

THIRD ANNUAL
Review & Summary Analysis
of the



B.I.A. Budget
1992

United States
Department of the Interior
Budget Justifications
Fiscal Year 1992

Bureau Of Indian Affairs

SENSE, Inc.

February 28, 1991

**Third Annual Review & Summary Analysis of the B.I.A.
Budget 1992**

United States, Department of the Interior
Budget Justifications,
Fiscal Year 1992
Bureau of Indian Affairs

Copyright SENSE, Inc. 1991
Printed in the United States

Table of Contents

EXECUTIVE SUMMARY	1
HIGHLIGHTS & LOWLIGHTS	3
Overall B.I.A. FY 1992 Budget	4
New Horizons and the Add-Ons/Formula Scheme	6
B.I.A. Budget Request Reduces FY 91 by \$157.7 Million	9
Program Operations Budget Smaller	10
Tribal Services: A Stronger Emphasis on Self-Determination	10
Natural Resources	12
Economic Development: A Substitute fo a "\$60 Million ANA"	12
Trust Responsibilities: Property Administration Up, Rights Protection Down	14
General Administration: Higher Salaries, More FTEs	14
Area Offices Reclaim Lost Ground in the budget	16
Annual Appropriations Budget Distribution	18
B.I.A. Personnel Increases continue	21
Education: A New Account	22
Construction, Payments & Loans (C.P.L.) Budget	23
Housing Improvement	24
Roads	25
Fish Hatcheries	25
Miscellaneous Payments to Indians	25
Loans	26
Miscellaneous Permanent and Trust Funds	26

Executive Summary

The Bush Administration's third proposed Bureau of Indian Affairs Budget was submitted to the Congress on February 3, 1991. This new budget proposal is, in reality, the Bush Administration's first definitive proposal not defined by the Reagan Administration's priorities. In his February 6 letter to tribal leaders, Assistant Secretary for Indian Affairs Eddie Brown characterized the \$1.932 billion proposed budget for fiscal year 1992 as the budget that will "maintain the significant gains made in FY 1991 that reversed a decade-long decline in the funding of Indian programs."

"Even with the constraints of a budget cap, the FY 1992 budget request is \$225 million above the FY 1991 request in the key BIA accounts . . . [and it] is \$61 million above the FY 1991 enacted level," wrote Brown in his letter. While it is clear that some important changes were made in BIA policy, the proposed budget actually looks more like an opening shot for the presidential reelection campaign. The "public fanfare" surrounding the Bush Administration's Indian Affairs budget earns more points as public relations gimmickry, than it does as a serious attempt at responding to tribal needs. This is the reality behind the "Tribal Horizons" theme attached to the proposed FY 1992 budget.

According to Assistant Secretary Brown, the budget concentrates on the three key policy subjects: Tribal self-determination, Indian education and BIA management and accountability. Instead of proposing new initiatives, the Bush Administration's BIA budget proposal reflects a grudging acceptance of tribal and Congressional initiatives and the auditor's scathing revelations about BIA mismanagement of tribal trust funds (loss of \$17 million in 1989) and misplacing Congressionally appropriated funds. Instead of a forward-looking theme, Brown's "Tribal Horizons" may actually serve as a holding operation intended to delay or stall further changes in response to Congressional policy aimed at increasing tribal powers and diminishing the BIA's control over tribal lands and people.

A detailed examination of the Bush Administration's Indian Affairs Budget proposal for 1992 reveals a canny use of propaganda aimed at deflecting building tribal unrest as it becomes clearer that Reagan Administration cuts in tribal programs are continuing during the Bush Administration. Behind the Bush Administration's political objectives lurk the ever present bureaucratic objectives of preserving the Bureau of Indian Affairs and the jobs, privileges and powers that go with it.

The Bush administration proposes an overall 1992 budget authority for the Bureau of Indian Affairs at a \$1,932,397,000 level. Included in this total are totals for four distinct budget categories:

Operation of Indian Programs: At \$750.657 million, the Administration proposes to support programs (both tribally delivered and BIA delivered). Administration and Facilities Maintenance. Tribal Services, Economic Development, Natural Resources, Trust Responsibilities, Facilities Management and General Administration are the major activities. A major part of this



The "public fanfare" surrounding the Bush Administration's Indian Affairs budget earns more points as public relations gimmickry, than it does as a serious attempt at responding to tribal needs.

budget supports and maintains U.S. government facilities in Washington, D.C. and Albuquerque, New Mexico, twelve area offices, 83 agencies, three sub-agencies, six field stations, three irrigation project offices; and a minimum of 14,133 employees. A very much smaller portion of this budget supports service delivery. Yet another part of this budget is contracted to many of the 310 tribal governments and 197 Alaskan Native corporations. Education activities, and Education support budgets, are no-longer reported in this budget category. They have been moved to an independent account.



Construction, Payments and Loans (C.P.L.): Actually several distinct budget categories, we have loosely grouped Construction, Payments and Loans into one category to simplify presentation. This category (C.P.L.) contains budgets totaling a proposed level of \$230.610 million. Included in this amount, the Administration proposes \$79.879 million for general construction (tribal housing, employee housing, irrigation systems and federal facilities), \$50.998 million for construction of education facilities, \$87.617 million for treaty and litigation payments, and \$12.116 million for economic loans.



Education Program: At the proposed level of \$418.616 million, this newly consolidated budget (funds shifted from the Operations budget into this budget account) reflects the bulk of the Bureau of Indian Affairs costs for education. The Administration's proposed budget for Education is expected to support 2 post-secondary institutions, 111 day schools, 57 boarding schools, and 14 dormitories. Of these, seventy-eight schools are operated by tribal governments under contracts with the Bureau of Indian Affairs.



Permanent Appropriations & Trust Funds: The Administration proposes \$544.514 million for FY 92 in this budget category. Technically, only \$9 million of this proposed amount is federal money to make Treaty payments and pay some administrative costs; \$535.514 million is actually tribal funds and receipts for irrigation and power use held in trust by the U.S. government.

When a worker who fails to produce for his employer wants to deflect charges of laziness, he usually begins to substitute "motion for productivity." The Bureau of Indian Affairs budget proposal for 1992 tends to reflect this thinking. By moving budget items from one account to another, it looks like something new is happening, but in reality, nothing is new except maybe some changes that would upset some people. These possible problems are quietly included in the present proposal, but hidden behind the fog of motion and public relations.

For the record, the large motions which catch the eye in the 1992 budget include:

Budget Item Changes:

Operation of Indian Programs \$ 1.320 billion to \$.751 billion

Education In 1991, this item was budgeted for \$313 million, now it is moved to its own account and the proposed amount for 1992 will be \$418.616 million and a Construction budget of \$50.989 million.

	<u>1991</u>	<u>1992</u>
Tribal Services	\$ 338,931	\$ 383,435
Navajo/Hopi Settlement	\$ 1,379	\$ 1,139
Economic Development	\$ 14,595	\$ 22,923
Natural Resources	\$139,694	\$ 121,581
Trust Responsibilities	\$ 74,715	\$ 73,299
Facilities Management	\$ 94,179	\$ 30,039
General Administration	\$112,006	\$ 118,241

Highlights & Lowlights



Education Construction will be increased \$11.354 million over the budget level for 1991.

The newly formed Community and Economic Development Grant Program will have \$10 million in grants available to tribes, but the amount of each grant will be controlled by a formula distribution system. Grants are expected to be available for a range of tribally based activities, including: Tribal infrastructure improvements, procuring technical assistance for economic development, developing and conserving tribal natural resources, etc. Grant competition between tribes will impose restrictions.

Self-Determination Grants have been increased from \$4 million to more than \$13 million.

Housing Improvement Program was reduced from \$20 million to \$16 million.

Litigation and Water Rights/Litigation and Negotiations funds will be cut by \$4.098 million from a combined 1991 total of \$11.97 million to a 1992 total of \$7.872 million.

Indian Child Welfare Act (ICWA) funding is proposed to increase from \$9.450 million to \$20 million, but Welfare Assistance Grants are proposed to be reduced from the 1991 level of \$93.429 million to \$80.944 million - a \$12.485 million reduction.

Indirect Cost funds are proposed to increase from \$52.669 million to \$55 million.

Adult Vocational Training is proposed for a \$414 thousand reduction from a 1991 level of \$2.341 million to \$1.997 million.

Tribal Law Enforcement funding is projected to increase from the 1991 level of \$58.913 level to a 1992 level of \$72,127 million.

Forest Development funds will be cut from \$10,277 million to \$9.163 million.

Water Resource Planning and Management funds will be cut \$3,046 million to a 1992 level of \$7.243

Rights Protection, Unresolved Hunting and Fishing Rights, and Natural Resource Tribal Management/Development Programs are being cut by \$10.584 million. The majority of the Rights Protection cuts will affect Western Washington (Boldt Case Tribes), Wisconsin (Voigt Case Area Tribes) and funds connected with the U.S./Canada Pacific Salmon Treaty.

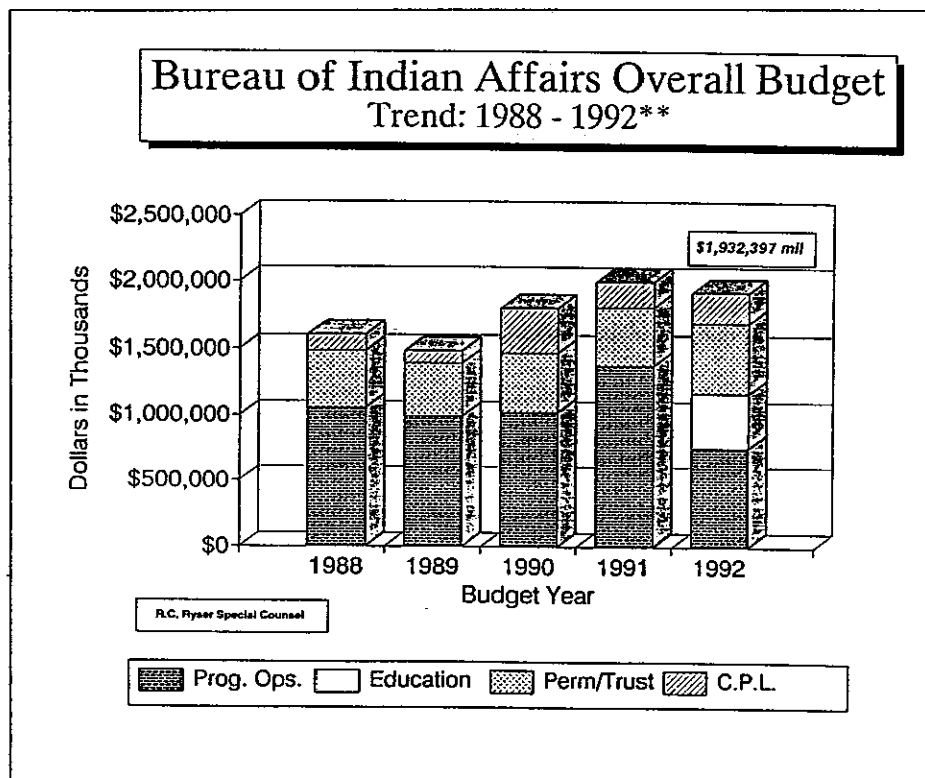


Overall B.I.A. FY 1992 Budget

“Tribal Horizons” reversing the decline?

As Assistant Secretary Brown’s letter to tribal leaders indicates, the Administration believes it ought to be congratulated and supported by tribal people. Claiming to propose \$225 million in budget increases “above the 1991 request in key BIA accounts,” the Administration asks tribal officials to believe that the Administration has “reversed a decade-long decline in the funding of Indian programs.” The claimed increase fails to materialize upon closer inspection of B.I.A. Program Budgets! If one simply looks at “key BIA accounts” as defined by BIA officials, one can agree that there has been a substantial increase. After examining the whole budget, however, we see that the cuts in many budget areas actually discount the so-called increase. The Appropriations Request for FY 1992 is actually 10.2% or \$158.658 million

CHART 1



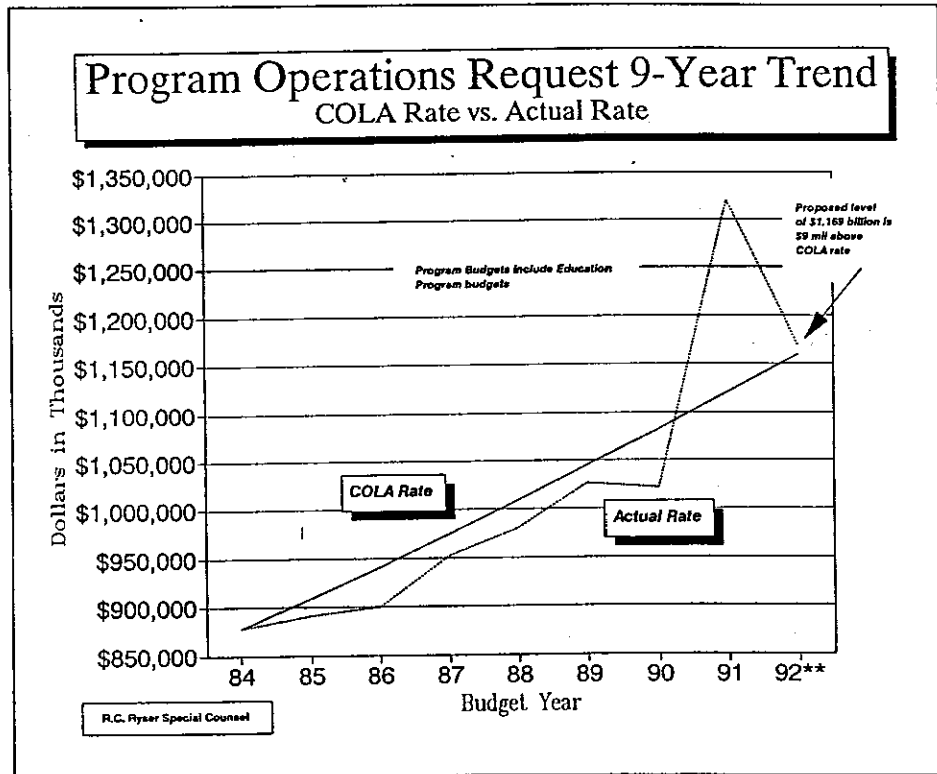
below the amount enacted by the Congress in 1991 (See Chart 1). Despite these anomalies we concluded that there is a small increase that is important, but nothing like the \$225 million suggested in Assistant Secretary Brown’s letter.

