

FOURTH ANNUAL
Review & Summary Analysis
of the



B.I.A. Budget
1993

**United States
Department of the Interior
Budget Justifications
Fiscal Year 1993**

Bureau Of Indian Affairs

SENSE, Inc.

February 25, 1992

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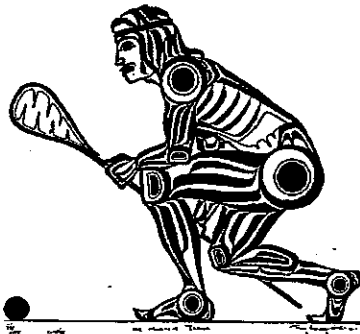
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Executive Summary

When all is said and done, 1992 may be the year that history records as the time when Indian self-determination in the United States became a reality. Though Indian Leaders since 1919 and five U.S. Presidents since 1971 either called for or announced a policy of Indian self-determination, the Bureau of Indian Affairs has obstructed the policy - until possibly now. The Bureau of Indian Affairs proposed FY '93 budget contains the first tentative demonstration that budget policy will support strengthening Indian governments. As a part of its \$1.382,540 billion appropriations request to Congress, the Bureau of Indian Affairs proposes to shift a growing level of funds from other parts of the budget to the Tribal Services account at the Agency level - thus placing under the control of Indian governments important revenues and programs.



No new money is added to the Bush Administration's proposal for \$1.208,459 billion to support Operation of Indian Programs in 1993. Instead, \$12.044 million is proposed as a cut from the 1992 level. Construction funds are proposed at a \$129.615 million - a reduction by \$80.862 million from the level of 1992. \$31.709 million is proposed for Miscellaneous Payments. The Indian Guaranteed Loan Program Account is being proposed at an increased amount to \$9.770 million, and Indian Enterprise Technical Assistance is

proposed to increase to \$2.987 million.

As Table 1 illustrates, funding levels of budget categories in the O.I.P. budget are all scheduled to be cut from 1992 levels, except the Tribe/Agencies category. Internal shifts of funds are the source for the apparent budget level increase. As we discuss in greater detail later, while the shifting of funds results in some limited budget targeting to strengthen tribal governments, budget reductions, account transfers and personnel position management along with the continuing devaluation of the B.I.A. dollar combine to hide the still rapidly growing bureaucracy.

The initial movement toward tribal self-government by several tribes was met by obstructions from within the Bureau of Indian Affairs - the same kind of resistance that prevented tribal exercise of self-determination for generations. An important measure of a successful self-determination/government to government policy is whether budget plans reflect and support that policy. The U.S. government's Indian self-determination policy during the last twenty years has not been supported by Bureau of Indian Affairs budgetary policy. The "self-

Table 1

Operation of Indian Programs Budget

	1991	1992	1993
Education	*\$303.528	\$381.691	369.279
Tribal Services	187.146	204.870	104.65
Navajo/Hopi	1.379	1.166	1.190
Economic Development	10.853	13.835	8.297
Natural Resources	79.992	78.041	57.007
Trust Responsibilities	49.883	51.474	46.977
Facilities Management	94.179	29.010	29.573
General Administration	88.449	103.581	103.344
Tribes & Agencies	295.735	356.835	488.137

* Forward funding of \$208.9 million not included

determination policy" was supposed to mean increased control and revenues in the tribal governments and a corresponding reduction in the B.I.A.. Our examination of the Bureau of Indian Affairs budget has been aimed at detecting whether budget plans increase B.I.A. power over Indian tribes or whether tribal powers and control over revenues increase as they should if the "self-determination policy" is actually being carried out.

During the Reagan/Bush presidencies, Indian Country saw the value of B.I.A. dollars decline at an alarming rate. While the actual budget amount increased annually, the rate of increase failed to keep up with the cost of living. The result was, Indian Country began to experience economic recession ten years before the affects were felt by the rest of the country. In this publication last year, we emphasized this point. The point was confirmed by the Senate Select Committee on Indian Affairs as a result of its own study in 1991.

The Bush Administration presented the U.S. Congress with a Bureau of Indian Affairs budget proposal of \$1,882,801 spending authority for FY 1993. Included in the proposed total are amounts for each of four separate budget categories.

Operation of Indian Programs: The Bush Administration proposes a budget totalling \$839.18 million to support operation of the Bureau of Indian Affairs and programs delivered by the B.I.A. and by individual tribes. This proposed level is \$368 thousand above the actual spending for fiscal year 1992 for an increase of .04% - four one-hundredths of one percent. Projecting 14,388 employees and costs for operating the Central Office, 12 Area Offices, 83 agencies, 3 sub-agencies, 6 field stations, and 3 irrigation project offices funds are distributed between Tribal Services, Navajo/Hopi Settlement, Economic Development, Natural Resources, Trust Responsibilities, Facilities Management, General Administration and Agency Operations and Tribal Government programs. Administrative costs in the Central Office are projected at a lower level due to reduced costs for Automatic Data Processing. Area Office administrative and personnel costs continue to increase. Agency Office administrative and personnel costs will remain about the same as 1992 while Johnson O'Malley funds will now be distributed based on tribally determined budgeting. \$14.885 million of the Agency Offices budget is planned for the Consolidated Tribal Government Program while a total of \$34.093 million has been shifted from other parts of the budget to the Agency level as a consequence of Self-Government Compacts.

Construction, Payments and Loans (C.P.L.): The FY '93 spending plan includes a proposed level of \$174.081 million for construction of buildings and utilities, housing, roads, irrigation and fish hatchery maintenance, treaty and litigation payments owed to tribes and support for economic development loans. The proposed budget profers a \$142.37 million reduction from FY 1992 levels.

Education Program: Thirty percent of the FY 1993 budget for operations, the Education Program spending plan calls for \$369.279 million for School Operations and Continuing Education. This figure does not include Adult Education or Johnson O'Malley funds which are now included in the Tribal & Agency budget. \$16. million of the Construction budget is planned for new school construction. \$49.4 million in the Construction budget is also planned for repairs and improvements to existing school facilities. Taken together, funds in the operations budget dedicated to Education is projected at \$434.679 million, or 31.4% of the total proposed appropriation request for FY 93.

Permanent Appropriations & Trust Funds: Not strictly federal funds, but rather funds administered by the United States for Indian Tribes and individual Indians, the B.I.A. projects a budget levels of \$500.261 million during FT '93. The proposed budget anticipates \$411.124 million earnings on \$1.5 billion in tribal and individual funds held in trust in FT '93. \$24.5 million is expected from tribal irrigation systems, and then respent on maintenance of these systems.

Highlights



Lowlights

- **\$191.0 million from the highway trust fund will be available for Road Construction will be available in FY '93**
- **More than \$100 million in Welfare Assistance Grant funds has been shifted to the Agency level, ensuring more direct tribal influence over the disbursement of these funds.**
- **Adult Vocational Training funds were cut by \$419 thousand, bringing the FY '93 total to \$2.385 million.**
- **Johnson-O'Malley funds were all moved to the Agency level, allowing for more direct tribal influence over the disbursement of these funds, but the total amount budgeted was reduced by \$773 thousand from the 1992 level of \$23.590 million to a proposed 1993 level of \$22.817 million.**
- **The Housing Improve Program budget will be cut by \$4.971 million - a 25% cut reducing the budget level to \$15.163 million in FY '93**
- **The B.I.A. Education Program will offer five demonstration grants through the Innovative School Grants program from a pool of \$1.700 million. If evenly distributed, an average grant would have the value of \$340 thousand.**
- **Rights Protection Program funds are proposed for a 30% cut from a 1992 level of \$17.731 million to an FY '93 level of \$12.584 million. Inter-tribal Fisheries Commission are most directly affected - a combined \$4.235 million reduction. The U.S./Canada Pacific Salmon Treaty funds will increase from \$2.152 million to \$2.239 million.**

The B.I.A. FY 1993 Budget

The Era of Indian Self-Government?

Has the Bureau of Indian Affairs begun to implement the twenty-year old Indian Self-Determination policy first declared by President Richard Nixon in July 1971? While many obstacles remain the results of FY 1992 disbursements and the proposed spending plan for FY 1993 indicate for the first time since 1971 a glimmer of commitment by the Bureau of Indian Affairs to Indian Self-Determination. With this apparent movement toward implementation of the self-determination policy, it appears that the FY 1993 B.I.A. budget is beginning to reflect elements of three different policies which are mutually contradictory. All three of the policies are part of the three hundred fifty year history of this agency. These policies are:

■ **Perpetuation of Agency of the U.S. government regulating and controlling the lives and property of individual Indian nations and one million individual Indians living on and near Indian reservations through an undefined trusteeship which favors the trustee over the beneficiaries (called the "inherent conflict of interest"), trust fund administration and a myriad of regulations and administrative directives autocratically developed and imposed on Indian Country.**

■ **Self-Determination without termination of the U.S. trusteeship responsibility conducted through an elaborate contracting procedure and the Consolidated Tribal Government Program.**

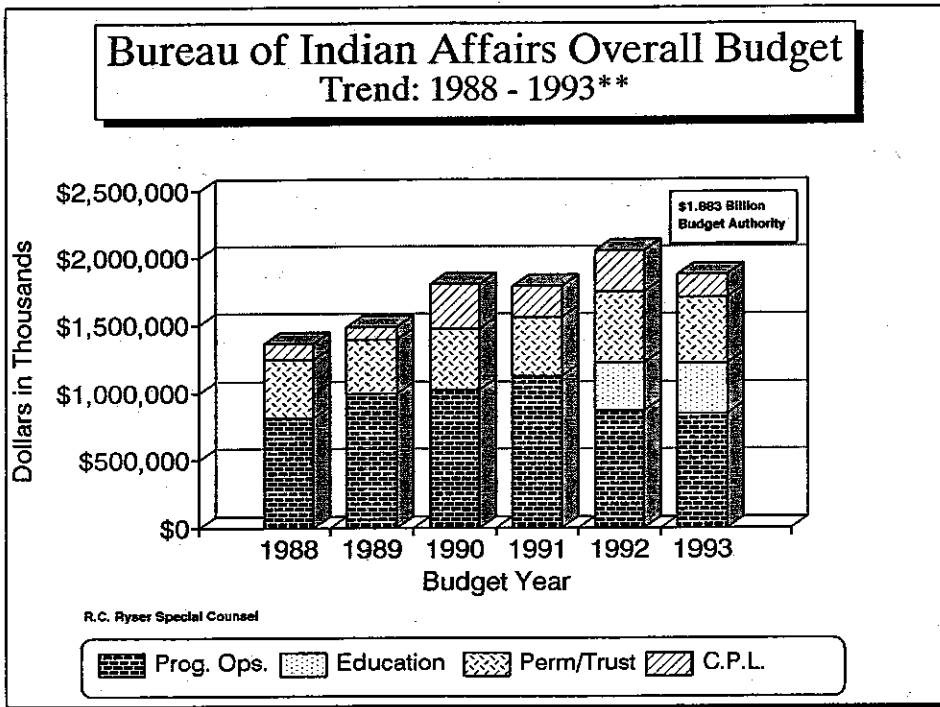
■ **Government-to-government relations and the advancement of Tribal Self-Government through a tribally created Self-Government Demonstration project. The bilateral negotiation of Self-Governance Compacts for the reduction of B.I.A. control over Indian Affairs and the direct transfer of revenues from the United States government through the Bureau of Indian Affairs - with the expected reduction in the size of the B.I.A. with the conclusion of each Compact.**

For more Indian tribes, rule by an agency of the U.S. government (as Felix Cohen once described it), is slowly and cautiously being replaced by self-rule. Many Tribes remain fixed under the control of the Bureau of Indian Affairs. Still others actively engage the process of "self-determination without termination." A few tribes are building a framework for government to government relations with the U.S. government through Self-Governance Compacts. All of these tendencies are reflected in the Bureau of Indian Affairs.

