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U.S. DEPARTMENT OF THE INTERIOR

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## **FY 2005 BUDGET FOR INDIAN TRUST REFORMS** **Significant New Funding Requested for Land Consolidation, Historical Accounting**

The President's FY 2005 request for the Office of the Special Trustee for American Indians (OST) is \$322.7 million, an increase of \$113.6 million, or 54 percent, above the FY 2004 budget level. The \$113.6 million increase will support on-going and new trust programs administered by OST and other Interior offices to significantly expand Indian land consolidation efforts and to continue historical accounting activities for tribal and individual Indian accounts.

Secretary Norton applauded this aggressive funding request stating, "Clearly, this Administration is demonstrating an unprecedented financial commitment to ensuring the implementation of reforms necessary to improve the management of Indian trust assets. The major funding investments requested this year will significantly accelerate the purchase of fractionated land interests and the historical accounting project, and will allow for the continued implementation of the OST and Bureau of Indian Affairs (BIA) reorganization to place additional resources at the local level. I am confident that Indian Country will quickly feel the significant impact these funds will have on important trust reform projects underway."

The OST budget includes \$75.0 million for the BIA Indian land consolidation efforts, a robust increase of 245 percent over the FY 2004 level. This increase will be used to expand the localized Indian Land Consolidation Program to a nationwide effort. In FY 2005, contracts with Tribes or private entities will assist the Department in its efforts to purchase approximately 60,000 additional interests, restoring economic viability to trust assets and reducing the administrative burden on the government of managing these small accounts. As of December 31, 2003, 68,938 individual interests in tracts, totaling 42,075 acres, have been purchased in four states and on seven reservations.

The FY 2005 request for the Office of Historical Trust Accounting is \$109.4 million, an increase of \$65.0 million over the FY 2004 level. This increase will provide needed resources to conduct historical accounting activities in accordance with Interior's five-year historical accounting plan. These funds will provide for a reconciliation of an additional 200,000 transactions related to land-based IIM accounts, and will resolve the proper ownership of approximately \$8 million in inactive trust accounts so that funds may be distributed to appropriate owners. The request also includes a total of \$29.4 million to provide for historical accounting activities related to tribal accounts.

An increase of \$1.7 million will provide additional staffing needs to implement the OST reorganization, approved by the Secretary in April 2003. The reorganization provides additional services to Indian beneficiaries and improved trust accountability with the establishment of Fiduciary Trust Officers and support staff nationwide. These personnel will work closely with BIA resource managers and bring fiduciary trust expertise to field locations to ensure that Departmental trust transactions are conducted in conformity with accepted fiduciary protocols and in the best interest of the beneficiaries.

The FY 2005 request supports ongoing efforts to reengineer the Department's trust business activities to transform current trust processes into a more efficient, consistent, integrated and fiscally responsible business model. A draft "To-Be" trust business model, which includes recommendations for new trust processes, is in the final stages of review and is expected to be completed by May 31, 2004. Implementation of the new business processes will be fully underway in FY 2005.

The request includes a total of \$21.7 million, an increase of \$1.6 million, for trust records administration, management, storage and accessibility, and to meet document production and related litigation costs. This increase provides \$1.3 million for additional litigation support and \$250,000 for the establishment of a trust records manager-training program with Haskell Indian Nations University to create a skilled workforce to support the management of federal American Indian records. The first courses in this new program will be offered to Haskell students in the fall of 2004.

OST is responsible for the oversight and coordination of the Department's trust asset management reforms and daily efforts to ensure the Department effectively discharges its trust responsibilities. OST also has operational responsibility for such activities as financial trust fund management, Indian land appraisals, and development and implementation of the "To-Be" reengineering activity. Additional fiduciary trust functions are carried out by other Bureaus and Offices within the Department.

The President's FY 2005 budget request for the Bureau of Indian Affairs similarly includes a substantial program increase of \$42.0 million to fulfill its fiduciary trust responsibilities. These additional funds will provide for expanded trust services, enhanced forestry management programs, modernized information technology systems and security, workforce improvements and a reduction in the probate backlog.

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