In our own analysis last year (*Second Annual Review & Summary Analysis, SENSE, Inc. February 28, 1990*), we concluded, “the actual rate of Annual Appropriations Budget increase lags behind the constant rate (increase defined as the Cost of Living Adjustment) by 11.5%.” We noted that the B.I.A. budget was consistently declining in real dollars (the constant value of a dollar set in 1982, increased annually at the minimal

rate of the cost-of-living index). With each passing year, we said, the BIA dollar actually purchased less and less. Apparent increases expected in 1992 actually represent efforts to regain ground near to normal cost-of-living increases. Despite actually achieving parity with normal increases, the currently proposed increase only merely helps slow the Indian Affairs budget free-fall.

The actual program budget increase (taking into account all program cuts and increases) is about \$30 million - mainly shifted from Construction to the Program Operations budget. The \$225 million increase proposed by the Administration in the FY 92 results not from new funds, but shifts between budget activities. If you agree with the trade-offs, you see a budget increase. If you disagree, you will see a budget drop.

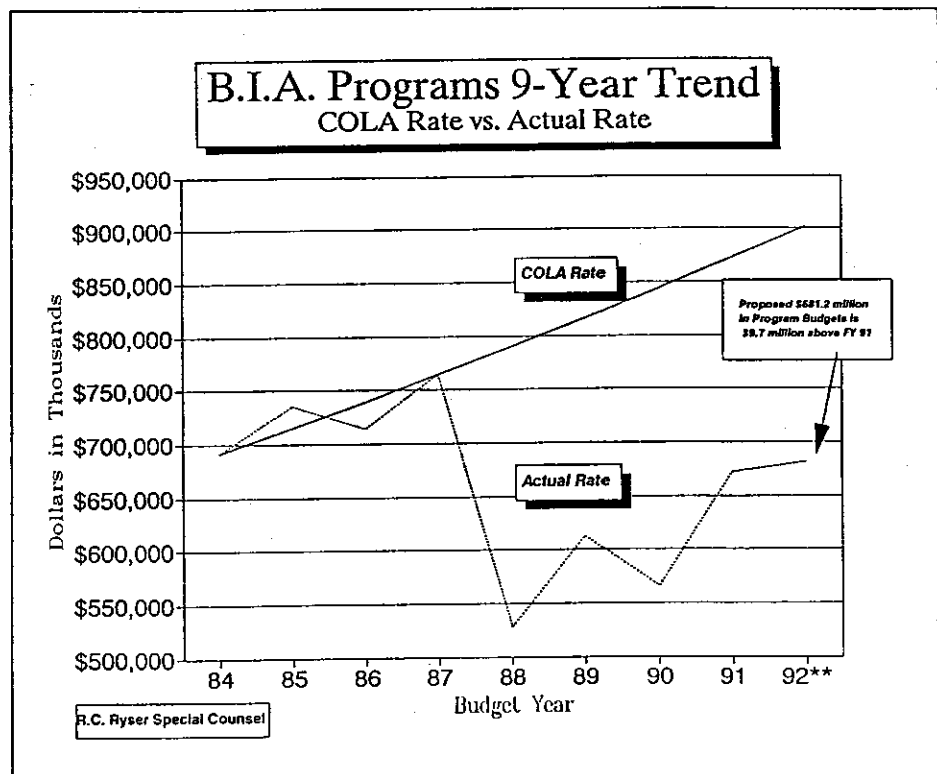
CHART 2



As Chart 2 illustrates, the proposed FY 1992 budget represents a substantial drop from the budget level enacted by the Congress in 1991. The 1991 budget level was largely established as a result of tribal budget add-on requests to the Congress and a \$208 million forward funding appropriation for creating a consolidated Education Program account. The result was the first (correctional) budget increase that surpassed the cost of living rate of budget increase in seven years.

The Administration's budget proposal places the Operations Budget level \$9 million above the COLA - only the second time in nine years. Despite the movement toward correcting short-falls in budgets, the proposed Programs Budgets continue to remain well below the COLA rate even with a \$9.7 million increase above FY 1991 (See Chart 3). Many of these funds directly benefit the reservation level, but fail to reflect the on-the-ground dollar values. The B.I.A. Dollar remains seriously deflated as far as tribal programs are concerned.

CHART 3

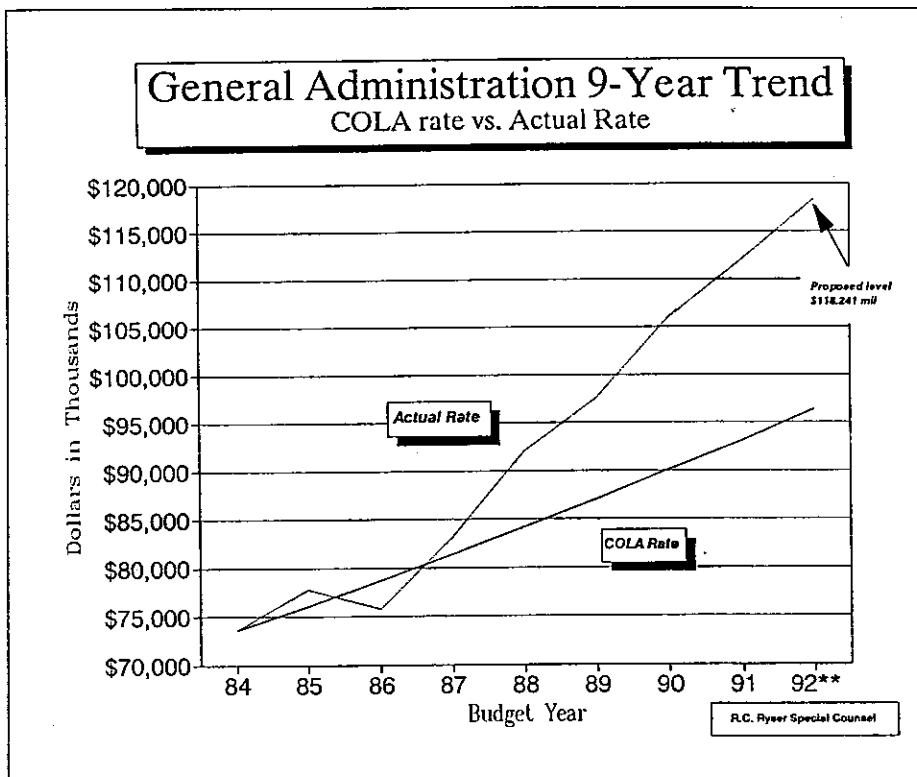


The net increase of about \$9 million reflected in Charts 2 and 3 appears to include increased salaries and personnel costs. Chart 4 reveals the continuation of a trend toward substantial gains in administrative budgets that exceed the COLA. Now, it is clear that some of this growth is due to increased numbers of

CHART 4

personnel even though according to the Indian Self-Determination and Education Assistance Act of 1975, the number of personnel should be declining -

particularly in administration. Still, major portions of the increase have to do with what appears to be a stronger emphasis by BIA officials on shifting functions formerly accessible to tribes through contracts into budget areas defined as "non-contractible." The introduction of a "formula-based" system for making some funds available to tribes while making other funds unavailable, appears to be decreasing the funding levels available to tribes while expanding the Bureau of Indian Affairs.



New Horizons and the Add-Ons/Formula scheme:

The "Tribal Horizons" theme of the Bush FY 1992 BIA Budget is a transparent attempt to hide the "save the Bureau, can the tribes" reality.

Tribally initiated "budget add-ons" to augment Bureau of Indian Affairs budget "short-falls" have become a practical necessity in the last twenty years. In a way, the amount of proposed additions to the B.I.A. budget over the years, demonstrates the declining importance the much vaunted Indian Priority System (IPS) actually has in the budget process. And, the increased levels of "add-ons" shows how the B.I.A. budget process consistently emphasizes "bureaucratic requirements of the U.S. government" instead of the legitimate requirements of Indian tribes. The "Tribal Horizons" theme of the Bush FY 1992 BIA Budget is a transparent attempt to hide the "save the Bureau, can the tribes" reality.

The "add-ons syndrome" is a necessity for tribal governments since the BIA budget rarely reflects actual tribal needs. But, paradoxically, the same syndrome ensures the dominance of the Bureau of Indian Affairs in the lives of Indian people as well. The Federal Administration can consistently claim that it is "attempting to hold down costs and reduce budgets." But, if tribal governments directly press the U.S. Congress for more funds than the Administration does, the B.I.A. becomes a direct beneficiary if such "unexpected funds" create an increased demand for the Bureau of Indian Affairs. The U.S. Civil Service System has a peculiar quirk: When demands for a bureaucrat increase, demands for more personnel and salary increases follow.

The "add-ons syndrome" has also contributed to a new effort on the part of the Bureau of Indian Affairs to use "formulae distributions" as a method for manipulating tribal governments in the name of fairness. Asserting that

"some tribes receive more funds than others," B.I.A. officials spent from \$700,000 to \$1 million on a study to define a "formula approach" to correct this so-called problem. Despite the study conclusion in November 1989 that "no formulae approach could be initiated without inequities," the BIA decided to use formulae anyway. The most important result of the "formula policy" was the effective removal of major portions of the B.I.A. budget from contracting or other transfers to tribal governments.

In 1989, the Bush/Reagan request for the FY 1990 B.I.A. Budget was \$1,101,236,000 and 12,249 full-time equivalent positions. Noting that the requested budget did not include funds for high-priority needs on various reservations, tribal governments went to Congress to request add-ons. When the figures were finally in, the actual B.I.A. budget for FY 1990 turned out to be \$254.484 million (23.1%) more than the original request. The new figure was \$1,355,720 and 11,882 full-time equivalent positions - more revenue, but fewer FTEs.

The pattern continued after the Bush Administration's request for FY 1991 was submitted to Congress. In that request, the Administration asked for \$1,185,178,000 and 11,892 full-time equivalent positions. Again tribal governments returned to Congress to secure funds not included in the Administration's budget proposals. This time add-ons increased the budget by \$92.959 million above the original request.

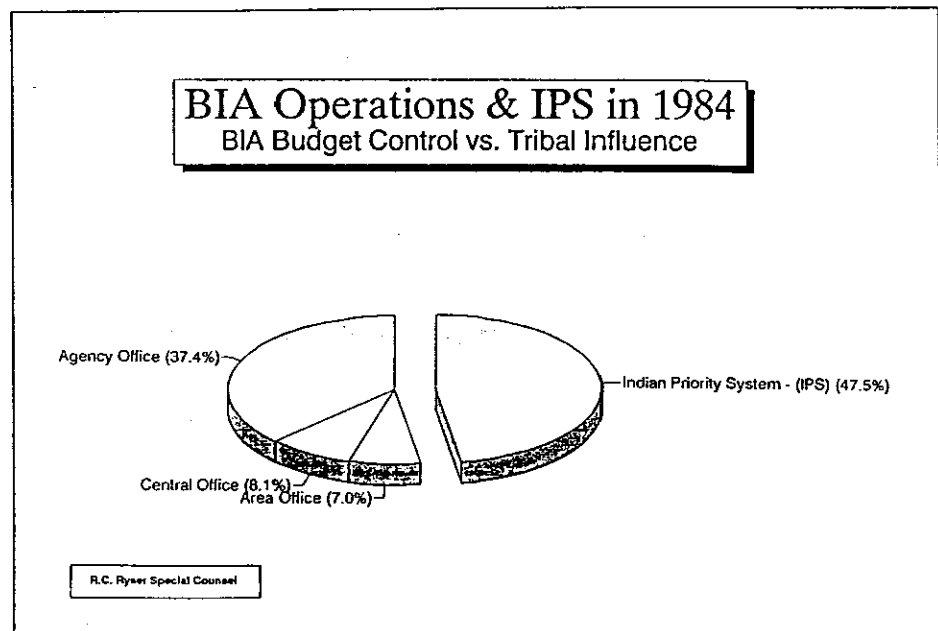
Despite the fact that a growing part of the B.I.A.s operational and construction budgets are currently being established through direct tribal/Congressional add-on discussions, the B.I.A.'s total number of FTEs continues to climb in the areas of administration and program management. The actual number of personnel being employed also climbs. In other words: While the B.I.A. is becoming less of a service delivery agency as a result of contracting, pass-through funding and the like, it is becoming more of an Administrative Super Structure "managing, directing and administering" programs for which tribal authorities are increasingly responsible. Many of these are the same programs tribes are administering.

Because of the B.I.A.'s steady administrative expansion policies, it appears that Congress is paying for program management and administration twice - Indirect Costs at the tribal level and the growing General Administrative Costs in the bureau. This trend has continued for years, and accelerated in the last four years. Through the use of "formula distribution" scams, B.I.A. officials can now distribute proportionately smaller sums to tribal governments while increasing the Administrative Super Structure.