The proposed budget plan for the Bureau of Indian Affairs in fiscal year 1993 hints at the emergence of a new trend. The \$1.883 billion budget submitted to Congress (See Figure 1) is smaller overall, but in some limited ways more clearly targeted to strengthening Indian Tribes. It shifts some governmental power away from the Bureau of Indian Affairs to Indian governments and transfers the revenues formerly under direct B.I.A. control to several tribal governments. While the suggestion of this trend appears in the Construction, Payments and Loans (C.P.L.) Budget, and to some extent in the Operation of Indian Programs (O.I.P.) Budget, there remain ominous indications of obstructionism in the Education Programs Budget, in the Area Office portion of the O.I.P. Budget and in the employee patterns of the B.I.A. overall.

In our analysis of the B.I.A. Budget over the previous three years, we observed a rapid growth and increased power of the Central Office. We also tracked a similar pattern of growth in the Area Offices. Also we have observed a less than convincing commitment to the development and strengthening of Agency Offices and Tribal Programs closest to Indian Tribes. We have also noted "the B.I.A. budget was

Figure 1



themselves, and with the support of the Chairman of the Senate Select Committee on Indian Affairs and the Chairman of the House Interior Appropriations Sub-Committee the long sought after emphasis on strengthening tribal government and Indian tribes instead of strengthening the B.I.A.'s control over Indian tribes seems to be underway.

Figure 2 illustrates how before 1991 the O.I.P. Budget failed to keep pace with the cost of living increases, but exceeded that level in 1991. We accounted for this apparent movement toward parity between this budget and the constant as a result of the addition of \$208 million in forward funding to create the Education Program, and by pointing to a more vigorous effort on the part of tribes to reclaim budget shortfalls by appealing directly to Congress. The Annual Appropriations request proposal to Congress is typically

consistently declining in real dollars," resulting in a rapid drop in purchasing power at the tribal level using B.I.A. funds. This pattern of growing B.I.A. power and control, combined with the chronic decline in the purchasing power of the B.I.A. dollar persists even in the face of budget shifts aimed at strengthening tribal governments. The declining value of the B.I.A. dollar appears to be continuing unabated. The remedy to this latter issue is the addition of new funds to the budget.

The factor which seems now to be having a significant effect on the power of the B.I.A. and the direction of revenue flows is the entry of tribal governments into government to government relations based on sovereign equality with the United States government. On the initiative of several Indian governments

Figure 2

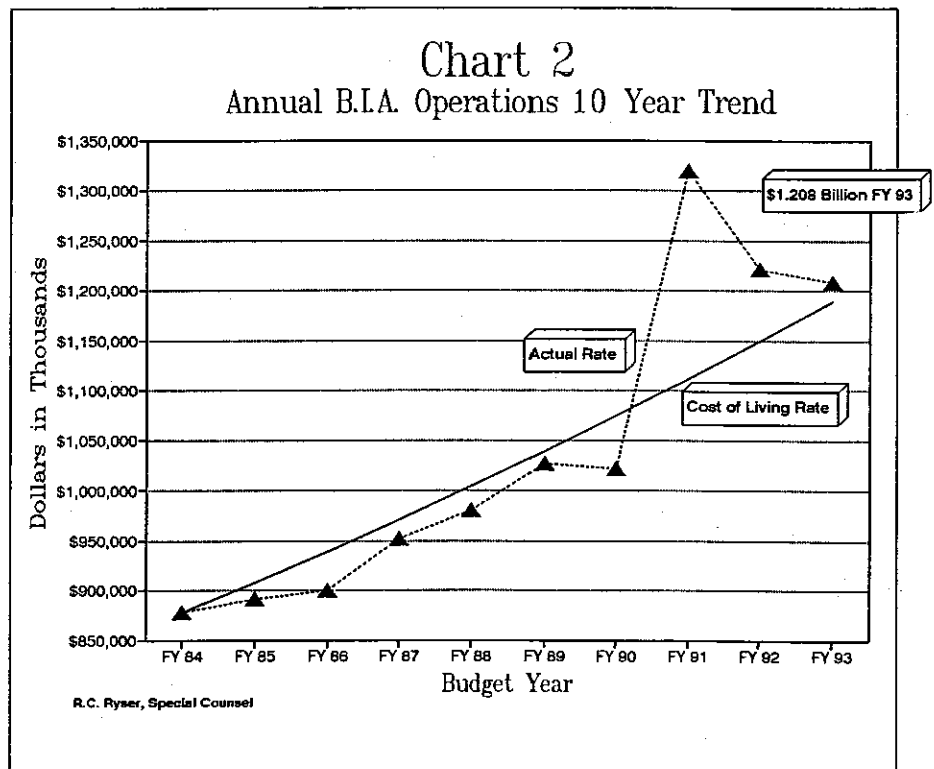
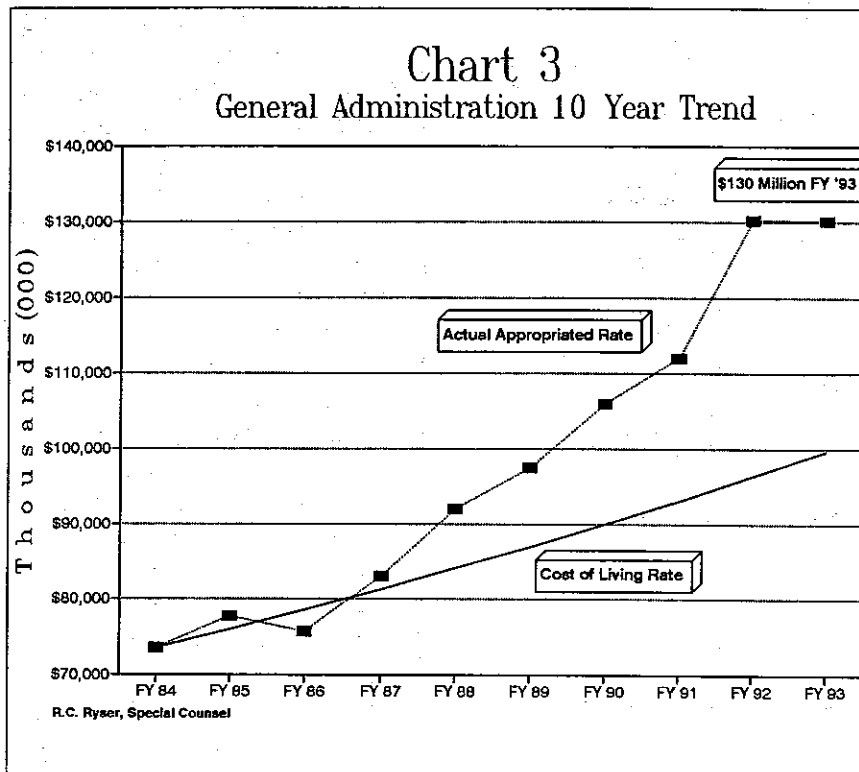


Figure 3



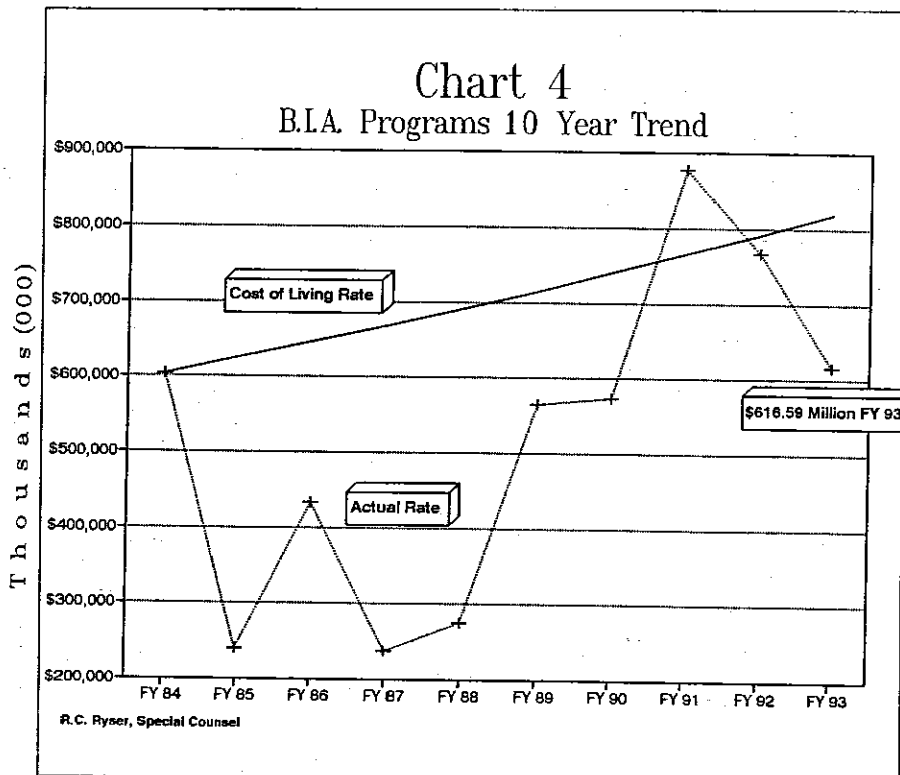
2.8% to 9% below the actual appropriations made by the end of the fiscal year. If this pattern repeats in FY 1993 the level of O.I.P. spending ought to top \$1.240 billion or about \$34 million more than the current proposal.

The rapidly increasing General Administration costs have reached a plateau if the proposed FY '93 level of \$130 million holds after appropriations. Figure 3 illustrates the proposed plateau, but we are reminded that the B.I.A. proposed a General Administration budget of \$118.231 million for fiscal year 1992, and that figure was exceeded. After appropriations, that figure rose to \$130 million or a level 9% higher than originally proposed. The apparent leveling of costs is not owing to a reduction in personnel or a reduction in personnel costs. Much of the leveling is a direct result of a \$5 million cut in the expected cost of Intra-Governmental billings counter-balanced by increased costs in Executive Direction (the addition of 14 FTEs in the Central Office and 12 FTEs at the Area Office level).

Program costs are projected to take a sharp dive to \$616.59 million in the proposed budget (See Figure 4). This will mean not only lower actual spending levels for tribal programs, but a significant undervaluing of tribal programs.

