

**STATEMENT  
OF  
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ASSOCIATE DEPUTY SECRETARY  
ACCOMPANIED BY  
ROSS O. SWIMMER  
SPECIAL TRUSTEE FOR AMERICAN INDIANS  
BEFORE THE  
HOUSE SUBCOMMITTEE ON INTERIOR, ENVIRONMENT,  
AND RELATED AGENCIES  
ON THE  
FISCAL YEAR 2008  
PRESIDENT'S BUDGET REQUEST FOR INDIAN PROGRAMS**

**March 29, 2007**

Good morning, Mr. Chairman, Mr. Vice Chairman, and Members of the Committee. My name is James Cason. I am the Associate Deputy Secretary of the Department of the Interior (Department). I am accompanied today by Mr. Ross Swimmer, the Special Trustee for American Indians and Mr. Carl Artman, the Assistant Secretary for Indian Affairs. We are here today to discuss the Department's fiscal year (FY) 2008 budget request for Indian programs. The FY 2008 budget request for Indian Affairs is \$2.23 billion, which is \$79.4 million below the level funded by the 2007 Joint Resolution level. The FY 2008 budget request is consistent with the President's emphasis on fiscal discipline while maintaining the Department's commitment to trust management reform and addressing emerging areas of concern for Tribes and Indian Affairs.

The FY 2008 budget request for the Office of the Special Trustee for American Indians (OST) totals \$196.2 million which is \$27.1 million below the level funded by the 2007 Joint Resolution.

Laying the foundation for the FY 2008 request are two Secretarial initiatives supporting safe Indian communities and improved Indian education. These initiatives represent a balanced infusion of resources into Indian Affairs' Law Enforcement and Education programs to address fundamental needs at the community level, while building a framework for accomplishing positive outcomes and results throughout Indian country.

**SECRETARIAL INITIATIVES FOR AMERICAN INDIANS**

**SAFE INDIAN COMMUNITIES INITIATIVE**

The Safe Indian Communities Initiative consists of increases totaling \$17.2 million to combat the methamphetamine crisis and resulting increase in violent crime besetting Indian Country. The emergence of methamphetamine use has dramatically impacted

Indian communities. Tribal leaders across the United States consider it the number one public safety problem on their reservations and their greatest drug threat. The explosion of methamphetamine use has amplified violent crime, including homicides, sex offenses, aggravated assaults, child abuse and neglect, and domestic violence.

The Safe Indian Communities Initiative focuses primarily on providing additional law enforcement and detention officers, specialized drug enforcement training for new and existing officers, and public awareness campaigns on the dangers of drugs. With the additional funding provided through this initiative, Indian Affairs anticipates a decrease in drug-related crime in targeted communities, greater crime deterrence through increased police actions, and fewer dangerous incidents reported at Bureau of Indian Affairs (BIA) detention facilities.

The Initiative provides \$5.4 million for 50 new tribal and BIA officers and increased training and equipment for existing officers; \$6.4 million to address staffing needs in newly constructed and existing detention facilities in Indian country; and \$5.4 million for specialized drug enforcement training for existing officers.

#### **IMPROVING INDIAN EDUCATION INITIATIVE**

The Bureau of Indian Education (BIE) elementary and secondary school system is comprised of 170 schools and 14 dormitories located on 63 reservations in 23 states serving almost 46,000 students. The Improving Indian Education Initiative proposes increases totaling \$12.7 million to ensure Indian students graduating from the BIE-funded elementary and secondary school system possess the academic knowledge and skills necessary to successfully compete for employment at home and in a global economy. The Improving Indian Education Initiative is part of the BIE \$562.0 million request for elementary and secondary school operations that supports the President's commitment to leave no child behind.

The primary goal for elementary and secondary schools in the BIE school system is to achieve Adequate Yearly Progress (AYP) as required in the No Child Left Behind Act. Despite significant improvements in the BIE school system, only 30 percent of the schools are currently meeting AYP goals for student performance, teacher qualifications, attendance, and graduation rates. To improve this percentage, the Initiative includes increased funding to support targeted intensive educational assistance to BIE-funded schools not achieving AYP goals. The Initiative also proposes additional funding for education program management, student transportation, and information technology with the target of achieving AYP goals at 80 percent of BIE-funded schools by 2013 and 100 percent by 2014.