The justification for increased administration is said to be demands from the Indian Priority System (IPS), but in reality it is being justified because of the



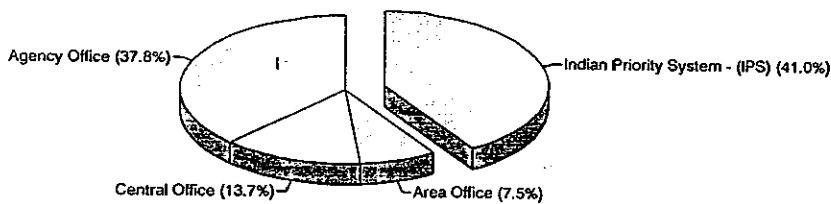
CHART 5



tribal add-ons for which little if any administrative responsibility in the B.I.A. is warranted. Chart 5 and Chart 6 illustrate how the IPS is itself becoming a smaller part of the Program Operations Budget. In 1984, Indian governments technically had the ability to influence how 47.5% of that budget was defined. The Bureau of Indian Affairs retained direct control over 52.5% of Program Operations budgets. By the proposed 1992 budget, however, Indian government influence over budget declined 6.5% leaving only 41% of the new budget

CHART 6

BIA Operations & IPS in 1992**
BIA Budget Control vs. Tribal Influence



R.C. Ryser Special Counsel

over-which tribes might exercise technical influence. The new budget assures the B.I.A. full control over 59% of the budget with no tribal influence. Such a reduction, combined with shifting of budget activities in and out of the IPS contributes to increased tribal dependence on the Congressional add-on.

The simple tactical result from the "add-on/formula" scheme is that the Bureau of Indian Affairs (and thus the Administration) is held harmless from asking for more revenues (the budget increase dodge), the Congress gets criticized for budget increases. The Bureau of Indian Affairs removes itself from

the complicated responsibility for fairly evaluating tribal requests for grants and contracts (the political dodge) while protecting the bureaucracy from being reduced instead of transferring functions, services and revenues to tribes as required under Congressional legislation (the bureaucratic dodge). While tribes have less confidence in the Indian Priority System (IPS) because of its inadequacies, and go directly to the Congress for add-ons, the Bureau of Indian Affairs (and thus the Administration) takes credit for helping Indian tribes. The American Presidential Campaign began in January 1991.

While the B.I.A. is becoming less of a service delivery agency as a result of contracting, pass-through funding and the like, it is becoming more of an Administrative Super Structure "managing, directing and administering" programs for which tribal authorities are increasingly responsible. Many of these are the same programs tribes are

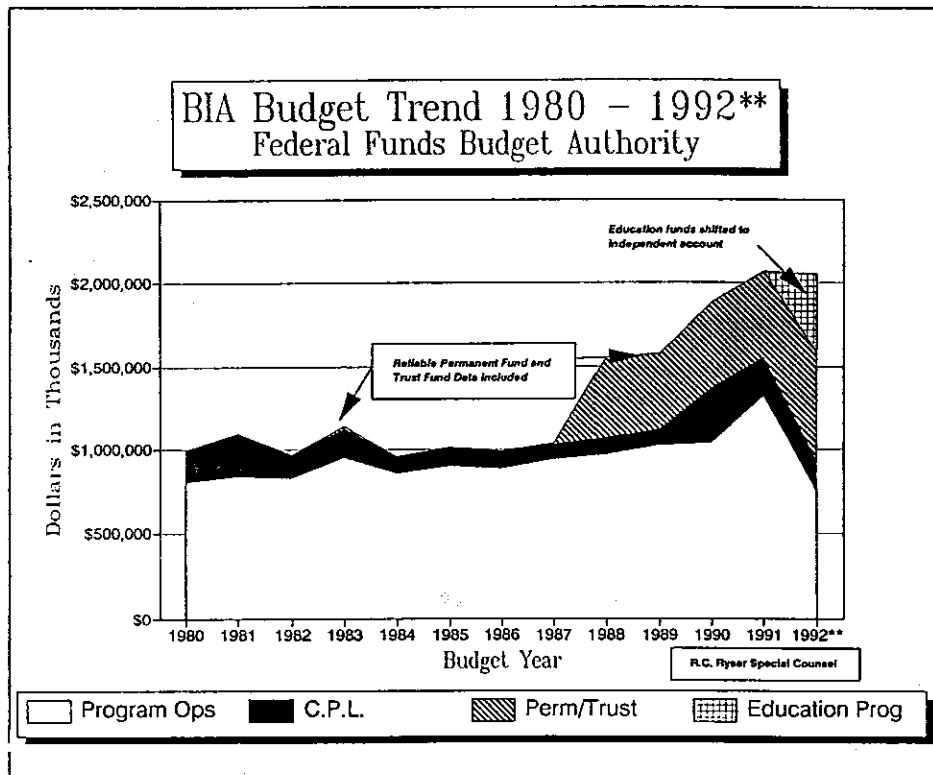
B.I.A. Budget Request Reduces FY 91 by \$158.7 Million



The Bush Administration sent the Congress an overall Bureau of Indian Affairs Budget proposal totaling \$1.932 billion (\$1,932,397,000). Chart 7 illustrates how this proposed amount is just \$67.716 million less than the Congressionally enacted budget for FY 1991. This year's budget innovation was to separate all Education Programs and related support budgets from the Operation of Indian Programs budget, and place them in an independent budget. While this move provided Education Programs with a slightly larger budget, the overall effect on the Program Operations budget was a net decline. One thing that this move did reveal was the total proportion Education Programs represented in the Program Operations budget - about 35.8% - and in the Construction Budget - about 38.9%.

CHART 7

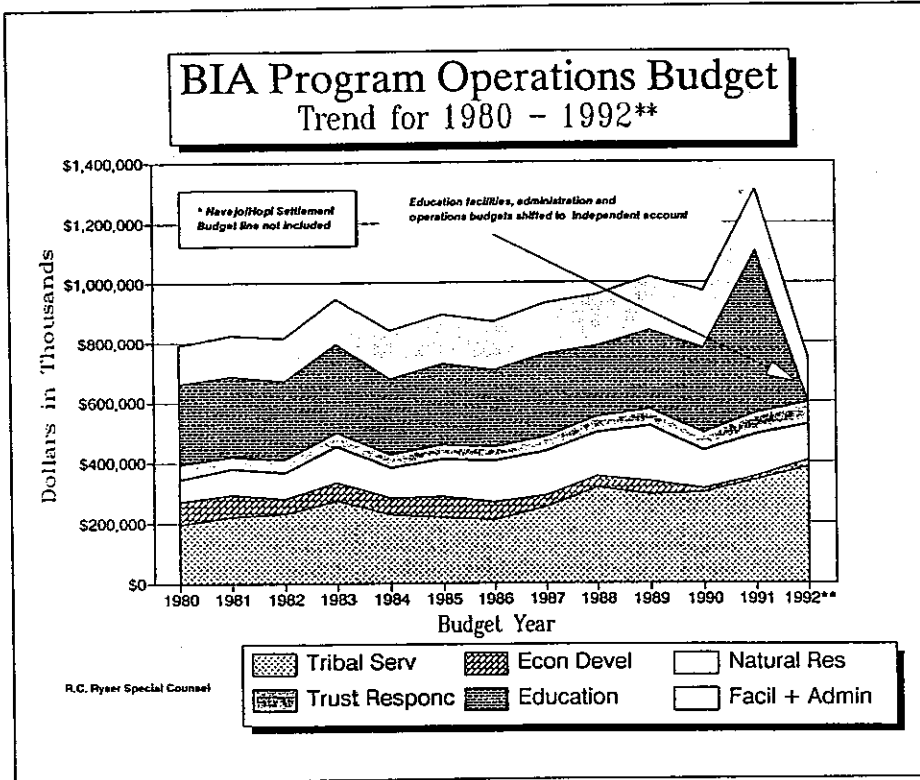
In addition to this major budgetary shift, the Indian Loan Guarantee and Insurance Fund was divided into two separate accounts: Indian Direct Loan Program Account and the Indian Guaranteed Loan Program Account. The total for these programs is proposed at \$3,094 million and \$8.022 million respectively. Eleven million dollars was added to the budget in the form of an Indian Loan Guarantee and Insurance Fund Liquidating Account, while \$12 million was deducted from the twelve million dollar p73 Revolving Fund for Loans. Many Indian nations will receive some portion of the \$35 million budgeted for such payments. And, costs for Treaty payments, maintenance and operation of some irrigation systems (Miscellaneous Permanent) is projected to increase by \$9.707 million in 1992.



For purposes of this review, we have separated the Bureau of Indian Affairs budgets into four groups: Program Operations Budget, Education Program Budget, Construction, Payments, & Loans Budgets, and the Permanent and

CHART 8

Trust Funds Budget. While we will review all the budgets, our primary emphasis will be on the Program Operations Budget and the Education Program Budget. These two budgets most directly affect most tribes.



Program Operations Budget Smaller

The Operations of Indian Programs budget remains the anchor for all Bureau of Indian Affairs activities. This venerable budget rose to its highest level in history (\$1.320 billion) in fiscal year 1991. In that year, a special "forward funding appropriation" of \$208.9 million was added to the budget to facilitate the shift of Education Programs to an independent budget and a new budget year. An additional \$92.959 million of the "big budget" was mainly due to add-on requests from tribal governments directly to the Congress. In the proposed 1992 budget (See Chart 8), Program Operations (without Education activities) is proposed at a level of \$750.657 million with 5,222 FTEs.

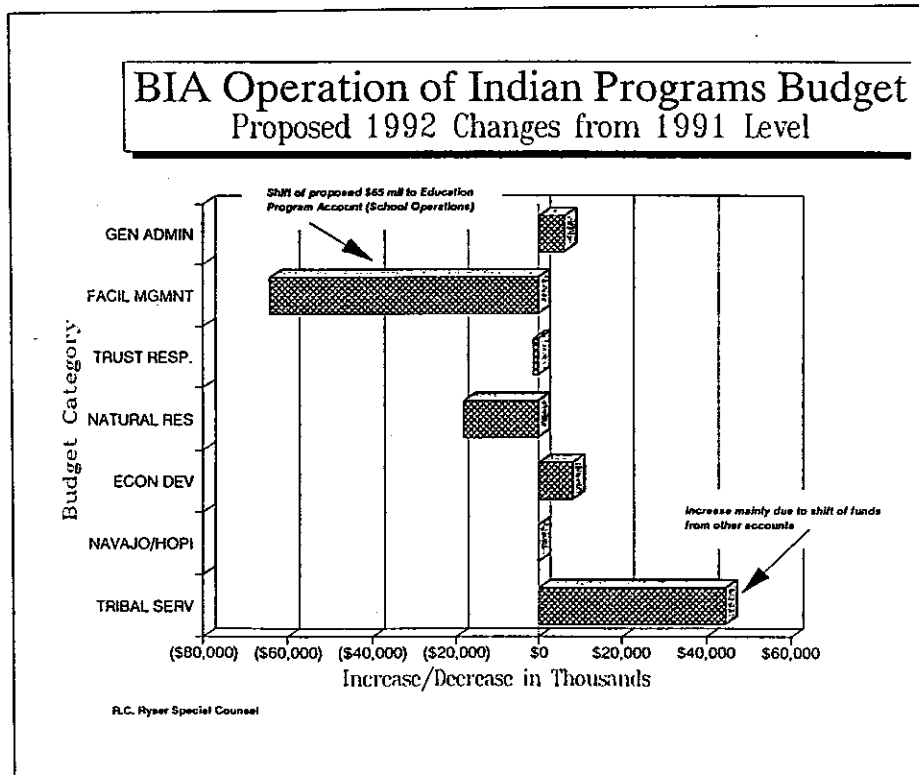
Apparent increases in sub-activities are most notable in General Administration, Economic Development and Tribal Services (See Chart 9). All of these increases appear to result from internal budget shifts.

TRIBAL SERVICES: A STRONGER EMPHASIS ON SELF-DETERMINATION

Tribal Services is an important source of support, assistance and revenues for many tribal governments. It is a budget activity that has often increased and decreased with the political winds. As Chart 10 illustrates, Tribal Services fluctuates and

CHART 9

a new budget year. An additional \$92.959 million of the "big budget" was mainly due to add-on requests from tribal governments directly to the Congress. In the proposed 1992 budget (See Chart 8), Program Operations (without Education activities) is proposed at a level of \$750.657 million with 5,222 FTEs.



shifts as tribal and U.S. government initiatives change. For the second time in two years, the overall Tribal Services budget is proposed to increase. While Tribal Government Services will remain about the same, Law Enforcement is expected to increase while Self-Determination Services will take a jump. Chart 11 illustrates where proposed changes will occur.

CHART 10

Tribal Services includes a \$10.550 million increase for Indian Child Welfare Act (ICWA) - a substantial increase over the \$9.450 million level for FY 1991. But, while this increase is being done, \$12.483 million is cut from Welfare Assistance Grants. This transaction results in part in a substantial drop in the Social Services budget. Law Enforcement in the Area and Central Offices receives a \$1.669 increase while the much vaunted Substance Abuse program received a \$9 thousand reduction. Indian Self-Determination Grants, long held at a \$3 million to \$4 million level is proposed to increase by \$9 million to a level of \$13.404 million. This increase combined with an increase of \$4.3 million for 638 Contract Support (raising this activity to \$53.1 million) appears to contribute to increases in this activity (See Chart 11)

The most notable increase in the Tribal Services Budget is in Tribe/Agency Operations. Between a shift into this budget of \$15.456 million from other budgets in response to new Self-Governance Compacts between the United States and several Indian governments, a proposed increase of \$13.214 million in Law Enforcement, and a \$9 million increase in Self-Determination grants, virtually all of the increase in Tribal Services is explained.