Reflecting the shifting tug and pull between the Bureau of Indian Affairs bureaucracy and tribal governments, the Tribe/Agency Budget (now separated as a distinct category in the FY '93 budget proposal) is projected (without the General Administration category) to top \$432 million (See Figure 5). Using the cost of living as a constant, we can see that funds and programs delivered to Indian tribes by way of the Agency Offices has

Figure 4

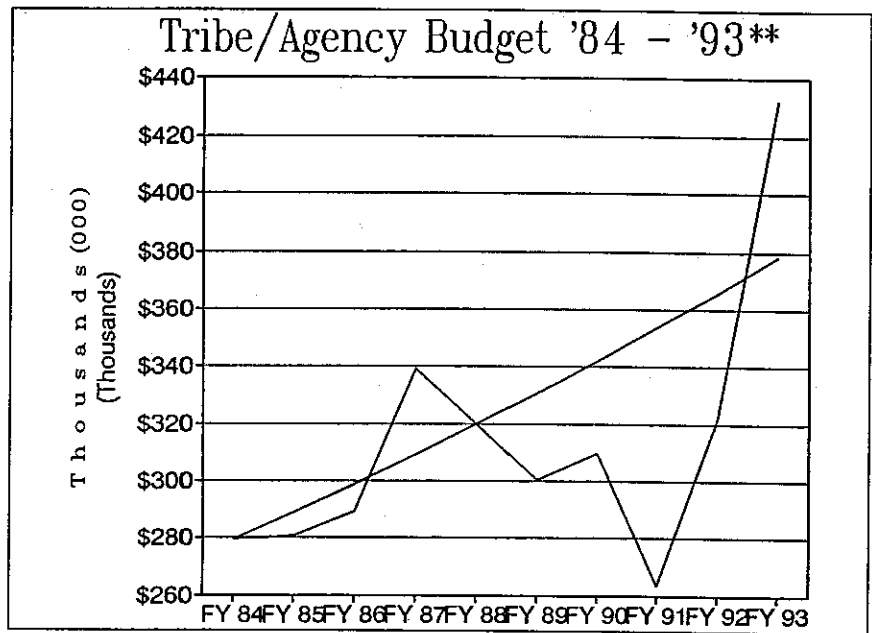


wildly fluctuated for years. The funding level is strongly emphasized by the B.I.A. in FY '93. The B.I.A. describes the act of shifting \$131.2 million more than the FY '92 level to the Tribe/Agency budget as a trend which "underscores the commitment of the Bureau of Indian Affairs to fully develop the government-to-government relationship with Indian tribes." There is little evidence that such a shift represents a reduction in the size of the B.I.A. as a whole. Most of the budget shift is due to B.I.A. policy-makers moving Welfare Assistance Grants (\$101.5 million) and Johnson-O'Malley funds (\$22.2 million) and shifting \$29.156 million in Self-Government Compact funds from all parts of the B.I.A. into to the Tribe/Agency budget. Countering these apparent additions, are reductions in Scholarships (\$1.3 million), Adult Vocational Training (\$1.1 million) and other reductions in Aid to Tribal Governments, Forestry, Agriculture, and Rights Protection. Clearly, movement of these accounts to the Tribe/Agency budget significantly adds to the degree of local control over these important categories.

Perhaps a more vivid illustration of a beginning emphasis on self-government in the Bureau of Indian Affairs is the percentage of the O.I.P. budget influenced by the decisions of Tribal Officials. Figure 6 illustrates how the Program Operation budget declines from the 1991 and 1992 levels, but during that time the "tribally determined funds" begin to increase. The percentage that "tribally determined funds" represents in the larger budget is depicted by the dotted line in the figure marked "Changing Percent."

In 1987, "tribally-determined

Figure 5



funds" constituted more than 40% of the larger budget and then dropped as a percentage during the next several years. In 1992 and projected into 1993, the percentage is apparently increasing again, but only to a level slightly above 35% in the proposed budget. It is this rising percentage that makes us think that there is a potential for a

Figure 6

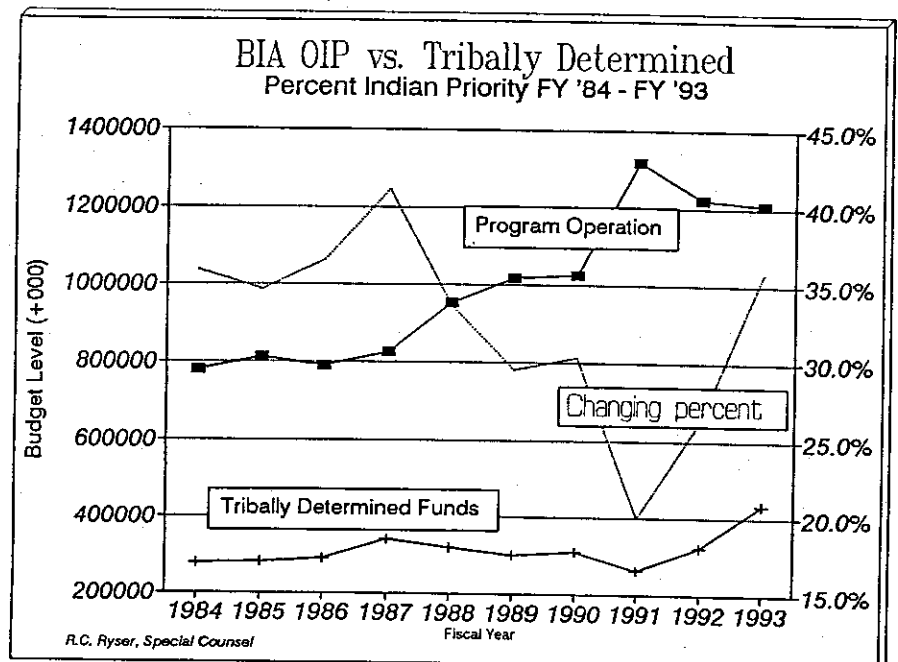


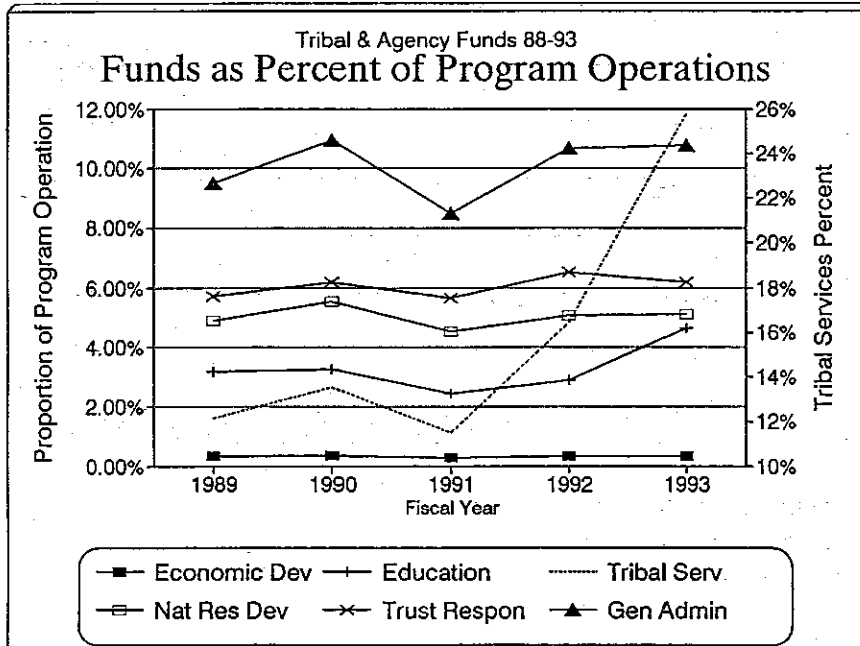


Figure 7

and 11.2). Since 1989, five categories of the Tribe/Agency budget have remained fairly constant as a percentage of the total Tribe/Agency Budget. General Administration, for example hovers at or about 10% of the budget while

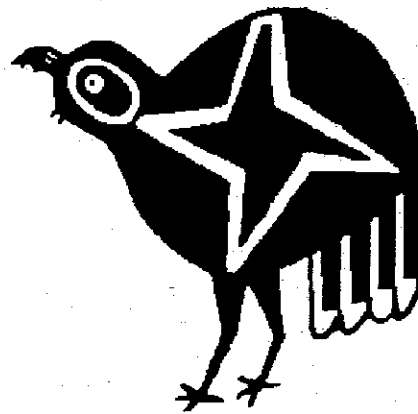
Natural Resources and Trust Responsibilities linger at about 5% and 6% respectively. (Measured by the percentages on the left of the figure.) Tribal Services, however, floats at about the 12% level, and then, suddenly in 1992 begins to charge upward toward its FY '93 projected level of about 26%. (Using the percentages on the right side of the figure.) If this budget category continues to rise, we may have evidence of a trend. A few more years of this pattern will be needed before it can be said that such a trend actually exists.

As we noted last year, the number of employees in the Bureau of Indian Affairs has continued to climb to levels approaching the widely condemned numbers of the middle 1970s. The B.I.A. now projects a total number of

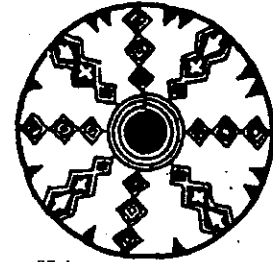


trend leading to greater tribal control over funds received from the B.I.A. and thus greater tribal authority. If this apparent trend is matched by a return of actual control (as suggested by the B.I.A. officials when they say the B.I.A. is engaged in a "substantial shift in resources and decision-making away from Central Office control to the reservation level,") then 1992 may represent the beginning of the Era of Indian Self-Government.

The dramatic rise in Tribe/Agency funds and the apparent renewed increase in "tribally-determined funds" raises the question of whether the bigger cuts cross budget lines or emphasize only one budget category. Figure 7 demonstrates that the only budget specifically affected by the "increase in funding" is the Tribal Services category (also See Figures 11, 11.1



employees at 14,388 - just 250 positions higher than were actually employed in 1991 and 469 positions higher than the actual 1990 level. The B.I.A. does not distinguish tribal employees from its employees, but should. The United States government is committed under Self-Governance Compacts to make reductions in personnel, functions and activities corresponding to transfers to self-governing tribes. Consequently, a key measure of the success of that commitment has to do with the number of employees remaining in the Bureau of Indian Affairs. If there are no tribal employees included by the Bureau of Indian Affairs in its annual "employee count," then it is clear that the actual number of employees will have to be more closely scrutinized and justified. No such justification is in the proposed 1993 budget.



Appropriations Request \$154.4 Million Less than 1992

The Bureau of Indian Affairs in its FY '93 Budget proposal asks the Congress to authorize \$1,882,801,000 in spending. This includes an appropriation request of \$1,382,540,000 for the Operation of Indian Programs, Construction, Settlement Payments and assorted loan accounts. While the overall budget request is lower than the actual level appropriated for FY '92, internal account shifts contribute to a budget plan that is slightly more favorable to tribal governments. A reduction by \$80.862 million in Construction funds and an expected decline of \$55.908 million in the category of Miscellaneous Payments to Indians combine to produce the bulk of the appropriations request cuts. Twelve million dollars or less than 1% of the total Operation of Indian Programs (O.I.P.) budget is cut from the FT '93 budget proposal. Together, these three cuts represent

nearly all of the projected \$154.414 million reductions in the appropriations proposed to the Congress. Of the Permanent and Trust Funds portion of the budget proposal, the BIA proposes to disburse \$27.001 million less than it did in FY '92. \$18.699 million more is expected to be disbursed from Trust Funds in FY '93. The budget plan also calls for a \$11.618 million reduction in the amount to be disbursed under the category of Miscellaneous Permanent Appropriations. In addition, the projected \$25.492 million of collected assessments against water users from Indian irrigation projects will be used to repair and maintain irrigation systems.

