

**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 2014
BUDGET REQUEST FOR INDIAN PROGRAMS IN THE
DEPARTMENT OF THE INTERIOR**

APRIL 24, 2013

Good afternoon, Chairwoman Cantwell, Vice Chairman Barrasso, and Members of the Committee. Thank you for the opportunity to provide a statement on behalf of the Department of the Interior (Department) on the fiscal year (FY) 2014 President’s Budget request that was released on April 10, 2013. The FY 2014 budget request for Indian Affairs programs within the Department totals \$2.6 billion, which is \$31.3 million more than the FY 2012 enacted level.

The FY 2014 Budget Request includes nearly \$120 million in program increases for President Obama’s continued initiative of Strengthening Tribal Nations. This initiative continues to support advancing Nation-to-Nation relationships, protecting Indian Country, advancing Indian education and improving trust land management. The budget focuses on these 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 over 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 Indian reservations.

Protecting Indian Country

Improving public safety and promoting safer Indian communities is a top priority for the president and Tribal leaders. The BIA Office of Justice Services supports 188 law enforcement programs throughout Indian Country of which approximately 75 percent are tribally operated. The BIA Division of Corrections funds 95 detention programs of which 73 are tribally operated. In addition, there are almost 300 tribal courts. The 2014 request provides programmatic increases of \$19.9 million for Public Safety and Justice programs. These increases will provide \$5.5 million to hire additional tribal and bureau law enforcement personnel and \$13.4 million to staff new tribally operated detention centers in Indian Country. The funding for detention center operations is an important request because, although incarceration is not the answer to all offenses, offenders are more effectively rehabilitated when held in a location closer to his or her community than when removed to a distant location. The budget also includes an increase of \$1.0 million for tribal courts which are expected to see an increase in case loads pursuant to the Tribal Law and Order Act, and

now, the new provisions of the recently reauthorized Violence Against Women Act. The budget includes \$3.0 million to address the needs of Indian communities with elevated levels of domestic violence within the BIA Human Services program which will partner with the Law Enforcement program to expand services that help stem domestic violence and care for its victims.

Contract Support Costs

In response to the Salazar v. Ramah Navajo Chapter Supreme Court decision on contract support costs funding, the FY 2014 budget proposes to fund contract support in an account separate from the Operation of Indian Programs account. In total, \$231.0 million is requested for contract support costs, which is an increase of \$9.8 million over 2012. The increase strengthens the capacity of Tribes to manage Indian Affairs programs for which they contract.

The Administration is proposing that Congress appropriate contract support costs funding to Tribes on a contract-by-contract basis. To ensure as much clarity as possible regarding the level of contract support funding, the Administration will provide Congress a contract-by-contract funding table for incorporation into the appropriations act. The Administration proposes this change as an interim step towards a more comprehensive solution. The broader goal is to develop a longer-term solution through consultation with Tribes, as well as streamline and simplify the contract support costs process, which is considered by many as overly complex and cumbersome to both Tribes and the Federal government. This interim solution will balance funding for contract support costs with direct programs for tribes, such as health care services and law enforcement, and other tribal priorities.

Land and Water Claims Settlements

The FY 2014 budget request for Indian Land and Water Claim Settlements is \$35.7 million. The budget proposes \$8.8 million for the first year of discretionary funding for the Taos Pueblo Indian Water Rights Settlement authorized as part of the Claims Resolution Act of 2010, P.L. 111-291. A total of \$7.8 million, including a program increase of \$3.4 million, is included for the San Juan Conjunctive Use Wells and San Juan River Navajo Irrigation Project Rehabilitation, both part of the Navajo-Gallup Water Supply Project.

The budget includes \$12.0 million for the Shoshone-Paiute Tribes of the Duck Valley Reservation Water Settlement, the last of five payments to satisfy this requirement. The budget also includes \$6.0 million for the Navajo Nation Water Resources Development Trust Fund. The final payment for the Nez Perce/Snake River settlement was made in FY 2013 and is not included in the FY 2014 budget.

Advancing Indian Education

The 2014 budget request continues the Department's commitment to Indian education. 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. BIE funded schools serve nearly 48,000 individual K-12 students and residential borders, which equates to an average daily attendance of approximately 41,000 students due to transfers, absences and dropout rates.

The budget provides \$651.9 million for elementary and secondary school education activities funded by BIE, which is supplemented by over \$200 million from the Department of Education for specific educational purposes. Increases include \$2.0 million for Tribal Grant Support Costs, which funds administrative and indirect costs of operating tribally run schools under contract or grant authorization. The budget includes \$15.0 million to fund a pilot program based on the Department of Education turnaround schools model and concepts. Grants will be awarded to schools that demonstrate the strongest commitment

for using the funds to substantially raise the achievement of students. The increases are offset by a \$16.5 million reduction in Indian School Equalization Program funds, which are distributed by formula, usually based on the number of students, to BIE funded schools for operations. Additionally, the Budget funds a \$2.0 million independent evaluation of the BIE to determine future needs and structure of the system.

The FY 2014 budget includes increases totaling \$6.2 million for BIE-funded post-secondary programs. The budget provides an additional \$2.5 million to meet the needs of growing enrollment at BIE-funded tribal colleges. Tribal colleges and universities provide local communities with the resources and facilities to teach community members the skills they need to be successful and overcome the barriers to Indian higher education. To further achieve this goal, the request also provides increases of \$3.0 million for post-graduate scholarships in science fields and \$710,000 for other higher education scholarships and adult education.