#### **FULFILLING TRUST RESPONSIBILITIES**

Management of trust assets for Tribes and individual Indians has been a key component of the Indian Affairs mission for well over a century. In addition to managing its general

trust responsibilities, the BIA is working closely with the OST to support the Secretary's ongoing efforts to reform the management of the fiduciary Indian trust for all Indian beneficiaries. This includes reengineering trust technology across the Nation to modern systems that are used by many of the Nation's largest trust companies; implementing new business practices, policies and procedures to maximize efficiencies; focusing on trust training and education; and collecting and preserving Indian trust records across the Nation for use by future Indian generations.

### **UNIFIED TRUST BUDGET (UTB)**

The Department has responsibility for the largest land trust in the world. Today, the Indian trust encompasses approximately 56 million acres of land. Of these acres, nearly 45 million are held in trust for Indian Tribes. On these lands, the Department manages over 100,000 leases for farming, grazing, and oil and gas production on behalf of individual Indians and Tribes. In addition, the Department manages approximately \$2.9 billion in existing balances in tribal funds and \$400 million in Individual Indian funds.

From 1996 through 2006, the Department invested \$3.4 billion in the management, reform, and improvement of Indian trust programs. As a result of these investments, trust business processes are re-engineered to provide efficient, consistent, integrated, and fiscally responsible service to beneficiaries. Trust programs are reorganized to better meet fiduciary trust responsibilities, provide greater accountability at every level, and operate with staff trained in the principles of fiduciary trust management.

In FY 2008, the Department proposes to invest \$489.9 million in the Unified Trust Budget (UTB) comprised of trust programs funded by BIA and OST. The UTB includes \$293.7 million for BIA trust asset management programs and \$196.2 million for OST activities.

### **ADVANCING QUALITY COMMUNITIES**

While accomplishing operational goals, Indian Affairs remains committed to keeping administrative costs low. Administrative costs account for only 8 percent of the funding requested for the operation of Indian programs. In FY 2008 more than 9 of every 10 dollars will be provided to education, law enforcement, human services, trust services, and other on-the ground programs.

Economic Development – High unemployment rates on reservations are one of the greatest challenges facing Indian country. The Indian Guaranteed Loan Program continues to be an integral component of the Bureau's efforts to expand economic development in Indian country. Through this program the Bureau provides loans to Tribes, Alaska Natives, and individual Indian-owned businesses. The budget request of \$6.3 million for the loan program continues the Bureau's commitment to reduce unemployment on Indian reservations. The guaranteed loan program makes it possible for Indian economic enterprises on or near Indian reservations, which otherwise would

not have been able to get loans, to obtain loans from private lenders. Funding will guarantee approximately \$85.5 million in loans.

Contract Support – The FY 2008 budget includes a \$6.0 million increase from the FY 2007 President’s request level for contract support funding. The proposed funding level will be sufficient to pay 100 percent of indirect contract support costs, and pay a portion of direct contract support costs.

Settlements – Pursuant to new settlements enacted in FY 2007, the FY 2008 budget proposes an increase of \$7.0 million to fund the \$23.5 million Federal share of the Puget Sound Regional Shellfish Settlement, a \$34.5 million agreement between the Federal government, Western Washington Treaty Tribes, the Puget Sound Commercial Shellfish Growers, and the State of Washington regarding the Tribes’ treaty rights to naturally occurring shellfish on the growers’ property. The State of Washington is responsible for the balance of \$11 million. The FY 2008 request also includes \$2.4 million to begin funding the Pueblo of Isleta Settlement which provides for payments to the Pueblo in the amount of \$7.2 million from appropriated funds, and \$32.8 million from the Judgment Fund to be used for the acquisition, improvement, restoration and rehabilitation of the Pueblo’s lands and natural resources.

The FY 2008 budget request includes \$16.2 million to continue payments to the Nez Perce/Snake River settlement. The Department’s responsibility under the settlement totals \$170.9 million proposed to be funded over seven years and includes funding in BIA, Fish and Wildlife Service, Bureau of Land Management, and Bureau of Reclamation programs. The BIA requirement totals \$95.8 million over seven years. The FY 2008 request represents the second year’s payments to the Nez Perce Water and Fisheries Fund, Nez Perce Tribe Habitat Accounts, and Nez Perce Domestic Water Supply Fund.