The B.I.A. Education Program is projected to spend \$441.3 million including expenditures through the Tribe/Agency account. Johnson-O'Malley funds will be shifted to the Tribe/Agency, Education account and reduced \$1.413 from its

1992 level of \$23.590 million.

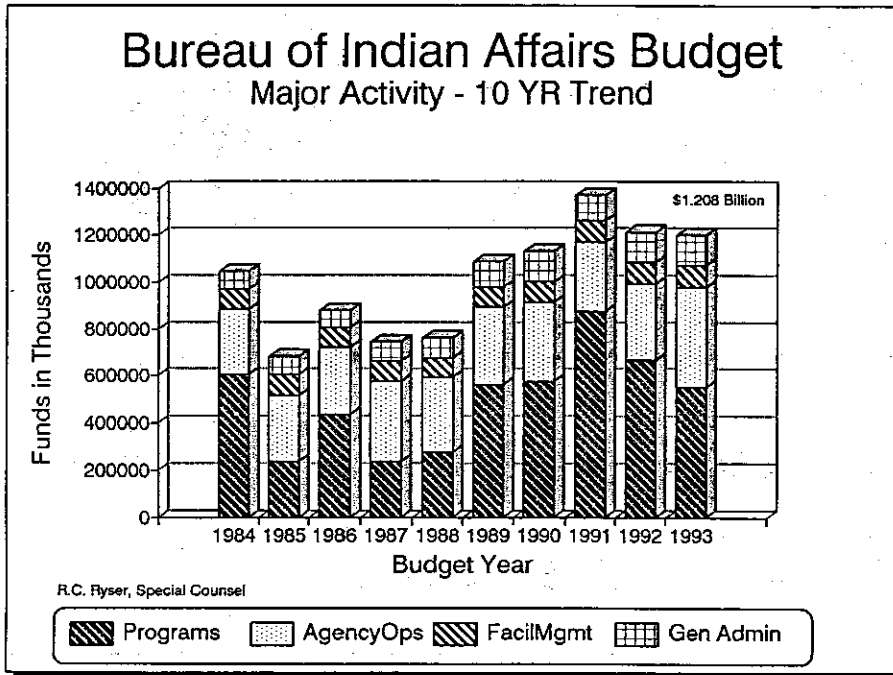
From the nearly \$2 billion in Trust Funds (tribal as well as individual) the B.I.A. projects a total of \$411.124 million in disbursements. The White Earth Settlement Fund is expected to disburse \$12 million, \$1 million more than in 1992.

Operation of Indian Programs Budget

Shifting funds toward tribal control, but no new money.

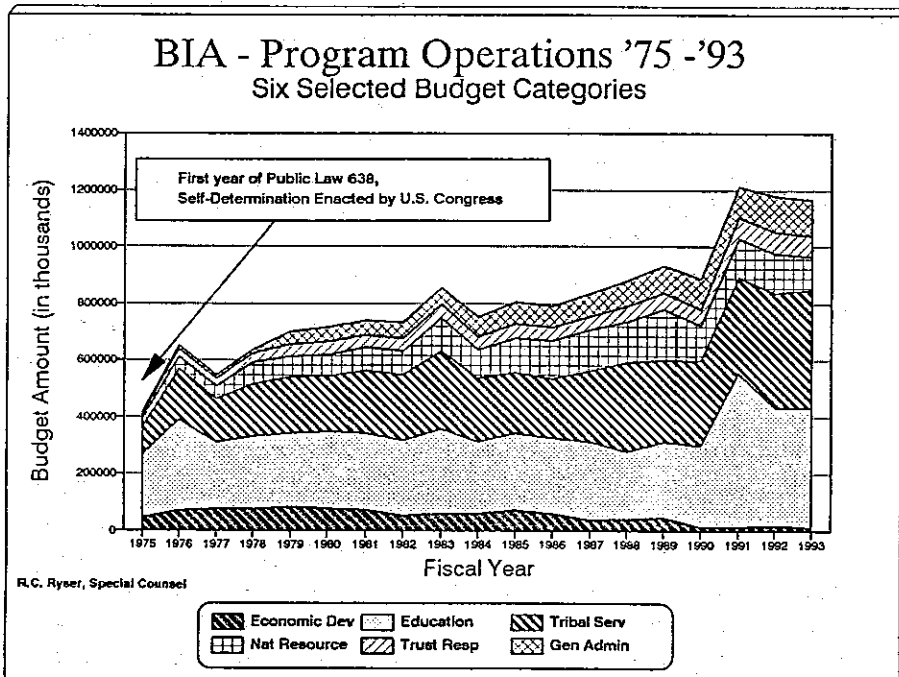
Over the ten budget years since 1984 (and including the proposed FY '93 budget), the Operation of Indian Programs (O.I.P.) budget has ranged from low of \$779 million in 1984 to a high of \$1.320 billion in 1991. The major variable in this budget is the level of program funding (See Figure 8). Within that variable is the amount of funding

Figure 8



used by the Bureau of Indian Affairs to deliver programs and services. Also included is the amount of funding used by Indian governments to deliver programs and services. The funding level of some of the B.I.A.s programs is influenced by Tribal officials through the Indian Priority System (I.P.S.). The decision on actual funding commitments rests with the Bureau of Indian Affairs, Department of the Interior, Office of Management and Budget and the U.S. Congress. When the Indian Priority System fails to address a tribe's particular interests or needs, Tribal officials frequently go directly to the Appropriations Committees of the House of Representatives and the Senate.

Figure 9



Through a combination of the I.P.S. and decisions within the Bush Administration, the B.I.A. proposes that the Congress appropriate \$1.208 billion for O.I.P. in FY '93. Of that amount, \$369.3 million or 30% is devoted to the Indian Education Program. The remaining \$837.7 million is intended for social services, aid to tribal governments, management of natural resources, as well as a wide range of other activities including management of B.I.A. facilities and general administration of the agency. A total of 10,444 persons are expected to be employed in O.I.P. activities in FY '93.

In the 19 years since the Self-Determination and Education Assistance Act of 1975 (PL 93-638) was enacted by the U.S. Congress, the O.I.P. budget has grown by three times (See Figure 9). Of

the six selected budget sub-categories within the O.I.P. budget, two reflect a long-term trend toward greater B.I.A. control: The rapidly declining commitment of funds to direct economic development aid and the large increases in Administration (especially after 1977). Clearly, the intention of PL 93-638 - reduction in the size of the B.I.A. and its control over Indian Affairs - was not adhered to. While the proposed FY '93 budget contains some preliminary indications that this pattern is being reversed in favor of greater tribal control over economic and regulatory decisions, it is quite clear in Figure 9 that in the broader context, the decades-old pattern persists.

Within the O.I.P. budget, Natural Resources, Economic Development and Trust Responsibilities budgets are proposed for

Figure 10

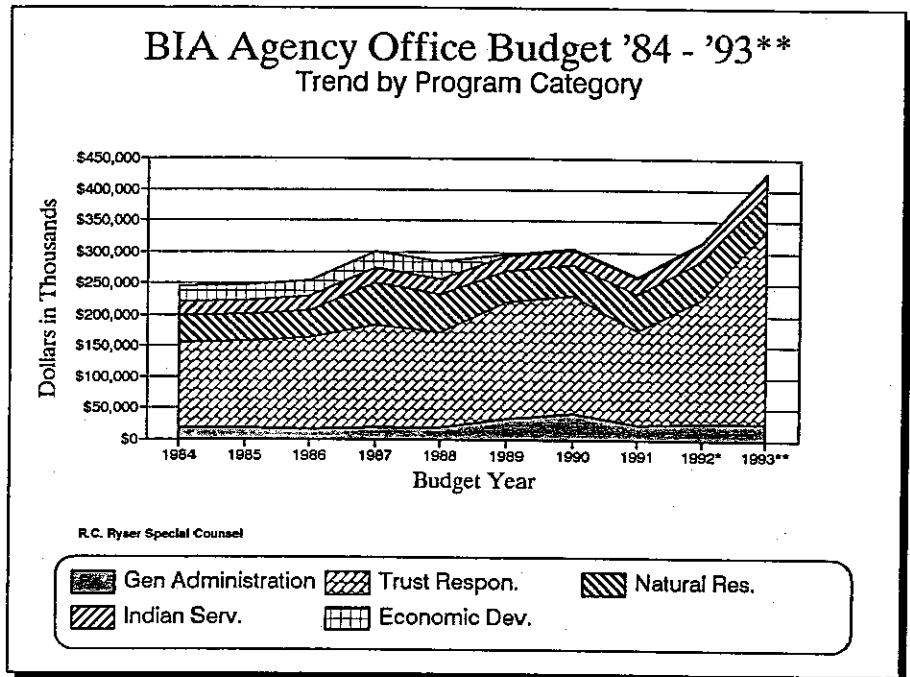
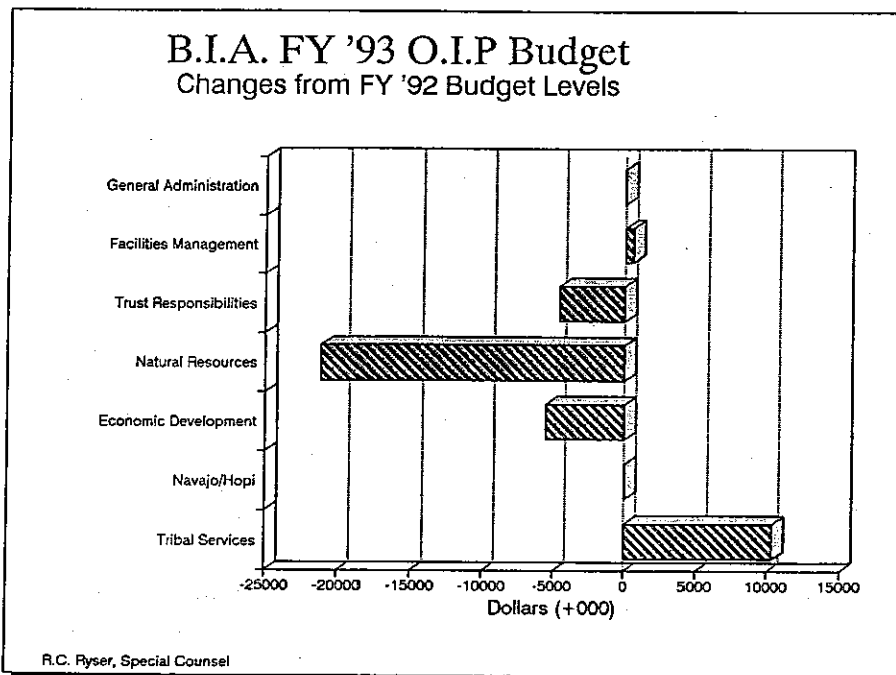


Figure 11



reductions (See Figure 10). Increases in Tribal Services are a product of shifting funds - no new funds - a part of the trend toward enhancing decision-making at the tribal level. In this case, the bulk of the projected increase in Tribal Services results from the transfer of funds from other accounts.