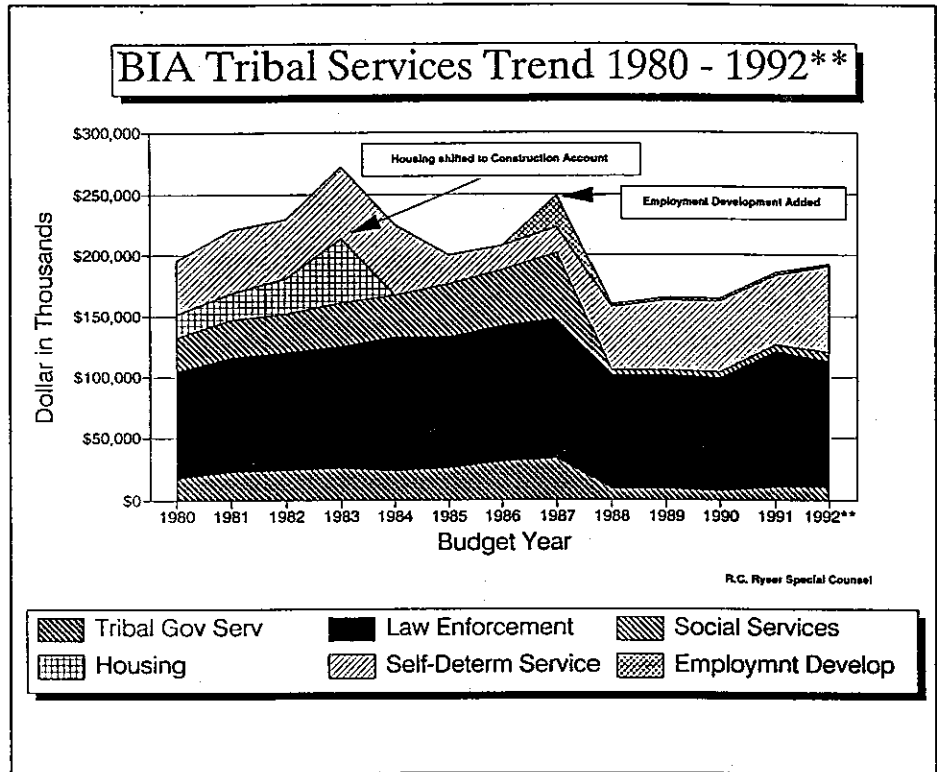


CHART 11

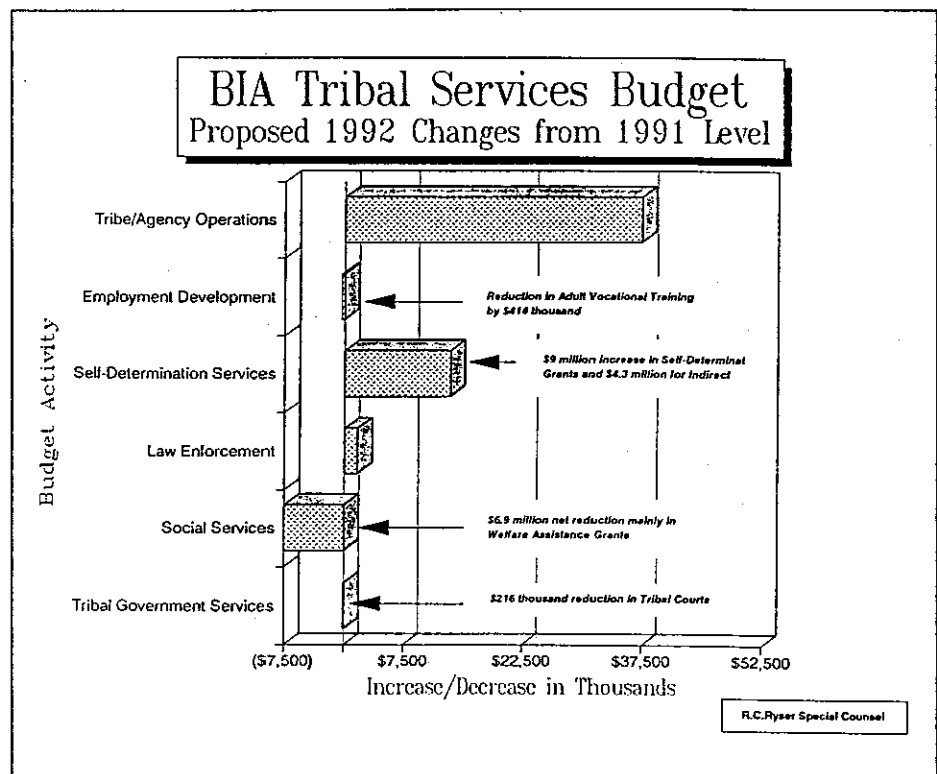
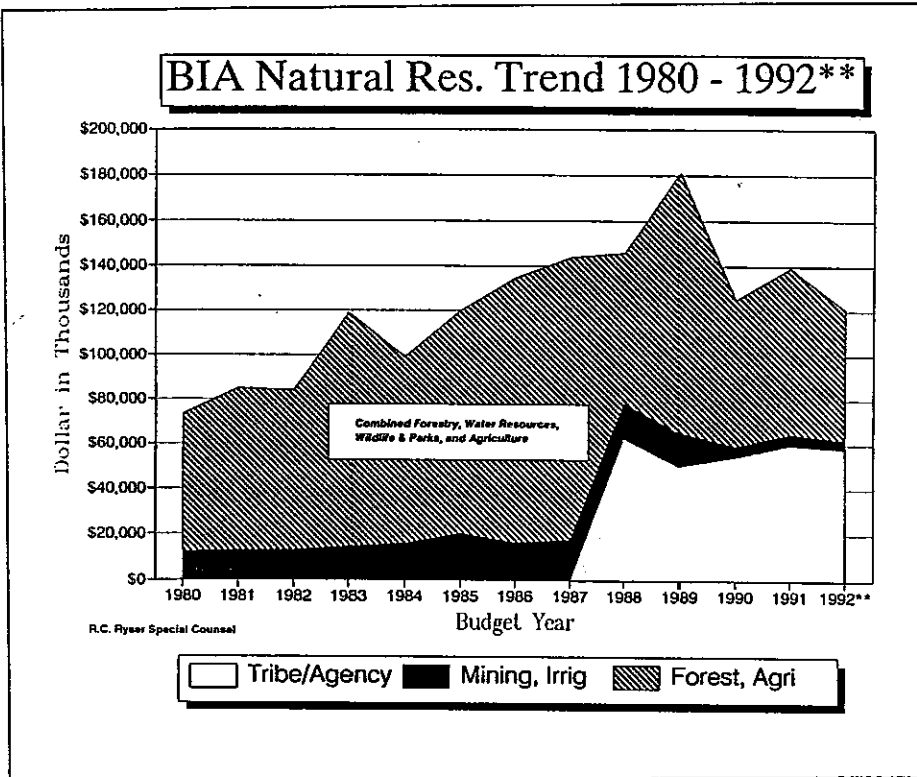


CHART 12

NATURAL RESOURCES



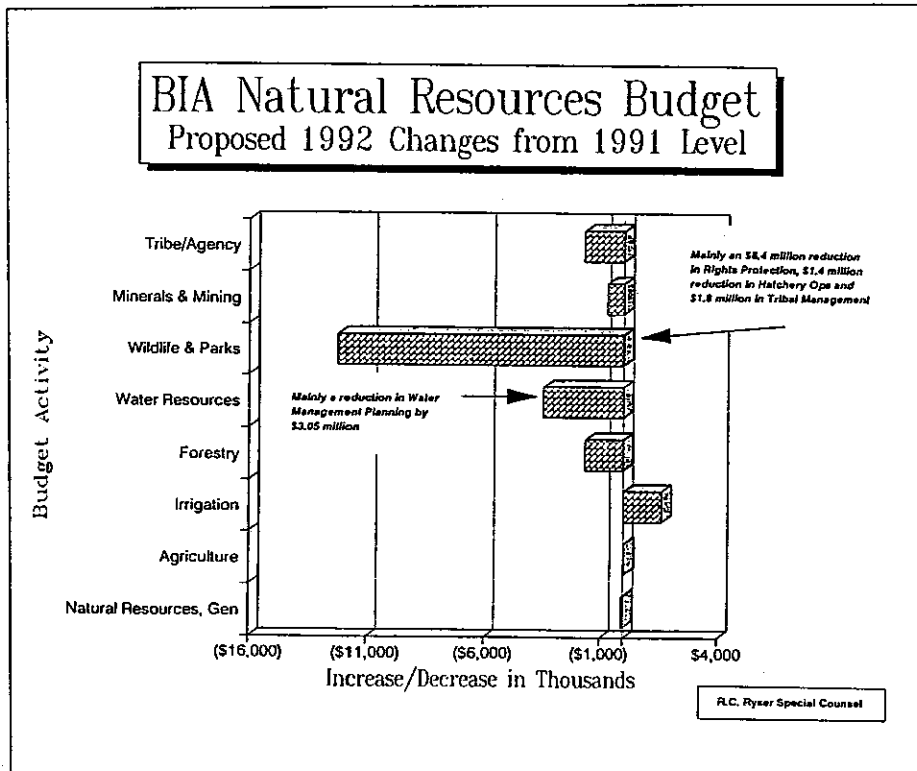
This budget activity supports administration, services, and contracts in Agriculture, Forestry, Water Resources, Wildlife and Parks, Minerals and Mining and Tribe/Agency Operations. While the Bush Administration proposes a reduction in the Natural Resources budget, driven by increasing technical requirements on reservations, the trend for this budget continues to be upward (See Chart 12). This budget has been particularly affected by annual cuts by the administration and "add-on restorations" by tribal appeals to the Congress.

The Bush Administration's proposed budget contemplates an overall \$18.113 million reduction from the \$124.014 million level of the Natural Resources budget in 1991. In all but the

CHART 13

Irrigation budget activity, reductions in budget are being proposed. Major reductions are being proposed in the Wildlife and Parks budget (See Chart 13). Of the proposed \$12.218 million reductions, \$8.4 million is expected in

Rights Protection, \$1.4 million in Hatchery Operations and \$1.8 million in Tribal Management. A portion of this reduction is due to a shift of funds to Tribe/Agency in the Tribal Services budget in connection with the Self-Governance Compacts between Indian governments and the United States. Water Management Planning is slated for a reduction of \$3.05 million.

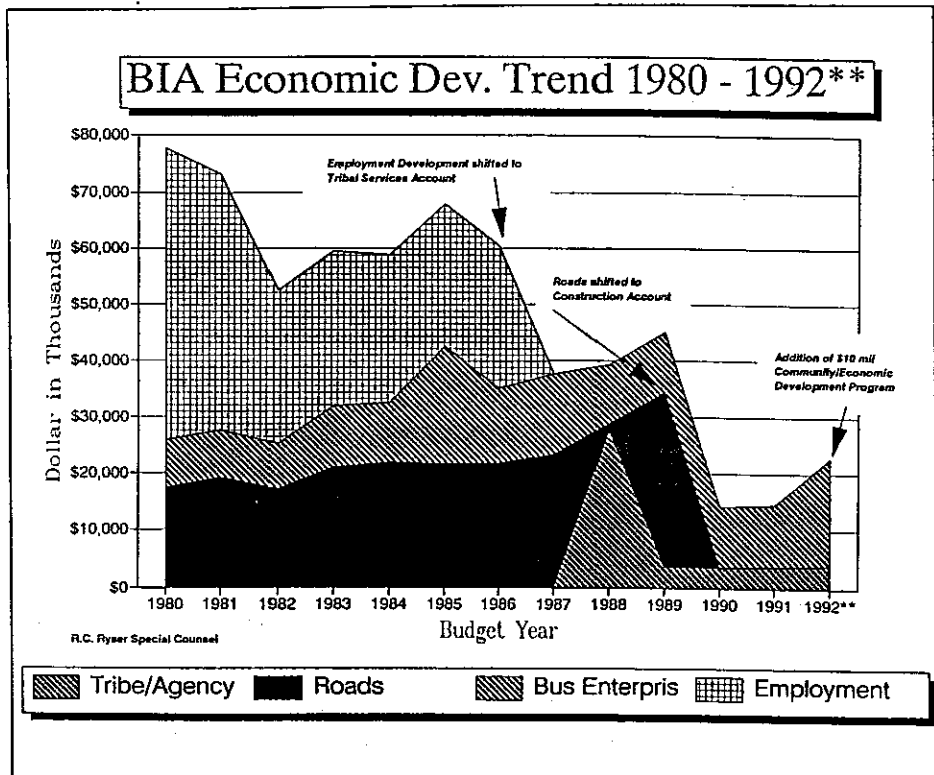


**ECONOMIC DEVELOPMENT:
A SUBSTITUTE FOR A "\$60
MILLION ANA"**

Once a major part of the Program Operations budget, the Economic Development Budget has become a tiny part of the Bureau of Indian Affairs. In recent

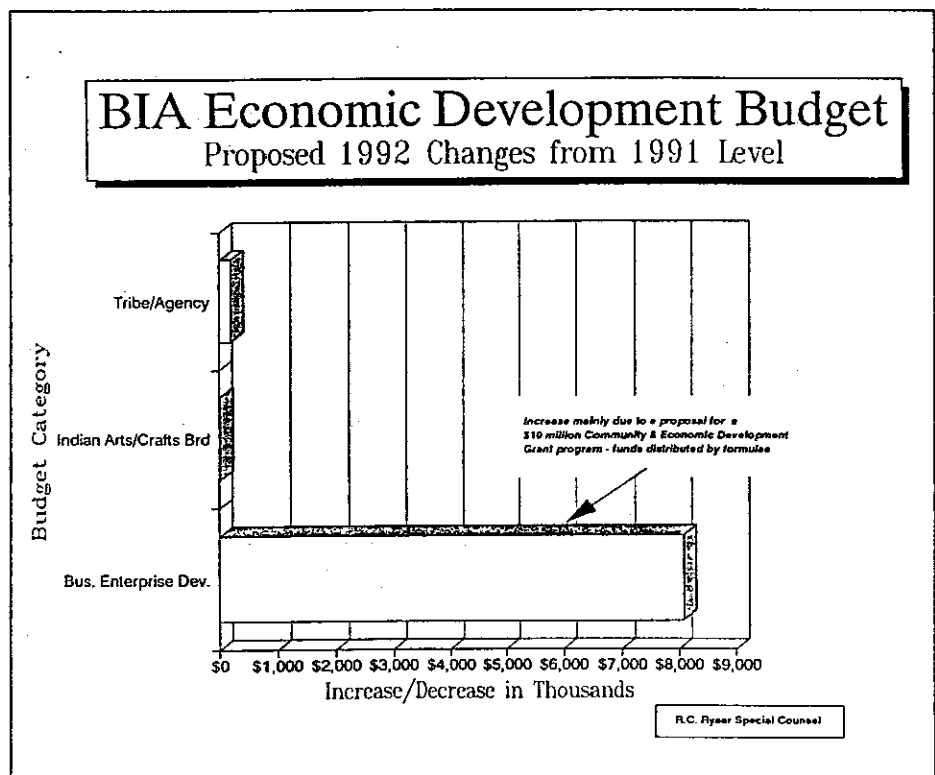
years this budget emphasized "business development" with varying degrees of success. From an historic high of \$20.924 million in 1985 to a low of \$9.928 million in 1991 the Business Enterprise Development program threatened to disappear. Indeed, the economic emphasis of the Bureau of Indian Affairs began to look more and more like an after thought. (See Chart 14) Employment Development, once a major effort (\$56 million in 1979) of earlier Administrations, was shifted in the middle of the Reagan Administration to Tribal Services and now commands little more than \$2.5 million each year. Roads Development was shifted out of the budget into the Construction Account in 1989.

