



Nearly one-quarter of Interior's funding is devoted to Indian nations, communities, and individuals. While this is a significant percentage, setting priorities for the Department in Indian Country is a monumental task. It is my heartfelt desire to pursue a process of consultation, cooperation, and communication that will strengthen tribal governments, help Indian people, and improve the education of America's Indian Youth.

Secretary Gale A. Norton, February 28, 2001

During his campaign, President Bush made a commitment to uphold the unique government-to-government relationship between the Tribes and the United States and to honor our Nation's trust responsibilities to Tribes and Native Alaskans. The Bureau of Indian Affairs is primarily responsible for meeting that commitment within the Department of the Interior. In that capacity, BIA provides a broad range of services normally provided by State and local governments – education, housing, public safety, roads, social services, economic development, and more.

The 2002 Budget includes \$2.2 billion for BIA, an increase of \$65.9 million over the 2001 level. This represents a three percent increase over 2001 and a 17 percent increase over 2000. This budget contains substantial funding for Native American initiatives and builds upon the increases enacted last year for school construction, Indian education, trust management improvements, and public safety. In this budget, nearly nine out of every ten dollars requested for BIA will be dedicated to education, human services, and other on-the-ground programs at the reservation level. Remaining funds support national and regional policy direction, program management, and administration, as well as Nationwide support costs such as rent and telecommunications.

INDIAN EDUCATION – LEAVE NO CHILD BEHIND

President Bush has pledged to *leave no child behind* in making education one of his highest domestic priorities. In August 2000, he said, *The Federal government and tribal governments must work together, government-to-government, to ensure that the*

American dream is accessible to Native Americans. That dream begins with a quality education. Tragically, schools on tribal lands are often in poor physical condition and lack basic resources. The Federal government has frontline responsibility to

fix these schools and provide an environment in which children can learn.

The BIA, through its management of 185 elementary and secondary Indian schools, is one of only two agencies in the Federal government directly responsible for an elementary and secondary school system. In 2002, BIA will play a leadership role in fulfilling the President's promise to improve education in America. The budget proposes a two-pronged approach to Indian education; improving the physical facilities in which children learn and enhancing school operations.

One of the priorities the President addressed during the campaign was education, including Indian education and school facilities. I share his philosophy and it will be my responsibility to help see that no Indian child is left behind.

Secretary Gale A. Norton, February 28, 2001

BUILDING SAFER SCHOOLS IN INDIAN COUNTRY

One-fifth of the buildings in the BIA school system are more than 50 years old, and half are more than



30 years old. Many schools have serious deficiencies that make it difficult for students to learn, and pose real threats to their health and safety. These schools have leaking roofs, overcrowded classrooms, peeling paint, and inadequate heating, cooling, and ventilation. Crumbling dormitories, rusty and stuffy portable classrooms, and a lack of basic facilities such as libraries and computer and science labs make it exceedingly difficult for Indian children to get the quality education today that they deserve and need to succeed. The 2002 budget includes a \$292.5 million investment for education construction, which will substantially reduce the school repair and maintenance backlog and fund six school replacement projects.

Of this amount, \$122.8 million is dedicated to constructing replacement buildings at the six schools determined to be the highest priority based



on BIA's priority ranking list, and \$5.0 million is for the planning and design of future replacement schools. This funding will replace educational facilities at the Polacca Day School in Arizona and the Ojibwa Indian School in North Dakota. It will replace school and dormitory facilities at the Paschal Sherman Indian School in Washington. Replacement dormitory facilities will be constructed at the Holbrook Dormitory in Arizona and the Wingate Elementary School in New Mexico. New classroom facilities will be constructed at the Santa Fe Indian School in New Mexico; replacement of Sante Fe Indian School dormitories will be completed in 2003.

The education facilities improvement and repair program is funded at \$161.6 million, an increase of \$13.6 million, approximately eight percent over 2001. This request will fund deferred and annual

maintenance needs, as well as major and minor repair projects to address critical health and safety concerns, code standards, and program deficiencies at existing education facilities. The goal is to eliminate the current repair and maintenance backlog by 2006. Within these funds, there is an increase of \$8.0 million to fully fund annual mainte-

\$504.0 million, which includes a \$9.1 million program increase. This funding will ensure that Indian schools maintain accreditation, have access to computers and other vital educational tools, and have the resources for teachers and operational needs such as transportation and updated textbooks. Individual Indian schools and school

Throughout history, Native Americans have seen many promises broken and forgotten. The latest of these can be seen in the shabby, deteriorating schools where their children are expected to learn. In my administration, this will change.