Tribe/Agency Adds up as Separate Budget

Figures have always been maintained to indicate the funding levels of sub-activities within the Agency Offices. The Tribe/Agency overall budget level has often been buried, however, in budget details. The National Congress of American Indians often sent resolutions to the Bureau of Indian Affairs urging that more funds go to the Agency

level - more directly associated with tribal control. The American Indian Policy Review Commission in 1977 urged that budget authority and decision-making authority be moved to the Agency level. The FY '93 budget includes an emphasis on the Tribe/Agency level.

The Agency Office is the part of the Bureau of Indian Affairs that has the most direct and frequent contact and access to Indian nations. Its budget is, consequently most dramatically reflective of the on-reservation requirements as well as the struggle between Central, Area and Agency offices over budget policy. Consequently, the Agency budget tends to rise and fall more dramatically despite the level of the O.I.P. budget. As Figure 11 illustrates, the cost for general administration, program delivery personnel and actual program was \$248.813 million in 1984. The new

Figure 11.1

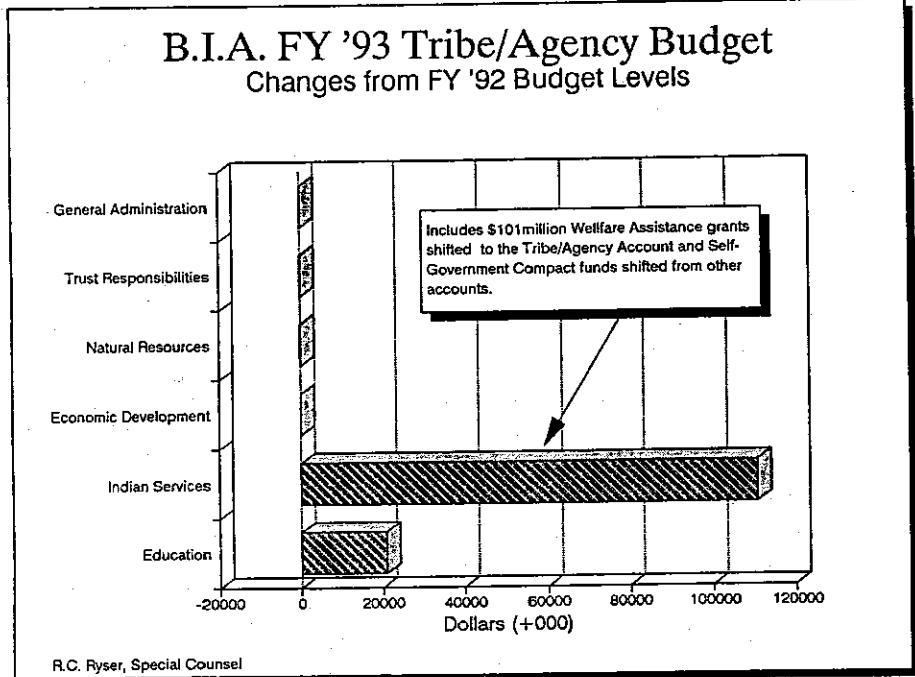
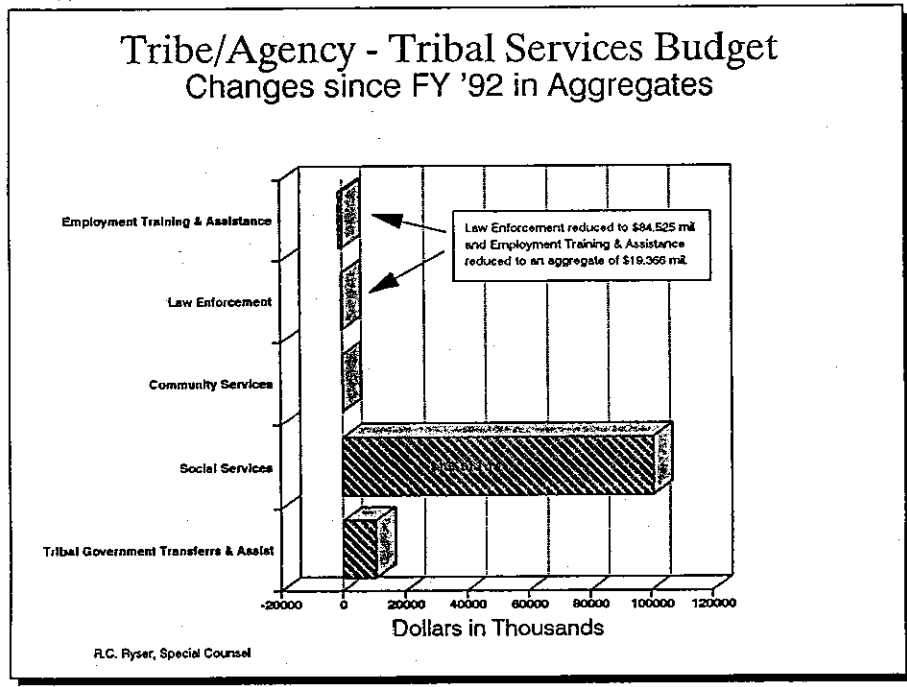


Figure 11.2



level is projected (without the Education component) at \$432.060 million in the proposed FY '93 budget.

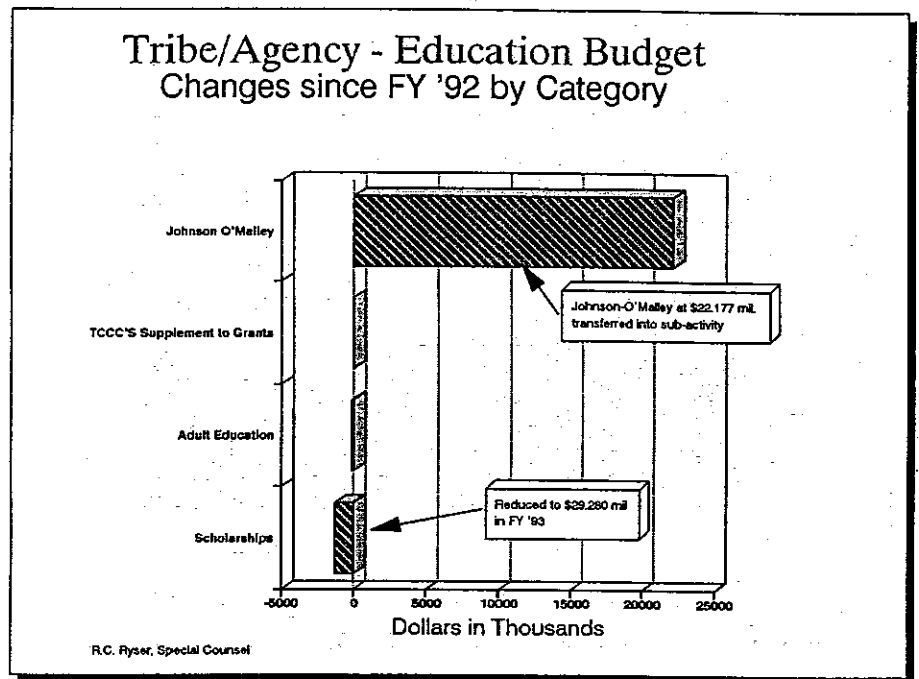
The most volatile part of the Agency budget is Tribal Services. It is through this budget category that services as well as actual revenues pass to tribal governments as well as to individual tribal members. It is into this budget that the Bureau of Indian Affairs transferred Self-Governance Compact funds (shifted from other parts of the budget) as well as the more than \$100 million Welfare Assistance Program. As a result of these shifts, the Tribal Services budget began to sharply rise in 1992.

After \$1.063 million in cuts from the Adult Vocational Training Program, \$112.212 million was shifted from other accounts into the Tribal Services account at the Tribe/Agency level (See Figure 11.1). The

biggest part of the budget shift involved the movement of \$100 million in Welfare Assistance funds to the Agency level. Self-Government Compact fund transfers and Consolidated Tribal Government Program funds comprise most of the other increases. (See Figure 11.2) Law Enforcement (including support for Tribal Courts) is proposed for a slight reduction to \$84.525 million. Virtually all of the "increased funds" are a direct result of internal budget shifts and no new money.

The apparent increase in the Tribe/Agency Education budget is mainly due to the shift of Johnson-O'Malley funds to the Tribe/Agency level. After a reduction in Scholarships from \$30.554 million to a proposed \$29.280 (a cut of \$1.274 million), and a reduction of Johnson-O'Malley funds from \$23.590 million to a proposed \$22.177 million level (a cut of \$1.4 million), the Tribe/Agency - Education budget will be \$55.978 million. (See Figure 11.3)

Figure 11.3



TRIBAL SERVICES

Tribal Government
Social Services
Law Enforcement
Self-Determination

When we combine all of the sub-budgets under Tribal Services the total proposed spending in this category for FY '93 shows a nearly \$10 million increase over FY '92 to \$423.48 million. (See Figure 12) It is in this budget category that the "subtle evidence" suggesting the beginning commitment of the Bureau of Indian Affairs to the Era of Indian Self-Government appears. Figure 12 contrasts the Tribe/

Agency budget level with the Area and Central Office combined levels from 1984 through the proposed 1993 budget year. In the years when Tribal Services was consistently at or above \$400 million (1984 - 1987) the Tribe/Agency budget level lingered just above the \$150 million level. By 1991 the funding amount passed to the Tribe/Agency actually dropped to the \$150 million level. In 1992, and now in the proposed

FY '93 budget year, the figure doubles to more than \$311.4 million - even as the overall Tribal Services budget remains near the \$400 million level.

The Self-Determination funds appropriated in past years, contrasted with the proposed FY '93 budget reveals some movement toward effective implementation of the Self-Determination policy and the Self-Government policy. (See Figure 12.1) Funds directed at tribal exercise of self-determination and self-government amounted to less than \$57.663 million in 1984 - 7.4% of the O.I.P. budget. The funds which most directly contribute to the twenty-year self-determi-