CHART 14



The Bush Administration proposes a \$10 million Community and Economic Development grant program as a part of the Business Enterprise Development budget activity (See Chart 15). Considered by some to be a substitute for the much maligned (by Republican administrations), and often praised (by tribal governments) Administration for Native Americans (ANA) program, the new grant program uses a formula for distribution of funds. Though the grant program promises much, it is likely to disappoint and frustrate many. For one thing, the program is grossly underfunded to meet the needs of many tribes. The program is also likely to be too restrictive to allow for the highly versatile demands on reservations. The virtue of similar programs (like the Community Development Program of President Johnson's "Great Society" days) was flexibility built in from the start. Some doubt that the B.I.A. will be able to ensure the high degree of flexibility to ensure this program's success.

CHART 15

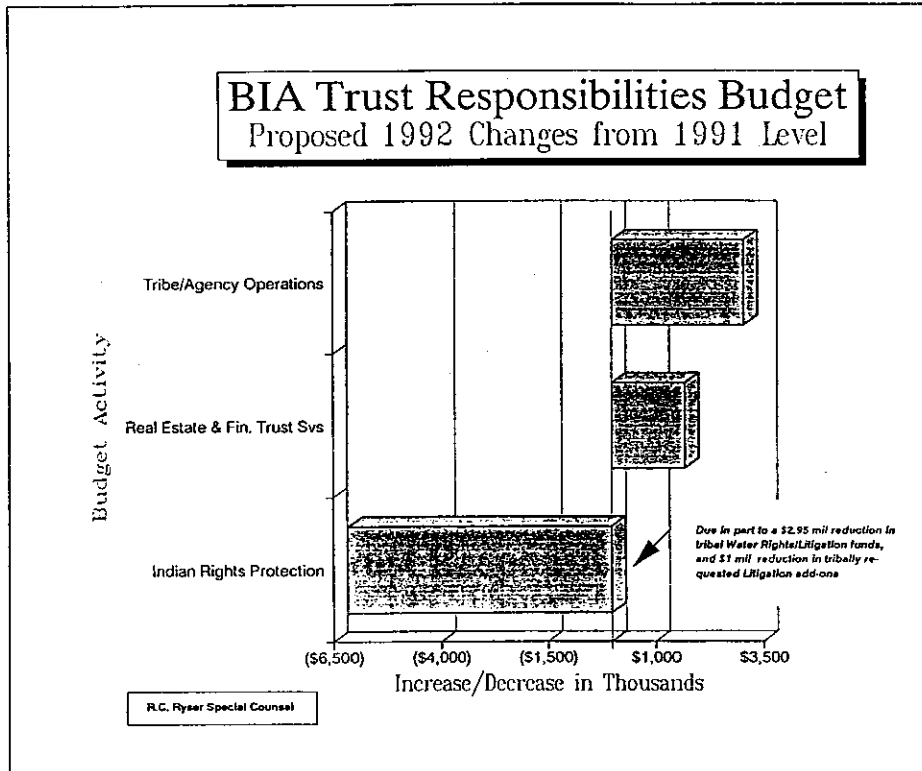


TRUST RESPONSIBILITIES: PROPERTY ADMINISTRATION UP, RIGHTS PROTECTION DOWN

CHART 16

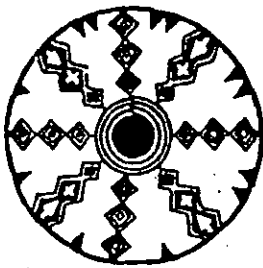
Trust Responsibilities activities in the Bureau of Indian Affairs have historically been defined in connection with real estate management, natural resource management and trust fund management. On all three grounds, the Bureau of Indian Affairs has been found wanting. Lacking maps for every Indian reservation, lacking the capacity to maintain land transaction records and lacking the ability to maintain accurate records of trust funds the Bureau of Indian Affairs has often been cited for failing what it considers to be its major mission. Evidence of its failures contributed to widely publicized law suits and audits of the BIA. In response to a crushing condemnation of its mismanagement of Trust Funds, the BIA set up an office with the job of taking care of these tribal funds. Now some small steps are being made in the direction of improving some real estate capabilities. Unfortunately, these efforts are being matched by a reduction in

efforts to protect the very rights the Trust Responsibilities operation is set up to manage. (See Chart 16)



efforts to protect the very rights the Trust Responsibilities operation is set up to manage. (See Chart 16)

The modest \$13.603 million budget for Real Estate Services is proposed to increase by \$1.083 million - mostly in Land Records Improvement and Land Titles & Records Offices. Financial Trust Services located in the Central Office primarily, but with field offices, will also see an overall proposed increase. Now operating at a (1991) level of \$11.761 million, the Bush Administration proposes to increase this amount by \$554 thousand mainly in the Central Office for continuing development of the Trust Management Office.



GENERAL ADMINISTRATION: HIGHER SALARIES, MORE FTEs

Executive Direction, Administrative Services, Program Management and Automated Data Processing are the main elements of the General Administration Budget - the fastest growing budget in the Bureau of Indian Affairs.

One of the purposes of the "Self-Determination Act" was to transfer by contract BIA services, functions and funds to tribes p73 - thus increasing tribal control over the destiny of Indian people and reducing the "bloated bureaucracy" of the BIA. A measure of how successfully this has been achieved is the

comparative size of central administration to the rest of the Bureau of Indian Affairs. In other words, if the BIA is being reduced, and tribes are assuming greater control over their destiny, General Administration ought to consume a smaller part of the overall budget.

CHART 17

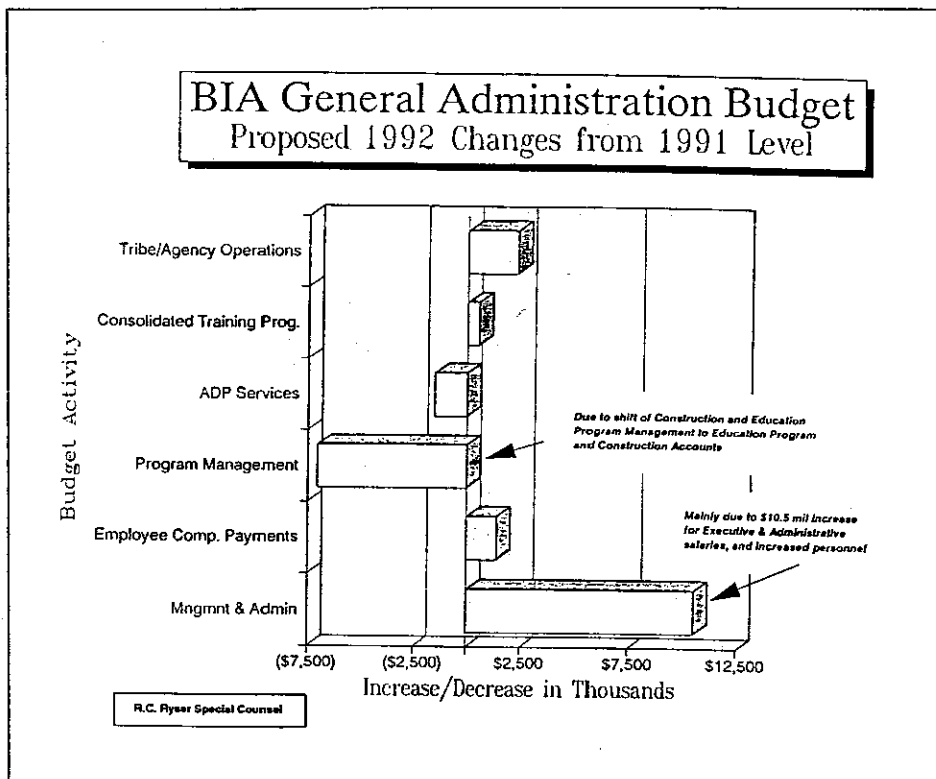
The test might go something like this:

In 1975, the year the Self-Determination and Education Assistance Act was made law, the Bureau of Indian Affairs' General Administration budget consumed 1.55% of that year's \$738 million budget. The staff of the BIA numbered more than 18,000 including temporary personnel and both tribal and Congressional leaders loudly condemned BIA paternalism. If tribes contract twenty-five percent of the Bureau of Indian Affairs budget, then it is theoretically possible that the BIA would be one-eighth smaller. Since tribal governments would take functions, services, administration and funds, the BIA should be smaller and one might think the General

Administration budget would reflect this reduction. Seventeen years after enactment of the Self-determination legislation the Bush Administration proposes a 1992 budget where General Administration will consume 7.7% of the budget overall. As a proportion of the budget, this new figure is nearly five times greater than it was in 1975.

If Indian governments now contract about \$170 million, and this represents 11% or one-eighth of the proposed 1992 budget, then General Administration ought to be proportionately smaller. Such a proportional decrease is not happening. For the sake of Congressional intent and the increased chance of achieving tribal self-determination, Congress should at minimum require the Bureau of Indian Affairs and the Bush Administration to demonstrate in particular terms how the "bloated bureaucracy" is getting smaller while tribal governing capabilities are getting better. No such test has been required, and the result has been a growing Bureau of Indian Affairs.

At \$118.241 million, the General Administration budget is the largest in history; in addition to representing the largest proportion of the overall budget in history (7.7%). Virtually all of the \$13.254 million (11.8% above the \$112.006 million) increase is justified either as a measure to meet new salary and compensation requirements, or as a response to the Indian Priority System. Virtually the same justifications were used in 1990 and 1991 to explain the substantial increases in General Administration budget activities. In the two previous budget years (1990 and 1991), General Administration budgets rose on the average of \$7.3 million each year. In Chart 17, it is clear that the vast part of increases in the General Administration budget occur in Management and



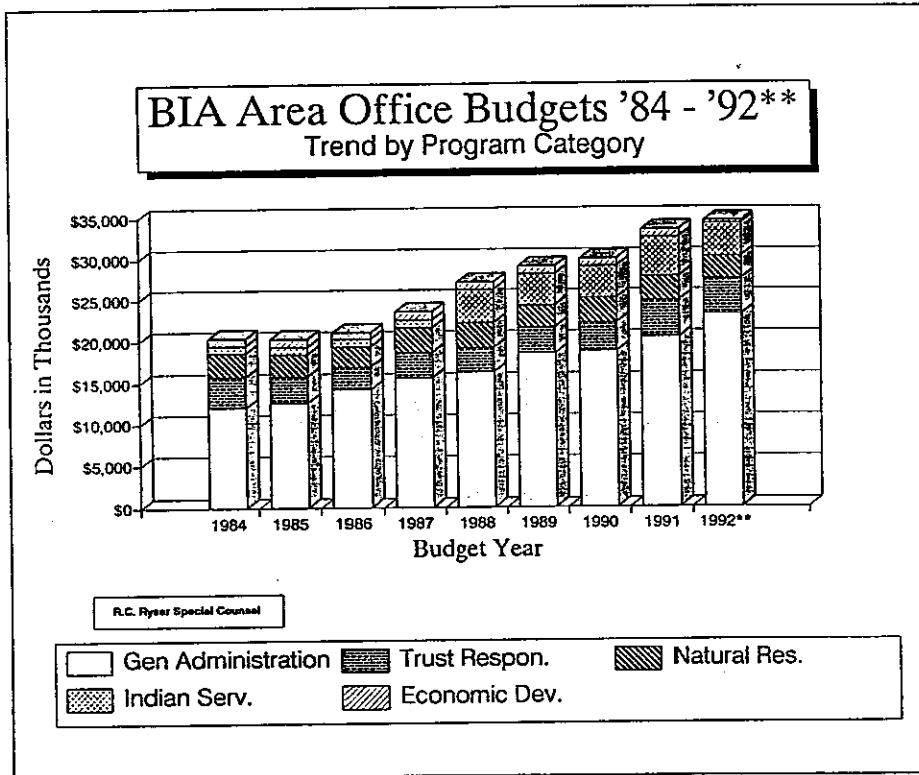
Seventeen years after enactment of the Self-determination legislation the Bush Administration proposes a 1992 budget where General Administration will consume 7.7% of the budget overall.

CHART 18

Administration. While Program Management appears to decline, a shift of personnel costs from this budget to the newly established Education Program Accounts is what is actually happening.