George W. Bush, August 19, 2000

The BIA has an obligation to provide decent schools for Indian children so that they can have the same educational opportunities as any other child in the United States.

Secretary Gale A. Norton, February 5, 2001

nance requirements to ensure that the maintenance backlog does not continue to grow.

LEARNING: A LIFE-LONG JOURNEY

Providing safe schools is just the first step in improving educational opportunities for Indian children. Approximately 50,000 students in 23 states attend the 185 elementary and secondary schools that form the BIA school system. One-third of these schools are operated directly by BIA, while the other two-thirds are operated under contracts or grants to Tribes or other tribal organizations. Most Indian schools are located in isolated, remote, rural communities, posing greater challenges and requiring greater operational costs than those typically facing public school districts.

One of the BIA strategic goals is to provide quality educational opportunities from early childhood through adulthood, helping to instill a desire for life-long learning to keep pace with an ever-changing world. The 2002 school operations request is

boards at the local level make the final decisions on how best to utilize these funds.

The 2002 budget maintains the recent increases allowing expansion of the early childhood development program. The two major activities funded through this program are the family and child education program and the therapeutic residential



model program. The family and child education program involves parents fully in the critical early stages of their children's education, improves adult literacy, and teaches parenting skills that help improve children's readiness for school. The therapeutic residential model program is an intensive, hands-on program that focuses attention on Indian youth at-

tending boarding schools and helps them to achieve positive changes in attitude, behavior, and academic performance.

In addition, the 2002 budget includes an increase of \$1.0 million for operation of the 25 tribally-controlled community colleges. These colleges serve a vital purpose in furthering Indian educa-

tion beyond the high school level and teaching skills that are needed to gain placement in good jobs in today's economy.

RESOLVING LAND AND WATER CLAIM DISPUTES

The 2002 budget includes funding requests for installments on five long-awaited and recently authorized Indian land and water claim settlements in California, Colorado, Michigan, New Mexico, and Utah. The budget requests:

- \$6.3 million to complete the Federal commitment for direct tribal payments in the *U.S. v Michigan* Great Lakes joint Tribal-State-Federal consent decree on fishery resources;
- \$6.0 million for the Torres-Martinez settlement, a trespass involving tribal lands inundated by the Salton Sea in California;
- \$2.0 million for the Santo Domingo settlement in California;
- \$5.0 million for the first payment for the Shivwits Band of the Paiute Indian Tribe of Utah water rights settlement; and
- \$8.0 million for the first of five annual payments for the Colorado Ute settlement to settle claims on the Animas and La Plata Rivers in Colorado.

The budget also contains:

- \$8.0 million for continued funding of the Rocky Boy's settlement, which will be completed in 2003; and
- \$24.7 million for the Utah Ute settlement, which is scheduled to be completed by 2004.

These settlements resolve long-standing claims to water and lands by Indian Tribes. They are the result of negotiations among the Tribes, Federal government, and other interested parties. The budget honors these settlement agreements as promises that must be kept.

The 2002 budget includes an increase of \$23.5 million, bringing the total amount for land and water claim settlements and miscellaneous pay-

ments to \$60.9 million. While the specific provisions of each settlement differ, most contain multi-year funding commitments. Once an agreement has been reached, the Tribes depend on appropriated funds to implement the agreements that generally include new water development projects or other economic development initiatives on Indian reservations. Failure to provide funding for a settlement agreement can result in increased costs over time, the payment of interest penalties by the Federal government, or even failure of the agreement and a resumption of divisive litigation.