Figure 12

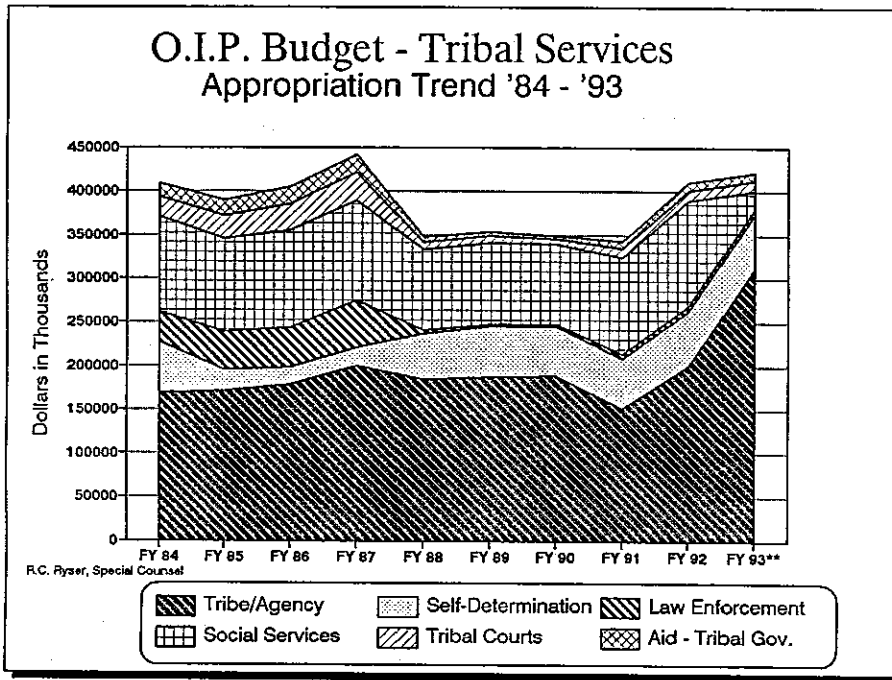
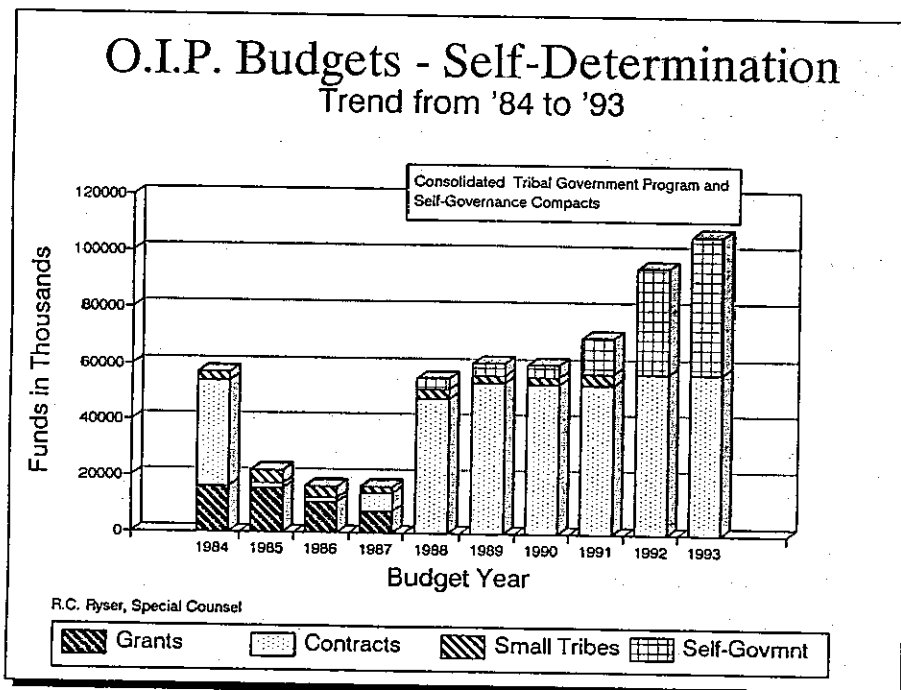


Figure 12.1



nation policy of the U.S. government are projected to reach \$106.681 million - 8.8% of the O.I.P. budget.

If this pattern actually unfolds in the projected year and years beyond, then a trend toward self-government in terms of B.I.A. fiscal policy will be confirmed. The B.I.A. gives no evidence in its budget proposal, however, that regulations and internal rules which obstruct tribal control over funds and decision-making have been revised or eliminated. The mere "appearance of funding shifts" toward tribal control is not the only proof of growing tribal control. Not only must the regulations and rules be eliminated or changed, but actual staff and other overhead reductions in the Bureau itself must become manifest. The savings from such reductions ought to then accrue to the direct benefit of Indian tribes. So far as the present budget proposal is concerned, little evidence is presented to indicate these basic changes.

Natural Resources

A key measure of whether a trend toward Indian self-government is being achieved is in the B.I.A.'s Natural Resource budget. The extent that tribal governments actually control their land and resources largely determines whether they have real or only apparent decision-making power. In Figure 13, we contrast the Tribe/Agency portion of the O.I.P. Natural Resources budget with the Central and Area Offices combined. In 1984 the total B.I.A. commitment of funds for Natural Resources was \$84.405 million - 10.8% of the O.I.P. budget. In the proposed FY '93 budget, the B.I.A. proposes to spend \$119.331 million

- 9.87% of the O.I.P. budget. (A significant drop of \$21 million from the 1992 budget year when Natural Resources represented 11.5% of the O.I.P. budget.)

The Tribe/Agency part of the Natural Resources budget in 1984 was \$44.391 million or 53% of the B.I.A.'s total Natural Resources budget. In the FY '93 budget proposal, \$61.729 million in funds are scheduled to pass through Tribe/Agency accounts, representing a reduced proportion at 51.7% of the overall Natural Resources budget. Considered within the ten-year context, these figures suggest that the Natural Resources budget is becoming a smaller part of the overall budget. And, the proportion of Natural Resource funds possibly controlled by Indian Tribes through the Tribe/Agency budget is getting smaller. Such a tendency seems contrary to the claim by

B.I.A. officials "to fully develop the government-to-government relationship with Indian tribes."

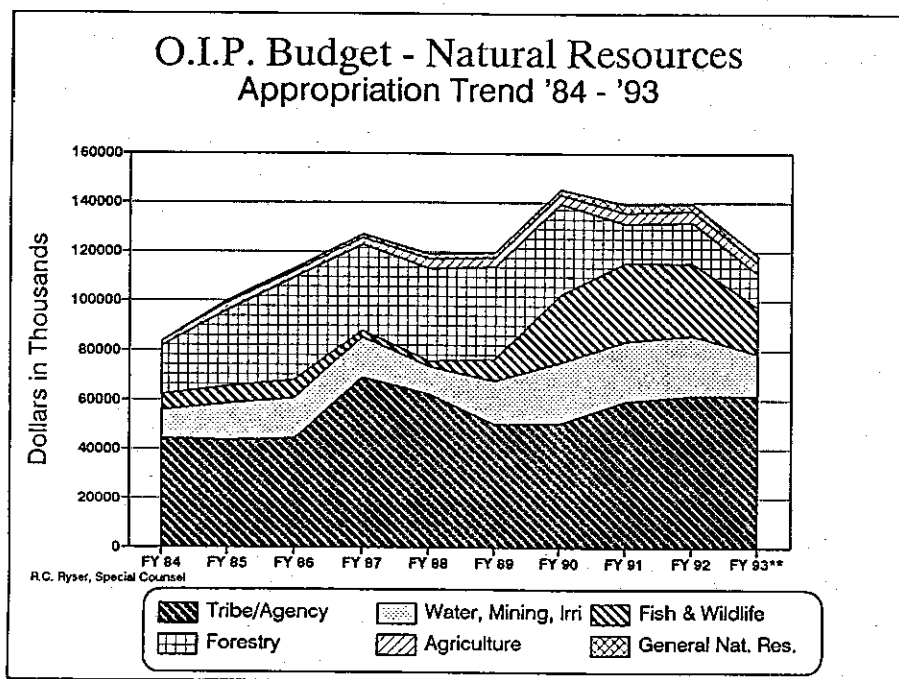
Economic Development

The ideology of market economics has become so deeply ingrained in the Bureau of Indian Affairs that the role economic development plays in the O.I.P. budget has dwindled to less than 1% in the projected FY '93 budget. (See Table 9 above for the 18 year trend) In terms of pure economics, the Bureau of Indian Affairs presents itself as the adviser, technical assistant and loaner of last resort. In the face of a nearly twenty year decline in tribal economies, the B.I.A. seemingly regards economy as distinct from natural resource development, education, health and community infrastructure. Economic development is viewed through the narrow lenses of business and commercial developments and the ideology of free marketeers. The budget commitment toward Economic Development will be smaller. At a \$5.546 million reduction from the 1992 level of \$12.887 million Economic Development in FY '93 will be budgeted at \$7.341 million.

The Community and Economic Development Grants created in 1992 and touted as a "demonstration program" to respond to the "diversity of Indian reservations culturally, economically and physically" was first set at \$10 million. Apparently the distribution formula used to make these funds available to Indian Tribes proved less than encouraging. In the FY '93

budget, the program burst of 1992 is proposed to become a whimper at \$4.257 million as the demonstration program continues. Business Development grants set at \$6.9 million in 1992 are to be eliminated as a budget item in the proposed budget.

Figure 13



Trust Responsibilities

When the "Self-Determination without Termination" policy of Richard Nixon got officially started by the Bureau of Indian Affairs in 1977, the Trust Responsibilities budget of \$27.720 million represented 4.4% of that year's annual appropriation. Indian Rights Protection, Real Estate Services and Financial Trust Services were key elements in the strategy for promoting the new policy. The FY '93 proposed budget for this activity is projected at a total of \$46.977

million - 3.9% of the O.I.P. budget.

Indian Rights Protection funds ("protect those rights which the U.S. guaranteed through treaty, statute or Executive Order") is projected to be reduced by \$10.142 million from its 1992 level of \$20.281 million. The biggest part of this cut (\$7.966 million) will come from Water Rights Negotiations and Litigation associated with 15 active cases - 60 pending stream

adjudications.

In response to thirty audit reports issued by the Office of Inspector General identifying irregularities in the B.I.A.'s administration of \$2 billion in trust funds owned by Indians and tribes, a Deputy Assistant Secretary - Indian Affairs for Trust Funds was appointed in 1991. The office created to handle these accounts has grown considerably since its establishment.

The total number of Financial Trust Services personnel handling accounts in 1990 was 151 employees. In the FY '93 proposed budget, the B.I.A. projects a level of 232 employees. Four times as many personnel (82) are projected for employment in the Central Office in 1992 as were employed in 1990. Central Office costs are projected to increase \$5 million to accommodate the added personnel.

General Administration

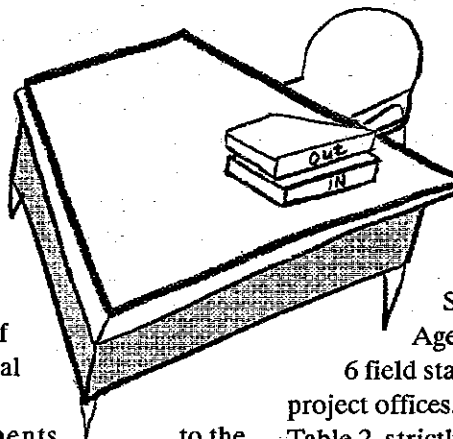
In these pages we have taken a decided interest in the growth and changes in the cost of operating the Bureau of Indian Affairs. The broad category under which such matters count is called General Administration. One reason we have attempted to focus on B.I.A. Administration is due to the historical tendency of this "entrenched bureaucracy" to place its interests and requirements above Indian Tribes and even the United States government. It was the explicit intention of the U.S. Congress in 1975 to redress the economic and power balance between the B.I.A. and Indian Tribes when it enacted the Self-Determination and Education Assistance Act. Achievement of that balance in favor of Indian tribes has been repeatedly frustrated. Too frequently the frustration of Congressional intent and tribal desires have been directly traceable to "bureaucratic inertia" - that tendency of governmental agencies to grow and consume resources at the expense of fulfilling their mission. In this case, such

inertia has contributed to the diminishment of peoples' lives for the sake of a governmental agency.

Amendments to the Indian Self-Determination Act in 1988 attempted to clarify any misunderstandings concerning Congressional intentions. Congressional legislation establishing the Self-Governance Demonstration Project and Self-Governance Compacts negotiated and concluded since 1990 contain explicit provisions about reductions in the Bureau of Indian Affairs. To the extent Congressional intentions are satisfied, and tribal/U.S. compacts are lived up to, it is clear that the self-determination and self-government policies can be achieved.