AREA OFFICES RECLAIM LOST GROUND IN THE BUDGET

Over the past several years, we saw a substantial growth in the BIA's administrative and program personnel in the Central Office (with locations in Washington, D.C. and Albuquerque, NM). Though the Central Office budget does remain excessively high, the Area Offices appear to now demand greater budgetary emphasis (See Chart 18). At a proposed 1992 level of \$34.564 million and administration in excess of 68% of that total, the BIA's twelve Area Offices will have achieved an annual average growth rate of 9% for each of the previous eight years. Virtually all of that growth has occurred in General Admini-



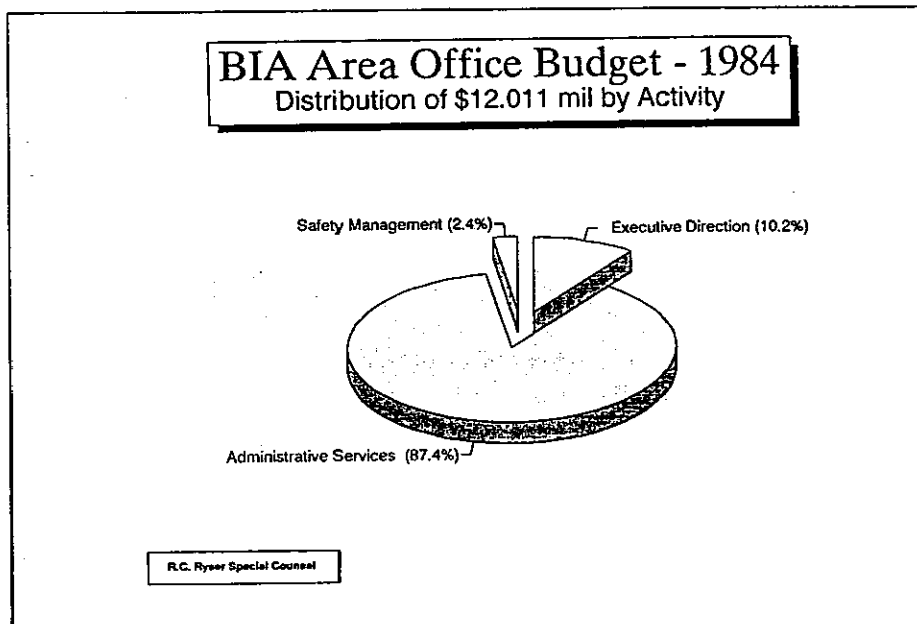
stration.

CHART 18.1

As Chart 18.1 and Chart 18.2 illustrate, the 69% growth in Area Office Budgets during the eight years since 1984, has mainly been in Executive Direction and Administrative Services. The 192% growth in Area Office

General Administration resulted in Executive Administration consuming in the 1992 proposed budget fully 12% of the Area Office General Administration budget - up from a 1984 level of 10.2%. This increase occurred despite the relatively small increase in Administrative Services (from 87.4% of the Area Office General Administration budget to 87.5%).

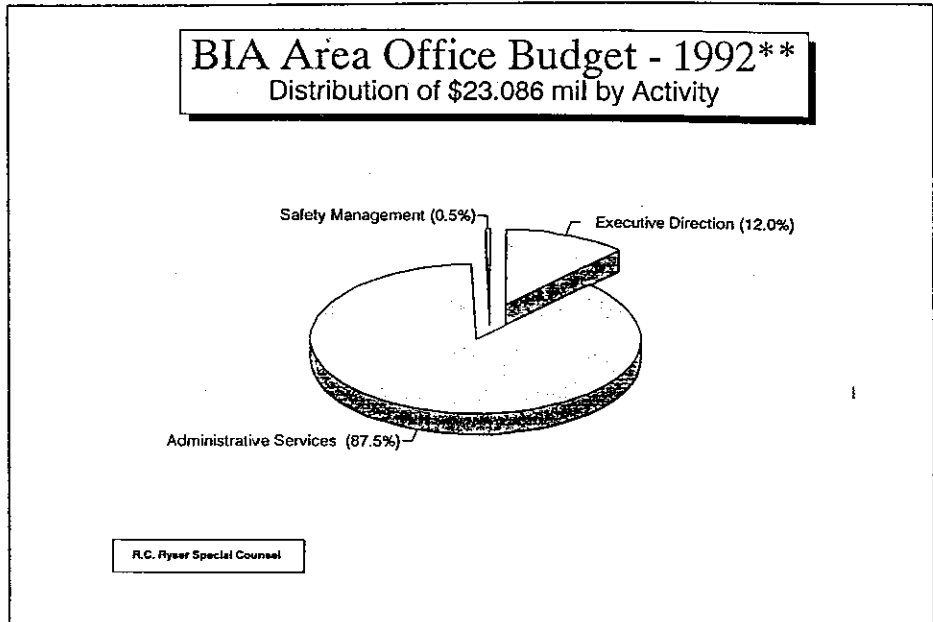
Area Offices have been notorious for their turf-wars with Agencies and the Central Office. Despite the frequent argument that Area Offices represent an unnecessary level of bureaucracy, the system created in the 1950's



continues to grow and command a major part of the cost of Bureau of Indian Affairs Operations. Claiming the role of "regional coordination," Area Offices now insist on a greater role in Indian Affairs. Not only has this role become increasingly costly, but it remains an expensive bureaucratic step in the Bureau of Indian Affairs that continues to resist streamlining.

CHART 18.2

The Central Office budget would have continued its growth after 1990, had BIA Officials not decided to shift some positions for Program management (Construction and Education) into other accounts. The illusion of a reduced budget is sustained only if one ignores the lateral and horizontal shift of budgets from one account to another. Due to these shifts and a slight decline in the cost of developing and operating the Automated Data Processing system, the Central Office Budget appears to decline from its 1991 level to a new 1992 proposed level (See Chart 19).



In terms of the overall budget, the reductions in the Central Office are indeed an illusion. Program Management for Road Construction, Construction and Education commanded 37.4% (\$5.519 million of a \$14.758 million budget) of the Central Office Budget in 1984 (See Chart 19.1) By 1992's proposed budget, these budget elements were either not in the Central Area budget or the remaining elements control 2.2% (\$8.800 million) of the newly proposed \$40.003 million budget level.

CHART 19

The Central Office has become a much larger operation dedicated to Executive Direction, Administrative Services and Automated Data Processing in 1992. These elements combined in 1984 to represent 61% of the budget. In the proposed 1992 budget these elements will represent 97% of the Central Office budget (See Chart 19.2).

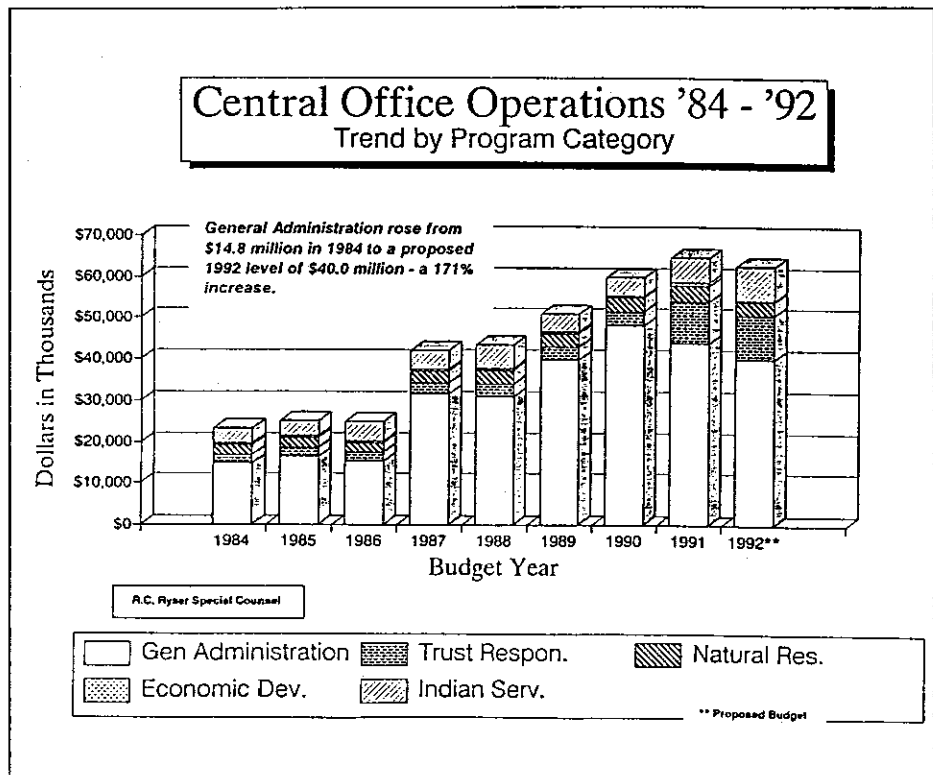




CHART 19.1

Central Office Administration Changes:

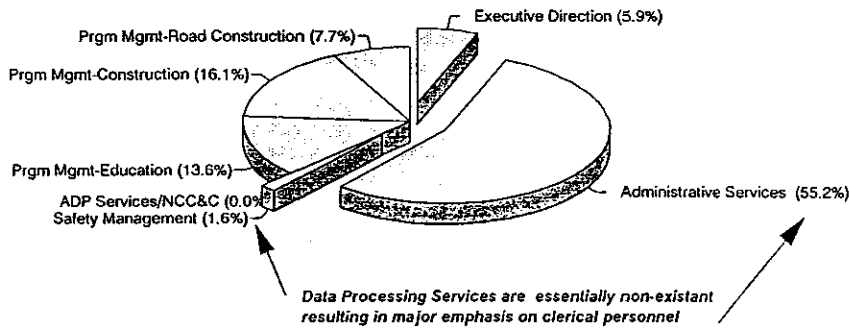
	1984	1992
Executive Direction	\$ 0.870	\$ 5.440
Administrative Services	\$ 8.146	\$14.561
Automated Data Processing	\$ 0.000	\$18.841
TOTAL:	\$ 9.016	\$38.842

Though Automated Data Processing now consumes 47% of the Central

Office budget while Executive Direction and Administrative Services consume a proposed 50% of this budget, the new trend appears to be growth in administrative personnel again. The cost of Automated Data Processing ought to decline for a number of years and then level off.

As Chart 19.3 illustrates, the amount spent on personnel seemed in decline between 1984 and 1989 when the new Automated Data Processing system was being developed. In 1989, costs for Administrative Services took a jump, then dipped in 1991 and are now proposed to continue a growth path. Personnel in Executive Direction have

BIA Central Office Budget - 1984
Distribution of \$14.758 mil by Activity

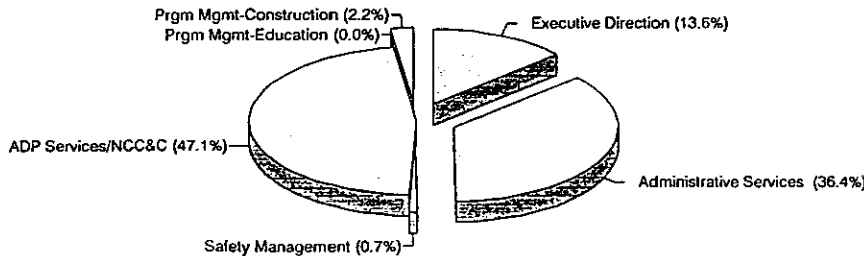


R.C. Ryser Special Counsel

CHART 19.2

also begun to grow (in part due to the establishment of the Trust Administration Office and a Office to deal with Self-Governance Compacts) If personal cost trends continue, one might expect to see a considerable jump in the next few years.

BIA Central Office Budget 1992**
Distribution of \$40.003 mil by Activity



R.C. Ryser Special Counsel

** Proposed Budget

ANNUAL APPROPRIATIONS
BUDGET DISTRIBUTION

In past years, we noted that the Indian Priority System (I.P.S.) is supposed to be the major avenue through which tribal governments affect the budget and, therefore, the policies of the Bureau of Indian Affairs. At other places in this Review we discuss the decline of the Indian Priority System, increased tribal add-on requests to the Congress and greater B.I.A. control over tribal affairs. A distribution of budget items contained in the

Operation of Indian Programs budget will tell us more than at any time in the last ten years, just what B.I.A. employees have in store for Indian tribes. To ensure consistency, we have included in this part of our analysis, references to the Education budget, even though this element is technically removed from the Program Operations budget beginning this year.

Over the last eight years, the "programs part" of the Program Operations budget tended to remain fairly stable until 1988 when more tribal governments began to seek add-on funds through the Congress. Virtually every year, B.I.A. officials would request a smaller budget than was actually needed. This practice became more insistent in the late 1980s and tribal governments countered with an equally insistent demand for add-ons or fund restorations in budgets where B.I.A. officials had made targeted cuts on tribally requested funds. In the Bush Administration's proposed 1992 budget, we see a renewed effort at cutting tribally requested funds.