The Bureau of Reclamation's budget also includes funding for several Indian water rights settlements, as well as funding to participate in, and provide technical assistance in support of, the negotiation and implementation of other settlements. With respect to specific settlements, the 2002 budget includes funds to: initiate construction on the Animas-La Plata Project component of the Colorado Ute settlement (\$12.0 million); continue water resource development and studies required by the Rocky Boy's settlement (\$8.0 million); continue delivery of Central Arizona Project water to the Ak Chin Community under its settlement (\$6.3 million); and continue implementation of the Southern Arizona Water Rights Settlement Act (\$4.1 million).

The Fish and Wildlife Service's budget provides an increase of \$1.2 million to implement FWS responsibilities under the *U.S. v Michigan* joint Tribal-State-Federal consent decree on fishery resources within the 1836 Treaty ceded waters of the Great Lakes. The FWS is responsible for providing expert technical assistance to Tribes and the State of Michigan on the allocation and management of shared fishery resources, and implementation of lake trout rehabilitation. The FWS budget also includes \$200,000 in construction funding to develop a plan to replace the Maritime Vessel Touge, which is used to stock the Great Lakes with 3.2 million yearling lake trout each year.

FULFILLING TRUST RESPONSIBILITIES

Managing Indian trust funds accumulated from past activities and administering the leasing activities of current trust resources to produce income for the beneficiaries is an important responsibility of the Federal government and an essential

A very high priority for me and for my Department is the matter of Indian trust reform and the importance of providing needed services to Indian trust beneficiaries.

Secretary Gale A. Norton, February 28, 2001

service to foster future opportunities for Tribes and individual Indians. The 2002 budget upholds previous commitments to institute sweeping changes in the management of Indian trust assets. Trust management reform focuses on correcting deficiencies, improving and implementing new trust management and financial systems, and sustaining those accomplishments to ensure that trust management problems do not reoccur.

For more than a century and one-half, the Department of the Interior has been responsible for managing assets in trust for American Indian Tribes and individual Indians. Interior's responsibilities for Indian trust assets were greatly expanded with the passage of the Dawes Act in 1887. Under the Dawes Act, tribal lands were divided into parcels and allotted to individual Indians. The Secretary was vested with the responsibility as trustee of the allotted lands for individuals, and individual accounts were set up for each Indian with an ownership interest in the allotted lands to be managed for the allottees' benefit.

Concerns about the management of Indian trust funds are long standing. As early as 1928, the then-recently established General Accounting Office issued reports documenting weak accounting practices in BIA trust management. Over time, the task of managing individual trust allotments became increasingly complex as allotments fractionated into hundreds or thousands of individual interests because of inheritance provisions in treaties and allotment acts.

To address these long-established concerns, Interior adopted the High Level Implementation Plan for Indian Trust Management Improvements in 1998, and updated this plan in early 2000. With support from Congress, significant progress has been made in implementing the planned reforms, and although much remains to be done, the Department is committed to bringing these reforms to completion.

One of the most significant accomplishments to date is the replacement of the Department's antiquated accounting system with a new commer-

cial, contractor-owned and operated Trust Fund Accounting System. In April, 2000, the Office of the Special Trustee completed conversion of the 285,000 tribal and individual accounts to TFAS, which will ensure that account holders receive timely and accurate receipt, accounting, investment, scheduled disbursements, and reports - functions that are common to commercial trust funds management systems. The BIA is also in the process of replacing its obsolete and inadequate land records system with a new, state-of-the-art asset management system. This new Trust Asset and Accounting Management System will help ensure that all revenues due are collected in a timely manner and will track the land title, lease, billing, and accounts receivable information for improved asset management.



TAAMS Data Cleanup Team, Flathead Agency, Montana

After initial pilot testing of TAAMS in Billings, Montana, in December, 2000, BIA designated the current ownership land title portion as the official system for recordation and maintenance of Indian title documents in four of the twelve BIA regions. In 2001, BIA will test TAAMS, fully implement the title and leasing portion of the realty module in the Rocky Mountain Region. Following successful testing, the Department will notify Congress and set the schedule for future system deployment. Ultimately, TAAMS will be deployed at over 200 BIA and tribal locations. Full implementation of this new trust management system is a key component of the High Level Implementation Plan.