Staffing the BIA: Rising Administrative and Program FTEs

The Bureau of Indian Affairs is administratively organized with a



Central Office (located in Washington, D.C. and Albuquerque, NM), twelve Area Offices, 83 Superintendent Agencies, 3 sub-agencies, 6 field stations, and 3 irrigation project offices. As we show in Table 2, strictly Administrative personnel comprised 2,098 people in 1992. Of these, 1,573 were employed in the Central Office or Area Offices while 525 were employed at the agency level. Program personnel accounted for 2,739 persons employed by the B.I.A. in 1992. Two-hundred twenty-two (222) of these were employed in the Central or Area Offices. The Tribe/Agency level employed 2,289 of these. Together, Administrative and Program personnel included the employ of 4,609 people - 32% of the total number of employees. (The remainder of the 14,388 personnel were employed in the Education Program, in Construction activities, Maintenance, and other operations.) Clearly, most of the administration is conducted in the Central and Area Offices, while most of the

program delivery is conducted at the Tribe/Agency level.

Administrative costs in 1992 were \$130.191 million. The Bush Administration proposes to increase the total number of administrative personnel (2,136) by 38 positions and an addition of 284 program positions totaling 2,795 in FY '93 - 34.3% of the total number of employees. Because of reductions in non-administrative or non-program positions elsewhere, the total number of employee positions requested in FY '93 remains 14,388. The projected cost of Administration in FY '93 is \$130.100 million.

Significantly, the total number of B.I.A. employees exceeds the 13,000 positions in the Bureau of Indian Affairs in 1977. (See Figure 14) This would seem to suggest that by at least this measure, the self-determination act is having little effect. With net administrative increases and program personnel increases projected for 1993, it would also appear that the reductions planned by the BIA are inconsistent with Congressional intent. And also these changes would seem to not comply with Tribal agreements under Self-Governance Compacts. *The potential, therefore, exists that the B.I.A. is acting in violation of both Congressional intent and solemn intergovernmental compacts even as it publicly pronounces its commitment to self-determination, self-government and the sanctity of government to government relations with Indian governments.* As Figure 14.1 on page 18 illustrates, substantial increases in the number of positions in Government Service were made in 1991. While the addition of FTEs overall has slowed, the increases continue.

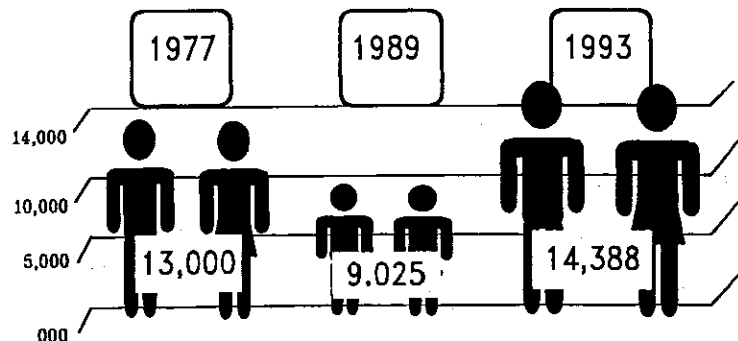
Despite shifting funds to the

Tribe/Agency level and claiming to shift "resources and decision-making away from Central Office control to the reservation level," cuts in General Administration costs are primarily associated with just two factors: Inter-Governmental Billings reduced by \$5.218 million and Automatic Data

**Table 2
Administrative & Program Personnel**

	1992	1993
CO & AO	1573	1611
Agency	525	525
Total Admin:	2098	2136
CO & AO	222	253
Agency	2289	2543
Total Program:	2511	2796
Total Employees	4609	4931

**Figure 14
B.I.A. Permanent Employees**



Source: AIPRC, BIA Budget Justification 1989, 1993
R.C. Ryser, Special Counsel

Processing Services (ADP) reduced by \$649 thousand. (See Figure 15) The savings from these reductions were reinvested in Program Management, Employee Compensation, Safety Management and salary increases in Executive Direction. As a result of these internal transfers, the Central Office increased Executive Direction by \$1.692 million and 12 FTEs and a slight reduction in the overall cost of General Administration. In the end, the proportion that General Administration represents within the O.I.P. Budget rose from a 1992 level of 10.7% to 10.8% in the FY '93 proposed budget. (See Figure 16)

The potential, therefore, exists that the B.I.A. is acting in violation of both Congressional intent and solemn intergovernmental compacts even as it publicly pronounces its commitment to self-determination, self-government and the sanctity of government to government relations with Indian governments.

Figure 14.1

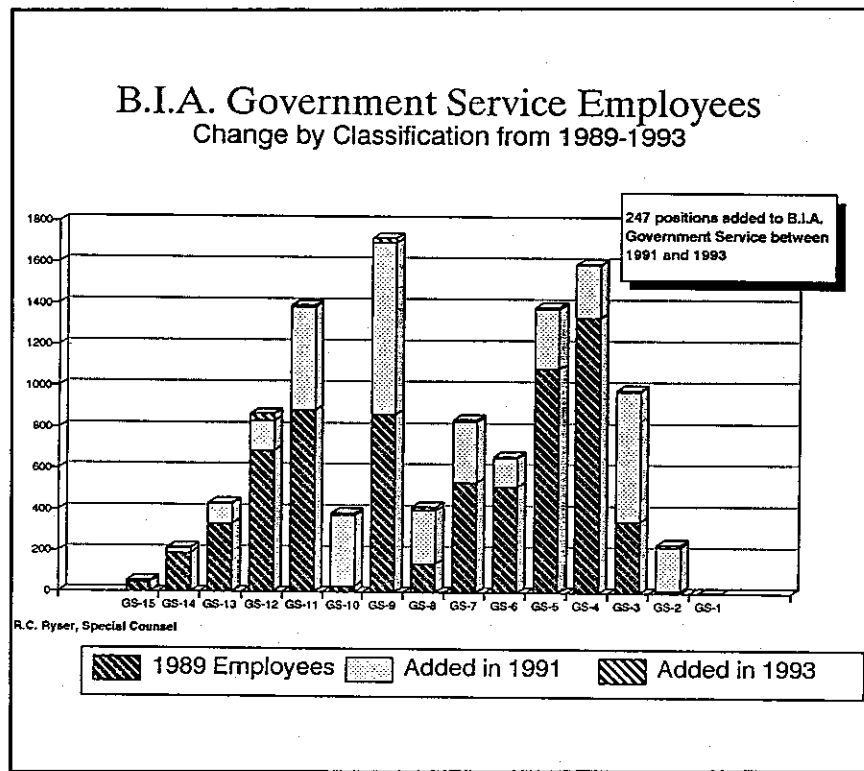


Figure 15

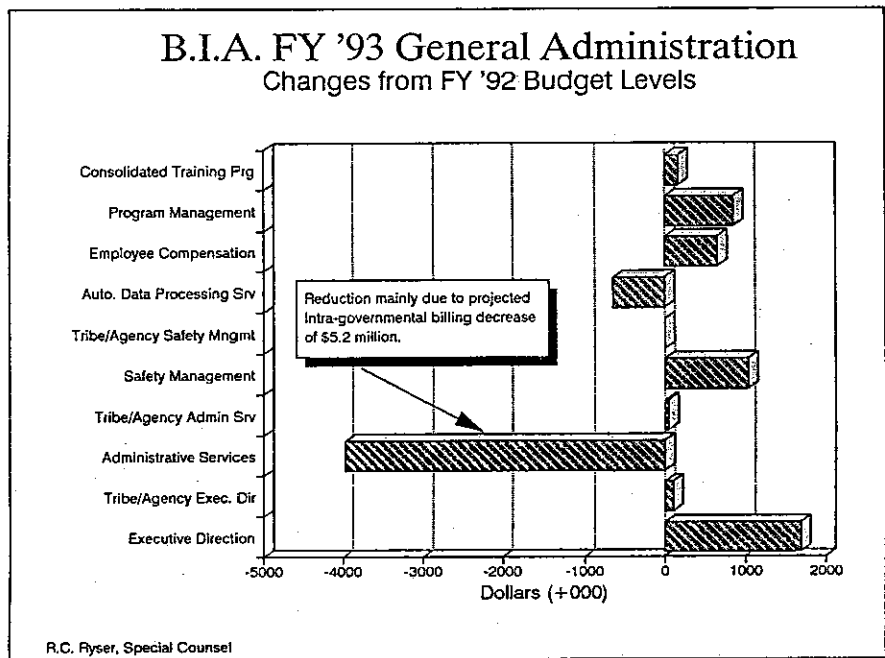
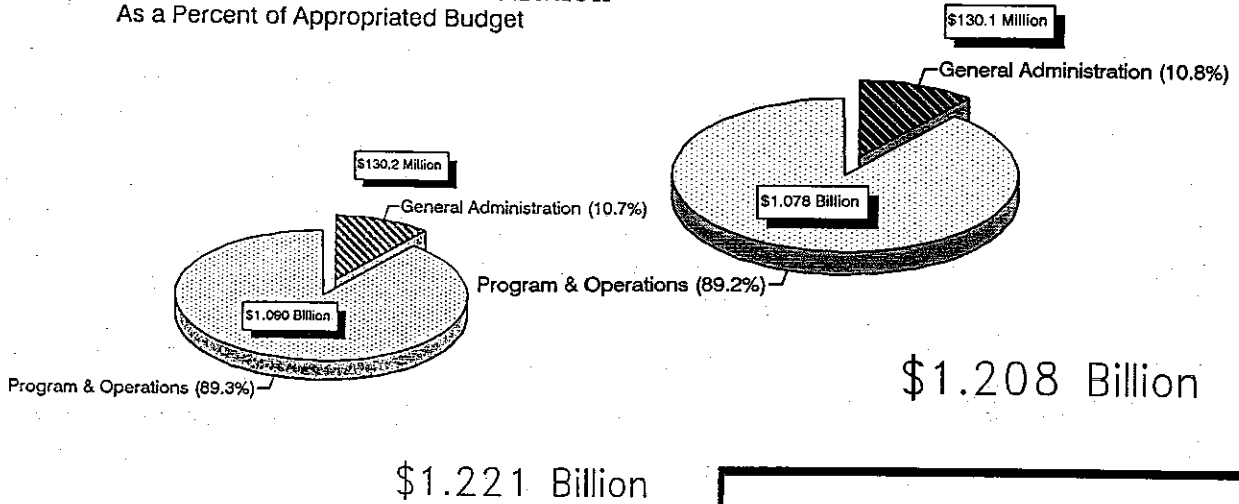


Figure 16

B.I.A. FY '93 General Administration
As a Percent of Estimated Budget

B.I.A. FY '92 General Administration
As a Percent of Appropriated Budget



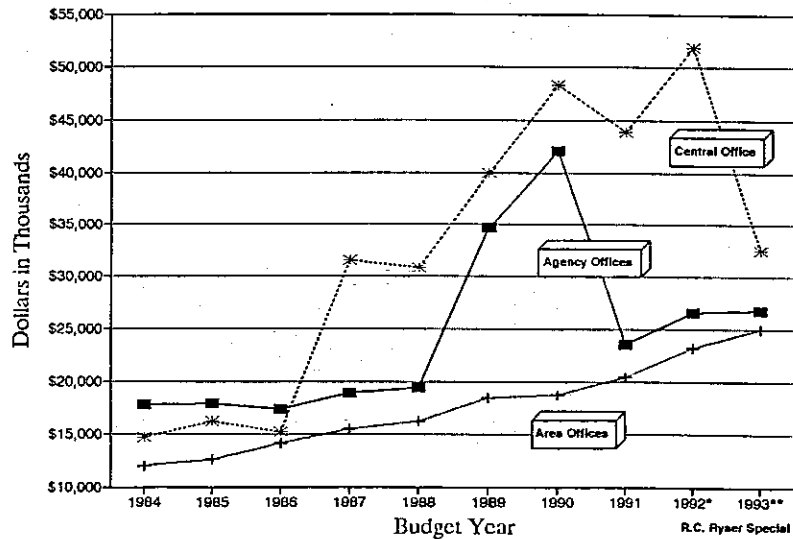
R.C. Ryser, Special Counsel

Despite the reality that General Administration as a proportion of the O.I.P. continues to rise, the cuts in Inter-Governmental Billings and ADP Services do contribute to the net overall effect of reducing the cost of the Central Office. Similarly, a net reduction in administrative costs at the Tribe/Agency is apparent in the proposed budget. However, some of these reductions were simply shifted to the Area Offices whose collective budget continues to grow unabated. (See Figure 17) The principal beneficiary of Administrative budget adjustments appears to be Area Offices which have long been the target of tribal officials for reductions.