In Chart 20 we show how program funds in six budget areas have evolved from 1984 onward. These budget areas tend to have the greatest impact on Reservations either through services delivered or tribal contracts. Despite public claims by the Assistant Secretary for Indian Affairs to the contrary, the funds available in those budget areas of most importance to tribes will be substantially reduced in the proposed 1992 budget. We estimate that about \$90 million in tribally requested funds are being cut from the 1991 budget level. We, therefore, predict that the overall budget for the Bureau of Indian Affairs will take another substantial jump in FY 1993 as a result of tribal requests to restore lost funding and new

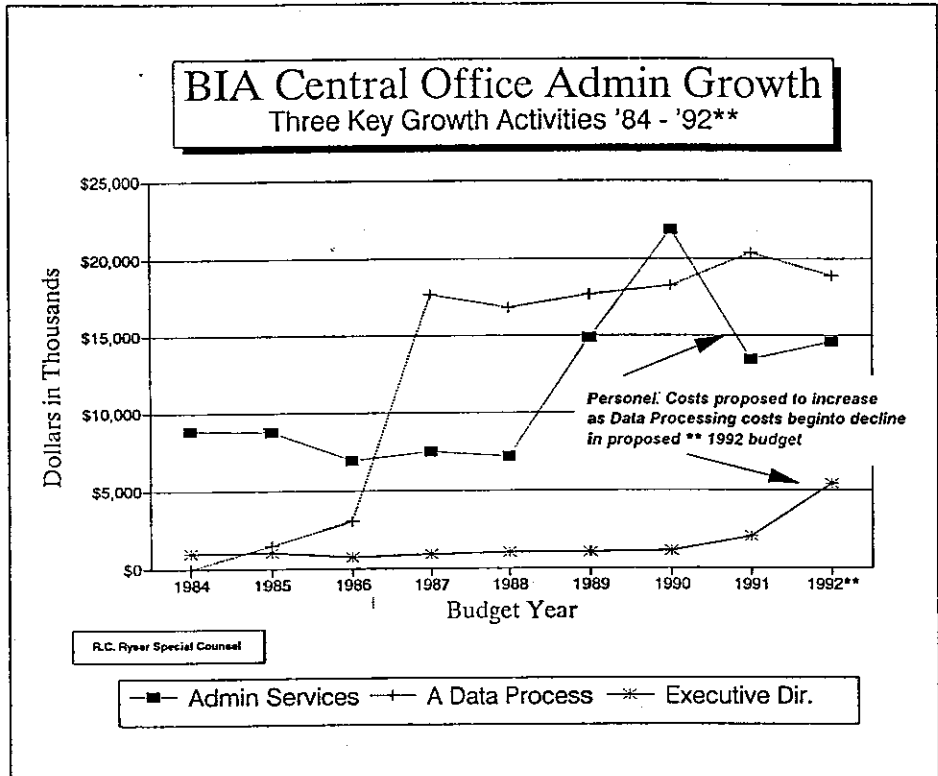


CHART 19.3

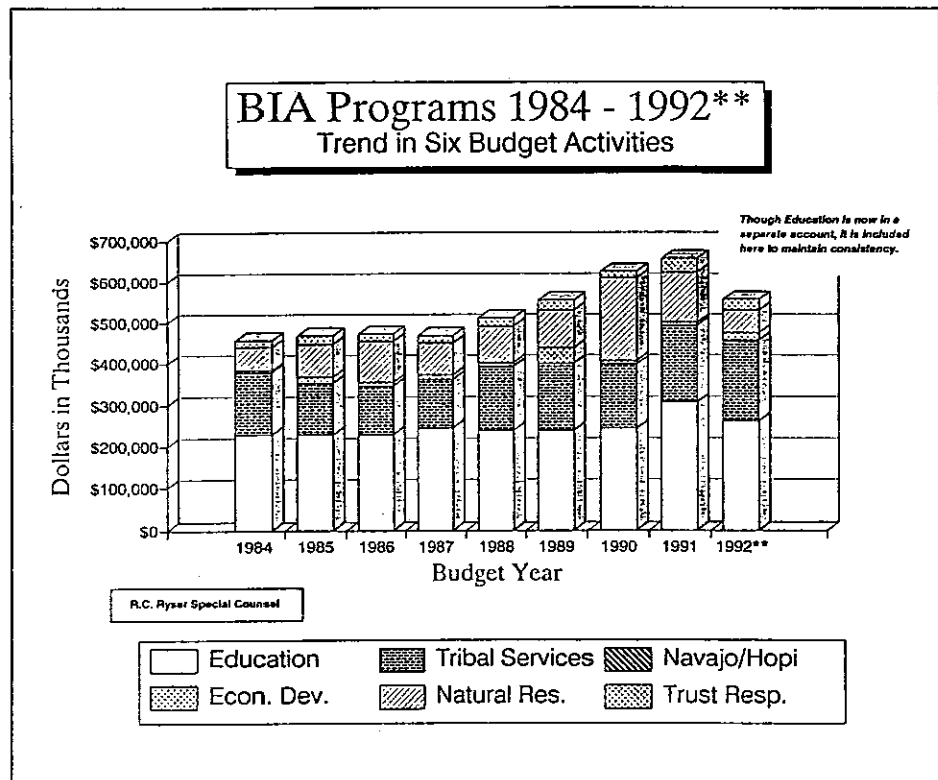
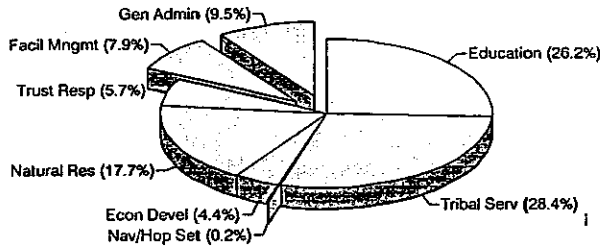


CHART 20

CHART 21

requests resulting from a failure of the Indian Priority System. The B.I.A. will have grown even larger again, despite the Congressionally mandated requirements for making it smaller as tribal government increase their capacity.

Annual Program Operations FY '89
Distribution of \$1.026 billion by Obj.



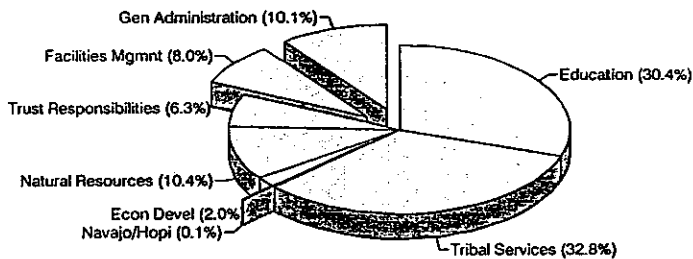
R.C. Ryser Special Counsel

Between the Congressionally enacted 1989 budget and the Administration's proposed 1992 budget, one discerns an important difference in priorities between tribal governments and B.I.A. officials. Chart 21 illustrates the distribution of \$1.026 billion between major budget activities in 1989. These figures are influence by the I.P.S., the B.I.A.'s original budget request and tribally requested budget restorations or add-ons. Chart 22 illustrates distribution of \$1.169 billion between the same budget activities in 1992. This

CHART 22

latter distribution reflects the affects of budget cuts, I.P.S. and B.I.A. proposals for Program Operations. Natural Resources claimed 17.7%, Tribal Services claimed 28.4% and Education had 26.2% of the 1989 total. By 1992,

Annual Program Operations FY '92
Distribution of \$1.169 billion by Obj.



R.C. Ryser Special Counsel

Natural resources drops to 10.4% of the proposed budget while education jumps 4.2% and Tribal Services makes a similar jump. Some of the Tribal Services increase is directly due to shifting funds from Natural Resources in response to Compacts on Self-Governance. The greater decline, however, is due to Rights Protection cuts in the Natural Resources budget.

While the declines in key tribal budget items are indicated, B.I.A. items (General Administration, Facilities Management and Trust Responsibilities) shift upward. In 1989, 23.1% of the budget was dedicated to these budget elements. Under the Administration proposal, these

elements become 24.4% of a larger budget. All three of these budget elements have more to do with maintaining and expanding B.I.A. control over Indian tribes and expanding bureaucratic controls generally.

Far from increasing tribally defined funds by \$225 million as suggested by the Assistant Secretary for Indian Affairs, we can only discern a minor increase

of about \$9 million. After cuts of tribally defined budgets, increases made tend to reflect B.I.A. requirements rather than tribal requirements. Indeed, unless the Bureau of Indian Affairs becomes responsible for filing a report on tribal progress toward self-determination and the declining size of the bureaucracy (a kind of annual Self-Determination Progress Report), the trend toward bureaucratic control and growth will continue unabated.

CHART 23

B.I.A. PERSONNEL INCREASES CONTINUE

The Bureau of Indian Affairs employed 13,000 permanent employees in 1977, a level considered too high to be acceptable to tribal leaders or Congressional leaders. In 1990, the Bureau of Indian Affairs surpassed that level (See Chart 23) by nearly a thousand people. The proposed personnel level for FY 1992 is 14,133 permanent personnel. No figures have been made available for the number of "temporary employees."

While we must admit that tribal people are increasingly hired into the Bureau of Indian Affairs, the fact remains: The number of Bureau of Indian Affairs employees was supposed to decrease as tribes assume greater control and responsibility. If the B.I.A. is counting tribal employees as a part of its numbers, then it would be understandable that numbers increase. However, without a separation or distinction between U.S. employees and tribal employees, it becomes impossible to determine whether the B.I.A. is actually getting smaller. In light of the salary increases and grade changes proposed in this year's budget and last year's budget it is strongly suggested that the B.I.A. is in

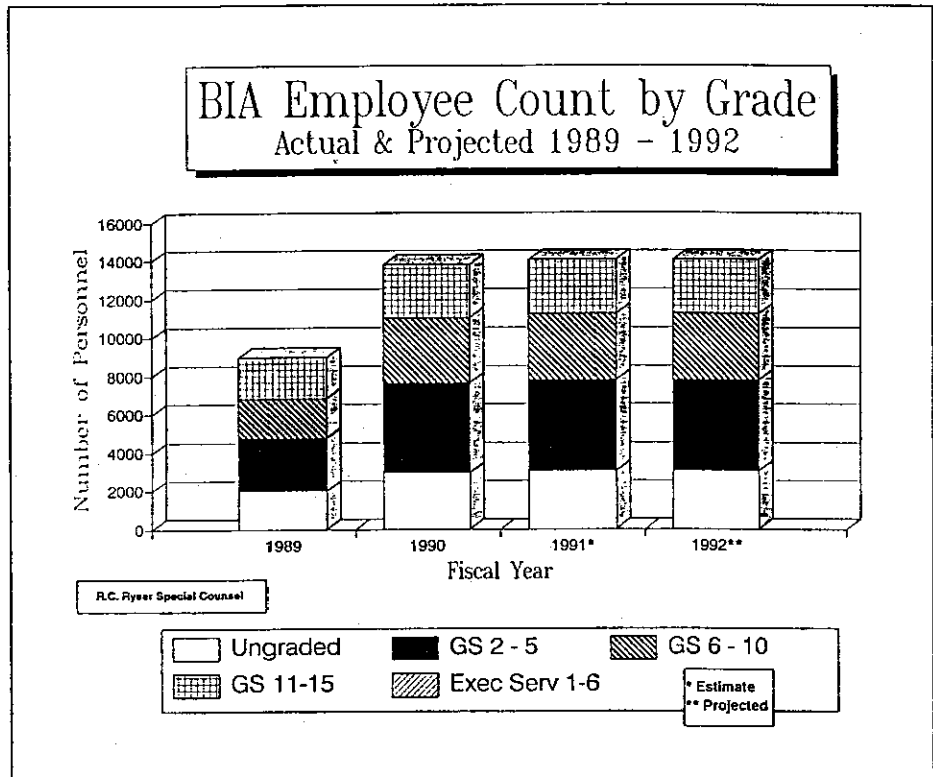


CHART 23.1

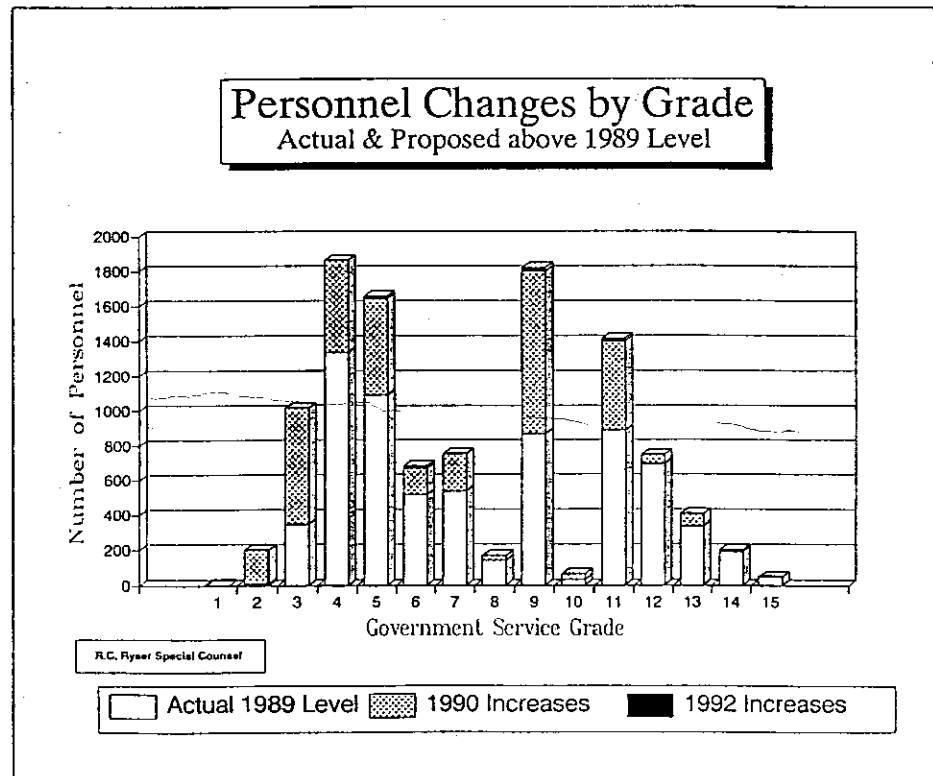


CHART 23.2

fact growing beyond the size established fifteen years ago.

The present increases in personnel began with the 1990 budget proposal.

Executive Personnel Changes by Grade
Actual & Proposed above 1989 Level

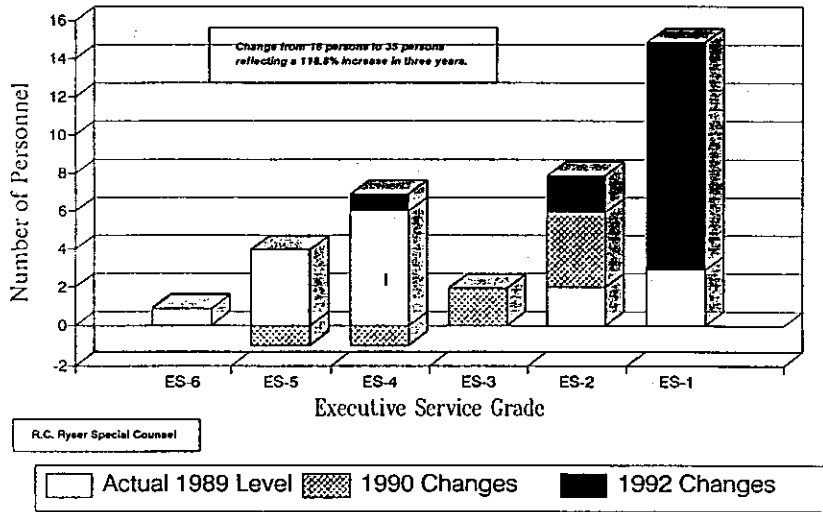


Chart 23.1 illustrates the distribution of Government Service grades one through fifteen. Increases after 1989 are shown along with the proposed changes for FY 1992. Employees hired as GS-4, GS-9, GS-5 and GS-11 rank as the top four - employing the most persons. Along with GS-3, these levels are also where most of the personnel increases have occurred.