A total of \$110.2 million is requested for OST in 2002. This funding supports OST, BIA, and the Office of Hearing and Appeals' trust reform efforts, as well as day-to-day operations for OST to meet its responsibility for financial trust services functions for Indian trust funds. The 2001 appropriation provided \$91.4 million for the base program and \$27.5 million in supplemental funding for trust management improvement activities and costs associated with the *Cobell v Norton* litigation. The 2002 request retains \$18.6 million of the supplemental funding to meet ongoing trust reform needs and provides the funding necessary to continue to make significant progress on trust reform efforts.

A total of \$73.0 million is requested for trust management improvements under the Department's High Level Implementation Plan. In addition to systems replacement, the HLIP includes projects aimed at reforming the probate and appraisal program, curing decades-old records management deficiencies, providing training on trust systems, and developing comprehensive and consistent policies and procedures. Activities slated for 2002 include continued implementation of a statistical accounting project to provide a cost-effective accounting to individual Indian monies account holders, as well as ongoing implementation of the TAAMS system, training programs, and records management reform.

The budget for OST also includes \$11.0 million for the fourth year of the Indian Land Consolidation Program to continue and expand land acquisition activities. These funds will also be used to begin implementation of the Indian Land Consolidation

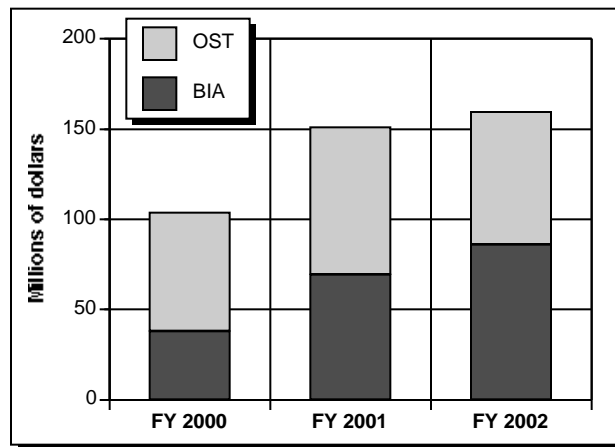
Act Amendments of 2000. This legislation was a critical step to prevent further fractionation of Indian trust allotments and to provide a mechanism to reverse the harsh effects of the allotment era. The ILCA amendments will also aid in consolidating fractional interests into more usable and more easily leasable parcels of land, support trust reform goals by reducing the administrative burden associated with fractionated ownership, and reform probate by establishing uniform rules for the descent and distribution of interests in allotted lands.

Beyond systems improvements, the key to trust reform is to provide the staffing and resources to manage revenue producing trust lands effectively. The BIA has extensive responsibilities for the management of Indian land, including keeping timely and accurate land and title records and executing a full array of real property functions. These include: lease management; compliance inspections; executing rights-of-way, sales, and acquisitions; performing appraisals; and carrying out a vast array of natural resource management functions that vary based on the nature of the trust asset, such as

timber, minerals, agriculture, water, and wildlife. To meet these objectives, the BIA budget for 2002 requests a total of \$118.4 million for trust-related services, which includes a program increase of \$12.0 million.

The 2002 request will provide much-needed staff and resources for critical trust services programs which have been historically underfunded and understaffed, such as real estate services, probate,

TRUST REFORM FUNDING



I recognize the important obligations of the Department as trustee to put in place those systems, procedures, and people to fulfill our obligation to the trust beneficiaries, both individual Indian and Tribes. This is an enormous undertaking in correcting the errors and omissions of many decades.

Secretary Gale A. Norton, February 28, 2001

appraisals, and land titles and records. These increases will help BIA to continue to improve performance in meeting responsibilities in managing revenue-generating lands held in trust for Tribes and allottees.

Within trust services, program increases will provide: an additional \$1.0 million to ensure timely and accurate processing of real estate transactions; \$3.0 million to ensure appraisals are timely, accurate, and objective; \$1.5 million to keep pace with

growing probate workloads; and \$1.0 million to keep land records current. The budget also increases BIA programs offering services related to trust activities, including: \$1.5 million for tribal courts to address the increased court caseload; \$2.0 million to conduct background investigations of employees and contractors who manage trust assets and records; \$1.0 million to support the management of natural resources on trust lands; and \$1.0 million to improve information resource management and trust records security.

