investment, as well as developing energy and mineral resources on trust lands. IEED has initiated many programs, projects, technical conferences and training programs to address the lack of employment, and intends to continue these efforts.

Cooperative Landscape Conservation Initiative

Indian Affairs will co-lead the North Pacific Landscape Conservation Cooperative (LCC) with the U.S. Fish and Wildlife Service and support tribal outreach efforts of other LCCs, particularly those in the northwestern U.S. In the North Pacific Cooperative, Indian Affairs will seek tribal input and perspective from tribes with traditional ecological knowledge; and both Indian Affairs staff and local tribal members will be involved to develop strategies to address adaptation.

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 2012 appropriations request for Indian Affairs.

The 2012 request includes \$43.3 million in program decreases for the Operation of Indian Programs account including administrative central office reductions of \$14.2 million for streamlining and improving oversight operations and to correspond to other programmatic cuts within the 2012 request. The budget reduces Real Estate Projects by \$10.9 million; the remaining funds will be used to focus program operations on cadastral surveys as a catalyst for economic development for tribes. The budget reduces Land Records Improvement by \$8.5 million; the remaining funds will maintain core operations for the Trust Asset and Accounting Management System. The budget reduces the Probate Backlog by \$7.5 million as over 18,000 cases are expected to be completed.

The Indian Affairs 2012 budget includes \$32.9 million for ongoing Indian land and water settlements, which includes a reduction of \$14.5 million reflecting completion of the Pueblo of Isleta, Puget Sound Regional Shellfish, and Soboba Band of Luiseno Indians settlements. The budget includes \$9.5 million for the sixth of seven required payments for the Nez Perce/Snake River Settlement. The Omnibus Public Land Management Act of 2009 authorized payments to Shoshone-Paiute Tribes of the Duck Valley Reservation; this budget includes \$12.0 million for the third payment for that settlement. The Act also authorized settlement payments to the Navajo Nation; the budget includes \$6.0 million for Navajo Nation Water Resources Development Trust Fund and \$4.4 million for the San Juan Conjunctive Use Wells and San Juan River Navajo Irrigation Rehabilitation Project which are part of the Navajo-Gallup Settlement.

The Construction program contains program reductions of \$65.0 million. Of this programmatic decrease, \$41.5 million for Public Safety and Justice new facility construction has been reduced from the Construction budget. The budget is reduced by \$8.9 for Education Replacement Facility Construction, \$5.0 million for Public Safety and Justice Employee Housing; the Department has taken a strategic approach to not fund new construction in 2012. At the requested level, the Education Construction budget redirects funding from new construction activities to Facility Improvement and Repair to achieve greater flexibility in maintaining existing facilities and employee housing.

The budget includes a reduction of \$9.0 million for the Navajo Indian Irrigation Project. Indian Affairs is evaluating continuing construction on the Navajo Indian Irrigation Project. Additionally, \$57.3 million was transferred from Construction to the Operation of Indian Programs account so to better align and consolidate operations and maintenance funding.

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 in Indian Country under the American Recovery and Reinvestment Act (Recovery Act). With funding from the Recovery Act, Indian Affairs will complete a number of high priority projects.

Although there are decreases to the construction programs in the appropriations request, the appropriations request does contain the following construction items: \$52.1 million for Education, \$11.3 million for Public Safety and Justice, \$33.0 million for Resource Management, and \$8.5 million for Other Program Construction.

The budget provides \$3.1 million for the Indian Guaranteed Loan program, a reduction of \$5.1 million from the 2010 Enacted level. The program will undergo an evaluation, develop a comprehensive performance metric framework, and improve efforts to work with other Federal agencies that assist tribes in loans.

The 2012 budget includes a reduction of \$3.0 million for the Indian Land Consolidation Program. The Claims Resolution Act of 2010 included the *Cobell v. Salazar* settlement agreement. The agreement includes \$1.9 billion for land consolidation within the Office of the Secretary. This new funding will be utilized to consolidate fractionalized land interests to be more economically viable for tribes.

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 2012 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.