The FY 2008 settlements budget includes reductions totaling \$10.6 million due to completion of Federal financial responsibilities associated with the Quinault Indian Nation Boundary Settlement and the Cherokee, Choctaw, and Chickasaw Settlement.

Indian School Construction – The FY 2008 BIA budget funds Education construction at \$139.8 million, a reduction of \$65.1 million from 2007. The BIA continues to make progress in both new construction and facility repair at Indian schools. In 2001, 35 percent of the schools were in good or fair condition and 65 percent of the schools were in poor condition. Funding provided through FY 2007 reversed these percentages, reflecting a marked improvement in the condition of the schools. The FY 2008 school construction budget continues to fund new replacement school projects and provides additional funding for facility improvement and repair projects.

The FY 2008 President’s budget includes funding for replacement of the Circle of Life Survival School in Minnesota and Keams Canyon Elementary School in Arizona. In addition, the budget request will provide funding for two replacement facility projects at

the Standing Rock Community School in North Dakota and the Riverside Indian School in Oklahoma.

The Education Facilities Improvement and Repair program is funded at \$100.8 million, an increase of \$8.6 million above 2007. The additional funding will address facility needs at a greater number of schools. These dollars will fund five major facilities improvement and repair projects, annual maintenance needs, and minor repair projects to address health and safety concerns, compliance with code standards, and program deficiencies at existing education facilities.

## **PROGRAM REDUCTIONS AND ELIMINATIONS**

Housing Improvement Program – The Indian Affairs FY 2008 budget proposes to eliminate \$23.1 million in funding that supports the Housing Improvement Program (HIP). This BIA program services about 375 Indian families per year, providing grants for repairs and renovations of existing homes for construction of houses for tribal members with sufficient land suitable for housing on or near a reservation. There is eligibility overlap between HIP and the Housing and Urban Development Native American Housing Assistance and Self-Determination Act programs.

Johnson-O'Malley Grants – The FY 2008 President's budget eliminates \$12.0 million which funds the primary funding component for the Johnson-O'Malley (JOM) Assistance Grants program. In addition, the FY 2008 request proposes corresponding reductions for JOM grants funding identified in Self-Governance compacts (\$6.7 million) and Consolidated Tribal Government Programs (\$1.0 million). Public school districts with Indian children will continue to receive Federal funding and local education agencies and tribes are eligible for grants similar to JOM under Title VII of the Elementary and Secondary Education Act through the U.S. Department of Education. Title VII funding addresses the special academic and culturally relevant education needs of Indian children.

Scholarships – The BIE budget includes \$98.5 million for post-secondary schools which will support two BIE and 26 tribal colleges and universities as well as scholarships for Indian students. While post secondary education programs remain vital to Indian country, the FY 2008 BIE budget request includes a reduction of \$5.0 million to Scholarships and Adult Education to focus resources on pursuing excellence in BIE's primary mission to elementary and secondary educational programs in BIE-funded schools.

Natural Resources Management and Rights Protection – The Indian Affairs FY 2008 budget includes a reduction of \$1.5 million due to the completion of funding for removal of the Chiloquin Dam and associated remediation. The FY 2008 budget request also includes reductions of \$1.8 million to Rights Protection Implementation, \$1.0 million to Water Rights Negotiations/Litigation, \$1.5 million for Water Management, Planning, and Predevelopment, and \$1.0 million to Litigation Support/Attorney Fees. Proposed funding levels will allow BIA to support, although in some cases at lower rates, the exercise of off-reservation hunting, fishing and gathering rights by 49 Tribes located in the Pacific

Northwest and Great Lakes regions and their five umbrella inter-tribal fish and wildlife organizations as well as Tribes involved in litigation, negotiation, or administrative proceedings to protect, defend, or establish their rights and protect Tribal trust resources

## **CONCLUSION**

Mr. Chairman, thank you for the opportunity to appear before you today. We will be happy to answer any questions you may have.