Executive Personnel changes reflect a 118.8% increase in the total number of persons employed in classification. Executive Service classifications ranging from level one to level six increased from 16 persons in 1989 to 35 persons in 1992. These changes are largely due to the mandated requirements that the Central Office create an office to manage trust funds and an office to

facilitate Compacts on Self-Governance. Chart 23.2 illustrates where the changes in Executive Personnel have occurred since 1989 and are being proposed for 1992.



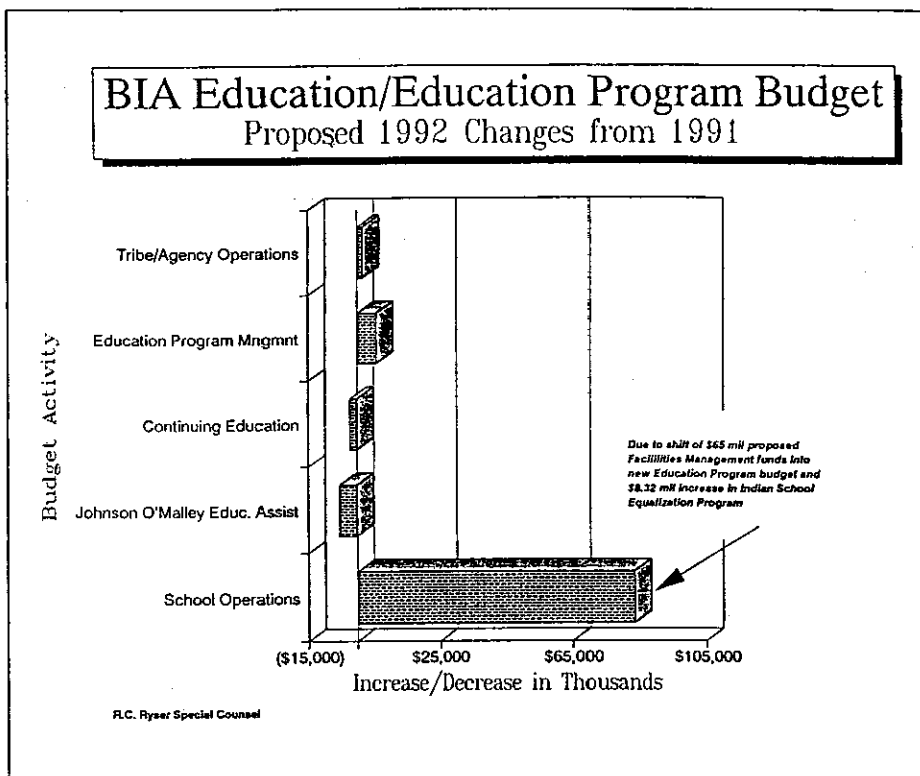
Education: A New Account

Education budget activities (School Operations, Johnson O'Malley, Continuing Education, Education Program Management and Tribe/Agency Operations) were combined with administrative and Facilities Management budget items to create the Indian Education Program with an independent account. The consolidation of budgets resulted in removing education and education related budgets from Programs, Construction, Facilities Management and General Administration. The change also resulted in the addition of \$11.965 million to the cost of education - mostly for a 4.1% pay raise for educational personnel, increases in Civil Service Retirement and Federal Employee Retirement costs. And the shift of budget accounts resulted in a net increase of nine FTEs bringing the total to 5,482. The overall cost of operating Indian Education Programs in 1992 is projected at \$418.616 million. Education capital construction and improvements on educational facilities will ac-

count for an additional \$50.998 million. Together, the Education component of the Bureau of Indian Affairs is proposed to reach \$469.614 million in fiscal year 1992.

CHART 24

When compared against costs in 1991, the Education budget suggests a substantial growth in School Operations and a modest decline in Johnson O'Malley and Continuing Education funding. Chart 24 illustrates the upward changes in Tribe/Agency, Education Program Management and School Operations budget activities. The increase in School Operations is actually due to a \$63 million shift of facilities management funds into the Education budget - not any real gains. Salary increases are the only real increases in education. Johnson O'Malley (down \$5.405 from a 1991 level of \$24.931 million to a proposed \$19.526 million in 1992) and Continuing Education (down \$2.34 million from a 1991 level of \$34.977 million to a proposed \$32.657 million) will decline.



Construction, Payments & Loans (C.P.L.) Budget



Housing falls \$2.5 million, Roads
Maintenance up \$5.7 million

Construction, Payments and Loans are the accounts into which more and more Operations budgets are being shifted. These categories, therefore, take on a greater importance. B.I.A. Buildings and Utilities, Irrigation Systems and Dams, Fish hatcheries, Tribal Housing, B.I.A. Employee Housing, Road Construction and Maintenance, Land Acquisition and some funds related to Self-Governance Compacts are included in the proposed FY 1992 budget for Construction. This budget is projected at \$79.879 million in 1992. The Education

Curiously, the Housing and Urban Development (HUD) budget proposal for 1992 doesn't include specific funding proposals for Indian Housing.

Construction budget is now identified as a separate account and produced a net shift of funds from the Construction budget. The combined total for Construction and Education Construction proposed for 1992 is \$130.877 million. When taken as a whole, this proposed figure represents a reduction of \$36.766 million from the \$167.653 Construction budget level in 1991. Most of this reduction took place in the Buildings & Utilities portion of the Construction budget. The Education Construction budget actually increases from its 1991 level of \$39.644 million to \$50.998 in 1992. Overall, the number of FTEs assigned to Construction and Education Construction is projected at 1,787 - and increase of 595 FTEs. The B.I.A. cut \$82.062 million in Congressional add-ons considered to be "one-time projects."

HOUSING IMPROVEMENT

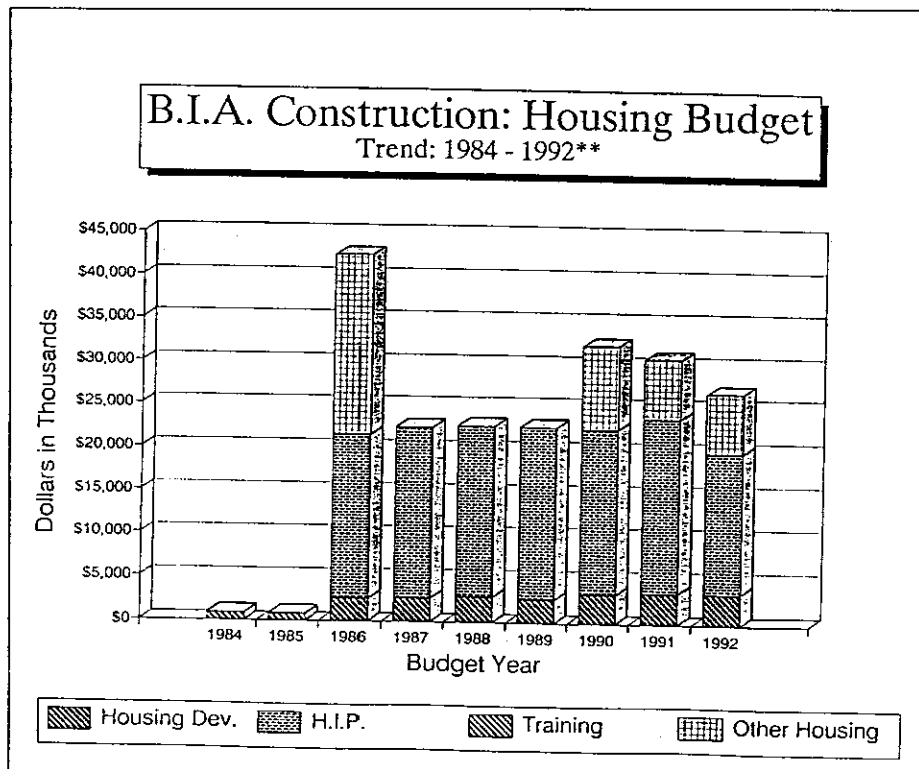
Housing Construction (See Chart 25) which most directly affects people on the reservation, is projected to decline from \$23.750 in 1991 to \$21.256 in 1992 - a reduction of \$2.5 million. The B.I.A. defines its service population for the Housing Program as 191,425 Indian families. Of these, the H.I.P. claims that 100,037 are in "standard condition," not requiring immediate attention. The specific portion of this budget most affected by the reduction is the Housing Improvement Program - it will be reduced from its 1991 level of \$20.147 million to a proposed 1992 level of \$16.194 - a decline of \$3.953 million from 1991. This substantial decline is partially hidden by adding to the budget a \$1.395 million request for the Table Bluff Rancheria Judgment.

The proposed H.I.P. budget is expected to build 51,872 new homes and renovate some 39,516 homes in 1992. As for the construction of homes to meet the wider needs of Indian tribes, the Bureau of Indian Affairs asserts:

"The primary responsibility for new home construction on Indian reservations lies with the Department of Housing and Urban Development (HUD)... the bureau's priority is on rehabilitation of existing homes." Curiously, the Housing and Urban Development (HUD) budget proposal for 1992 doesn't include specific funding proposals for Indian Housing. Indeed, no funds are requested. Housing and Urban Development claims that its main efforts will be aimed at encouraging Indians to reclaim houses ("sweat equity) even though the need for housing on Indian reservations is notorious.

Irrigation Construction is expected to fall from a 1991 level of \$35.557 million to \$5.120 million in 1992. wA3

CHART 25



ROADS:

Road Maintenance and road sealing are projected to increase \$2.160 million and \$3.540 million respectively in 1992. Road Maintenance will be increased from its 1991 level of \$27.262 million to \$29.422 million. Of this amount, \$3 million is expected to purchase pavement maintenance equipment, \$500 thousand will go to paying for operation and maintenance of a ferry across Lake Roosevelt on the eastern boundary of the Colville Reservation, \$219 thousand will support maintenance of tribal airstrips, \$1.740 million will go toward maintaining some of 734 bridges on Indian reservations, and \$20.067 million will be used to conduct "routine maintenance on paved, gravel, earth and unimproved roads. Road Sealing will be increased from \$10.858 to a 1992 level of \$14.398 to accommodate widespread demands for sealing of pavements built with Department of Interior appropriations.



FISH HATCHERIES:

In 1991, \$3.023 million was appropriated to rehabilitate fish hatcheries and reduce physical deterioration of existing facilities. In the Administration's 1992 proposal, this figure will be reduced to \$500 thousand. Rehabilitation is the emphasis. New construction of facilities will be authorized, according to the B.I.A., if the main purpose of such construction is to improve or replace existing structures, "and not to initiate new production programs or to increase existing production capacities."



MISCELLANEOUS PAYMENTS TO INDIANS

Various tribes succeed in establishing claims against the United States government for treaty violations, wrongful taking of lands and resources and range of other subjects. The Bush Administration took note of \$521.207 million in required payments to Indian nations. The first installment on these payments is projected at \$87.617 million to fourteen nations.

The Bush Administration proposes a \$10 million Community and Economic Development grant program as a part of the Business Enterprise Development budget activity

LOANS:

Between 1975 and 1990, the Bureau of Indian Affairs made \$164.857 million in loans to tribal enterprises, individuals, cooperatives, credit associations and tribal relending programs. The B.I.A. claims that 110 tribal enterprises were started in this time at an average start-up lending amount of \$452,258.00 each. A new \$11 million Indian Loan Guarantee & Insurance Fund Liquidating Account is proposed to repay the U.S. treasury for pre-1992 loans, pay guarantee loan claims to lenders for pre-1992 loans and pay interest supplements. A \$1 million request is made for Technical Assistance of Indian Enterprises and the Indian Guaranteed Loan Program Account will be funded at a \$8.022 million level in 1992. The Direct Loan Program Account is projected to be funded at a \$3.094 million level.



Miscellaneous Permanent and Trust Funds

These budgets tend to be regarded as "house cleaning" budgets, but in reality concern tribal economic interests rather directly. Treaty obligations of the United States to the Senecas of New York, Six Nations Confederacy, Pawnee of Oklahoma and the Sioux are considered a part of the Miscellaneous Permanent Appropriations. In 1992 these payments are expected to be \$2 million. Miscellaneous Permanent Payments also includes funds received from persons buying Indian irrigation and power. These funds pay for the operation and maintenance of irrigation and power facilities.

The Bureau of Indian Affairs will administer an additional \$401.901 million of tribal funds - functioning like a bank. It will invest these funds and transfer them to individual tribes as needed.

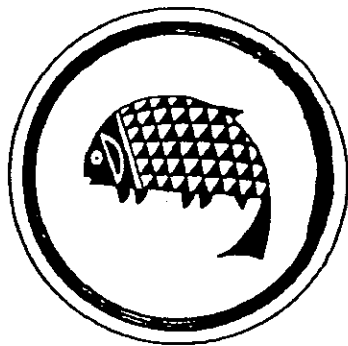
The B.I.A. claims that 110 tribal enterprises were started in this time at an average start-up lending amount of \$452,258.00 each.

Sources

United States Department of the Interior, Budget Justifications, F.Y.
1990 - Bureau of Indian Affairs.

United States Department of the Interior, Budget Justifications, F.Y.
1991 - Bureau of Indian Affairs.

United States Department of the Interior, Budget Justifications, F.Y.
1992 - Bureau of Indian Affairs.



SENSE, Inc.
THE INVESTMENT BUILDING
1511 "K" STREET SUITE 1033
WASHINGTON, D.C. 20005

THIS PAGE INTENTIONALLY
BLANK