Supporting Stewardship of Natural Resources and Science in Indian Country

The 2014 budget includes programmatic increases of \$32.4 million for science and technical support to Tribes for the sustainable stewardship and development of natural resources. The funding will support resource management and decisionmaking in the areas of energy and minerals, climate, oceans, water, rights protection, endangered and invasive species, resource protection enforcement, and post-graduate fellowship and training opportunities in science-related fields. Of this funding, \$2.5 million will focus on projects that engage youth in the natural sciences and will establish an office to coordinate youth programs across Indian Affairs.

Improving Trust Land Management

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 Indian economic development. The management of Indian natural resources is a primary economic driver in many regions within the country. For example, some Tribes with forestry resources operate the only sawmills in their region and are major employers of tribal members as well as non-tribal members who live in or near their communities.

The 2014 budget includes an additional \$18.4 million in programmatic increases for improving trust land and water management activities. In Trust Natural Resources, BIA requests program increases for the Rights Protection Implementation and Tribal Management and Development programs to support fishing, hunting, and gathering rights on and off reservations. The budget request also provides program increases for the Forestry, Invasive Species, and Wildlife and Parks programs. In addition, the request supports greater BIA and tribal participation in the Landscape Conservation Cooperatives.

Within Trust Real Estate Services, a total of \$7.7 million in program increases is directed toward improving trust land management activities, including a \$5.5 million increase to provide a total of \$7.0 million to continue authorized activities related to the Klamath Basin Restoration Agreement. The 2014 request also provides increases for Rights Protection Litigation Support/Attorney Fees to assist Tribes in managing tribal trust resources and the Real Estate Services program to meet workload demands associated with the Administration's New Energy Frontiers initiative. In addition, the Construction account includes an increase of \$2.3 million for operation and maintenance of the Fort Peck Water System, a new water treatment plant facility.

The 2014 budget continues to propose language to clarify the Department's authority to take Indian land into trust. As in the FY 2013 budget proposal, the President's FY 2014 budget proposal includes Carcieri fix language signaling his strong support for a legislative solution to resolve the issue of securing tribal homelands for all tribes.

Improved Management

Over the last few years, Indian Affairs has taken significant steps to reduce the administrative costs associated with the wide range of services delivered through its programs. The request includes \$13.8 million in savings from reductions to contracts, fleet management, awards, and travel. Indian Affairs has also identified opportunities to reduce costs and improve efficiency through streamlining and consolidations. The 2014 budget request includes a reduction of \$19.7 million to reflect anticipated savings from streamlining and consolidations effected in 2013.

Inherent in any consolidation is the need to identify and eliminate duplicative or overlapping functions and processes, identify more efficient ways to conduct business, and reduce associated positions. In 2013, Indian Affairs will use early retirement and voluntary separation incentives to manage full time employment reductions along with other position management techniques. Such an ambitious undertaking can only be successful with the full support and participation of the Tribes. To this end, Indian Affairs has engaged in extensive consultation with the Tribes to identify strategies to ensure tribal needs and priorities are addressed.

Program Reductions and Eliminations

The 2014 budget request includes \$72.3 million in program decreases. The request includes a reduction of \$2.6 million for Law Enforcement Special Initiatives reflecting decreased participation in activities such as intelligence sharing. In administrative related activities, the budget reduces \$7.1 million for Information Resources Technology as standardization occurs. The request includes a decrease of \$16.5 million for the Indian Student Equalization Program in education to offset a \$15.0 million increase for a turnaround school pilot program.

The 2014 budget requests \$107.1 million for Construction including \$52.3 million for Education Construction. The request does not include funding for Replacement School Construction, as the program will address improving the physical conditions of existing school facilities through the Facilities Improvement and Repair program. From 2002 through 2012, \$2.0 billion, including about \$300 million in ARRA funding, has been invested in construction, improvement, and repair projects that have reduced the number of schools in poor condition from more than 120 to 63. This includes 42 complete school replacements and 62 major renovations, which are either completed, funded or under-construction. The Construction request also includes \$11.3 million for Public Safety and Justice Construction, \$32.8 million for Resources Management Construction, and \$10.8 million for Other Program Construction.

The budget provides \$5.0 million for the Indian Guaranteed Loan Program, a \$2.1 million reduction while Indian Affairs seeks to improve performance and conducts a results-oriented independent evaluation to determine how to achieve its intended objectives through Indian Affairs or other Federal loan programs. This requested funding level will guarantee \$70.2 million in loans.

The budget proposes to eliminate \$12.6 million in funding for the Housing Improvement Program (HIP). Tribal housing authorities are not precluded from using available funding to provide assistance to HIP applicants.

Conclusion

This 2014 budget supports the Administration's objectives to strengthen tribal nations through economic development, protect Indian communities through public safety and justice programs and social services, improve Indian education to secure the long-term health and vitality of Indian Country, and improve the

constitutionally-based, government-to-government relationship between tribal nations and the United States. The 2014 budget request maintains the President's commitment to meet our obligations to tribal nations while exercising fiscal responsibility and improving government operations and efficiency.

Madam Chairwoman 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.