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\$110 MILLION DEVOTED TO TRUST MANAGEMENT REFORMS IN FY 2002 BUDGET

A total of \$110.2 million is requested by the Bush Administration in its FY 2002 budget to sustain and support continued trust management reforms under the coordination and administration of the Office of the Special Trustee for American Indians (OST). The 2002 request for OST of \$110.2 million is \$8.8 million less than 2001. Included within the 2001 request was \$27.5 million in emergency supplemental funding to provide for unanticipated costs related to the ongoing *Cobell v. Norton* litigation and increased trust management activities. The budget sustains significantly increased funding dedicated to trust reform as the 2002 proposal is \$15 million above 2000 and \$49 million, or 80 percent, above the 1999 funding level.

In addition to these amounts, the budget of the Bureau of Indian Affairs requests \$118.4 million for the management of trust lands that generate revenue for trust beneficiaries. The BIA request includes an additional \$12 million (an 11 percent increase) to improve the management of its leasing, appraisal, land title, and probate functions.

The 2002 request, coupled with the availability of \$18.8 million of supplemental funding retained in 2002 to meet continuing needs, will provide the necessary funding to continue to make significant progress on trust reform efforts. This request provides funding for the trust management reform activities in OST, the Bureau of Indian Affairs (BIA), and the Office of Hearing and Appeals. Within the \$96.7 million for Program Operations, Support and Improvements, the request includes \$73.0 million for trust improvement activities. Additionally, \$11.0 million is requested to continue and expand the Indian land consolidation program.

Eliminating Indian trust management deficiencies remains one of the highest priorities for the Department of the Interior. This budget request reflects the continued emphasis placed on the implementation of several Indian trust asset reform initiatives and the funding necessary to sustain the operational and organizational improvements initiated in previous years.

The budget request will build upon the progress made in FY 2001 that included a number of trust reform accomplishments. For example, in March 2000, OST completed the conversion of approximately 285,000 individual and Tribal Indian trust fund accounts to a commercial, contractor-owned and operated trust fund accounting system. In September 2000, the appraisal backlog in the Rocky Mountain Region was eliminated. Also, in December 2000, the land title portion of the Trust Asset and Accounting Management System (TAAMS) was designated as the official system-of-record for the maintenance of Indian title documents in four BIA regions, although the title history component is not yet completed. Lastly, in January 2001, the Department published final regulations in several trust management areas to permit Departmental standards of uniformity for trust administration.

The funds in the FY 2002 budget will support ongoing trust reform efforts including the BIA's testing of the TAAMS system and full implementation of both the title and leasing modules in the Rocky Mountain Region. This milestone will be followed by a Departmental executive decision on future system deployment to other regions. When fully implemented, TAAMS will replace the BIA's antiquated land records system and will provide a national, state-of-the-art asset management system to support the administration of the 56 million acres of lands held in trust, over 100,000 leases, 350,000 land owners, and 2,000,000 land interests.

Additionally, the funding will support the Department's continued involvement in ten active trust reform projects outlined in the High Level Implementation Plan (HLIP) and four projects initiated to correct Court-declared breaches of the Department's trust responsibility. The HLIP describes such ongoing projects as cleaning up trust data throughout OST and BIA, reforming the probate process and eliminating probate backlogs, curing decades-old records management deficiencies, improving job performance through targeted, quality training, identifying and eliminating internal control weaknesses, and developing comprehensive and consistent trust policies and procedures throughout the Department. Breach projects include determining trust reform workforce requirements and competencies, the development of a computer and business architecture and the identification of additional, outside sources of IIM account information.

The \$11.0 million request for the Indian Land Consolidation program is an increase of \$2 million. Authorized by Congress in the Indian Land Consolidation Act of 1983, as amended, BIA will continue its efforts in consolidating highly fractionated interests in allotted Indian lands, thereby improving their economic productivity and reducing the cost of administering these lands. Nearly 90 percent of these fractionated interests represent a less than 2 percent interest in a tract of land. As of March 2001, more than 29,236 interests representing more than 15,000 acres of lands have been acquired, at a cost of \$6.6 million. In 2002, land acquisition activities will be expanded to other regions, and work will continue on redetermining and redistributing fractional interests in allotted Indian lands.

Link to DOI 2002 Budget and Highlights:

<http://www.doi.gov/budget/2002/02Hilites/toc.html> - BUREAUHIGHLIGHTS

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