The Agency Office administrative cost in 1984 was \$17.790

Figure 17

BIA Administration Budgets '84 - '93**
Trend by Office Category



R.C. Ryser Special Counsel

million and recently jumped to twice that cost for two years, and then returned to a normal pattern of growth in 1991. The FY '93 budget proposal sets the spending figure at \$26.762 million. In the ten budget years from 1984, the Agency

Office budget has changed being 2.1% to becoming 2.2% of the O.I.P. budget in FY '93. The Central Office has grown substantially in the past six years from a 1984 level of \$14.758 million (1.7% of O.I.P.) to a high in 1992 of more

than \$50 million. The proposed level in 1993 is \$32.542 million (2.7% of O.I.P.).

The Area Office Administrative budget has consistently grown each year, and will if the present trend persists soon surpass both the Agency and Central Office cost levels. In 1984, the Area Office budget was 1.4% of the O.I.P. budget - \$12.011 million. In the proposed FY '93 budget the Area Office budget of \$24.919 million will represent 2.1% of the O.I.P. budget. Next to the Central Office's rapid growth over the last six years, the Area Office budget has grown more slowly but more consistently upward.

While the Central Office and Area Offices actually handle or directly administer a smaller part of the budget, and the Tribes and Agency assume more of that responsibility it remains an unexplained phenomenon that the former continues to grow.

Figure 18

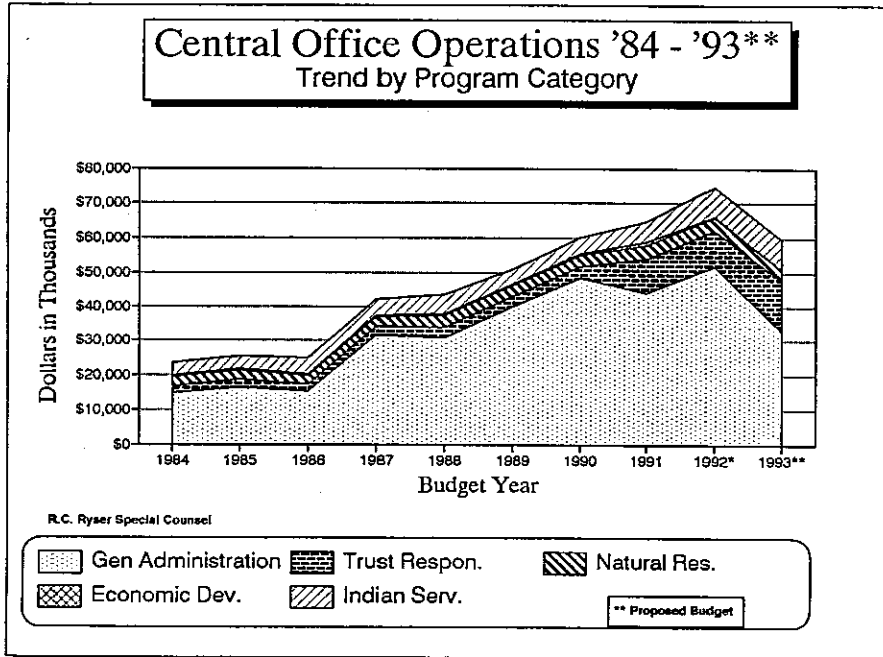
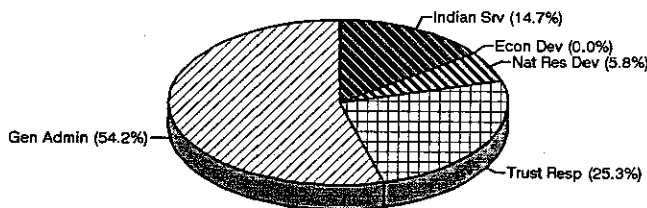


Figure 18.1

B.I.A. Central Office Budget 1993
\$60.020 Mil distributed by Program



Central Office

The costs associated with the Central Office have been on an upward path each of the six years from 1987 to 1992. As Figure 18 illustrates, General Administration costs have been the primary budget category for the notable growth. Program budgets in the Central Office have remained fairly constant. In 1991, expansion of Financial Trust Services to administer \$2 billion in tribal and individual Indian trust funds, was responsible for additional growth. Owing to budget cuts in Inter-Governmental Billings and Automatic Data Process Service related costs, General Administration costs are projected to drop in the FY '93 budget year.

In 1984 the cost of General

Administration in the Central Office consumed 61.4% of the total office budget. Most of that cost (55.2%) was spent on personnel in Administrative Services - clerks, accountants, secretaries, etc. Now, after spending an estimated \$113.847 million (from 1985 to 1992) on the development of computerized data processing capabilities General Administration costs are proposed at a level of \$32.542 million - 54.2% of the Center Office budget. (See Figure 18.1) The change to computerized data processing has produced a smaller General Administration budget. But the number of personnel and the part of the budget their cost represents has not declined, but continues to grow. (See Figure 18.2) As the diagram on "Three Key Growth Activities" illustrates, personnel costs began growing in 1991 even as Automated Data Processing costs began to decline. If the implied path of the personnel lines are extended into future years, the basis for continuing Central Office growth is clearly implied.

Figure 18.2

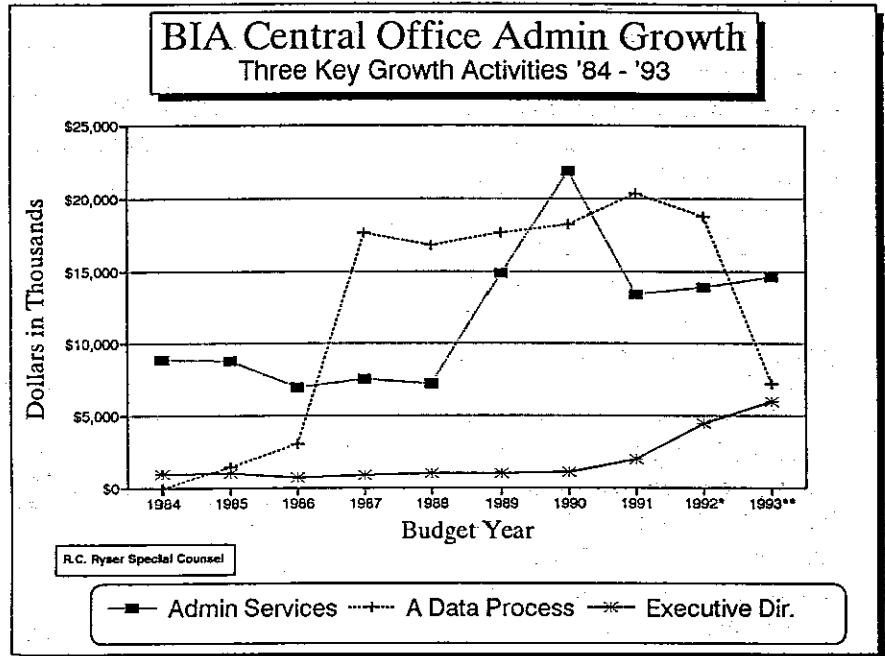
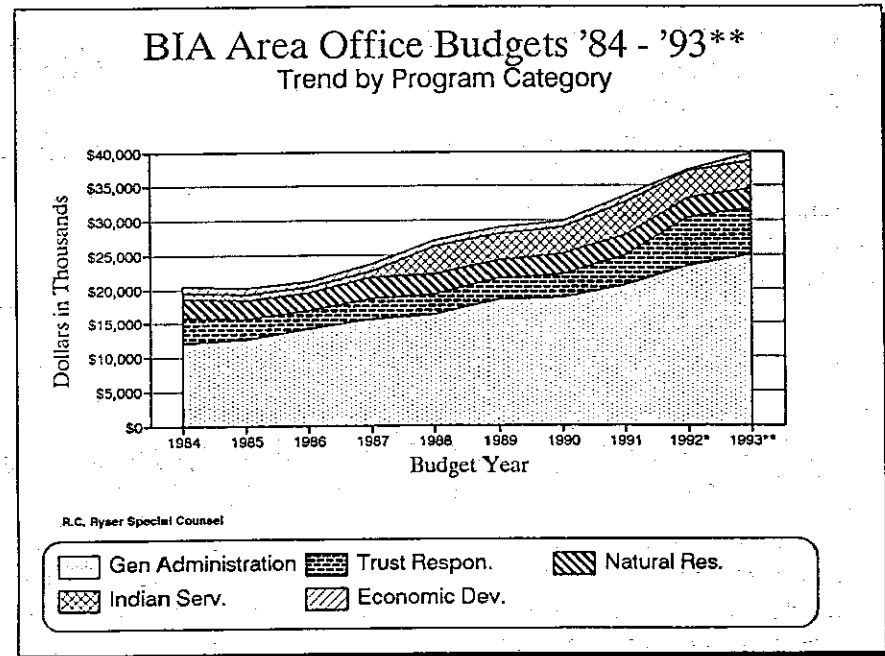


Figure 19

Area Offices

The regional system of Area Offices was established in the 1950s when the U.S. government had just started a plan to terminate its trusteeship over Indian reservations. Since their establishment, tribal leaders and U.S. government officials have all argued that the Area Offices constituted an unnecessary level of added bureaucracy. In 1984 the cost of Area Offices represented 2.9% of the O.I.P. budget. In the proposed FY '93 budget, the proportion Area Office costs represent will be 3.3% - \$39.820 million. Figure 19 illustrates the methodical and consistent increase in cost of the Area Offices



budget over a ten year period - including the proposed FY '93 budget. Remarkably, the Area Offices budget remains little affected by policy changes and program changes - changes which have dramatically affected the Central Area Office and Agency Offices budgets. As the Central Office affirms its commitment to shift decision-making authority to the tribal governments how is it that such shifts do not affect the cost of Area Offices?

In the proposed FY '93 budget General Administration dominates the Area Office budget, representing 62.6% of the cost. (See Figure 19.1) In the General Administration budget, Administrative Services as proposed for 1993 will constitute 83.8% of the administrative cost. Executive Direction will become 11.6% of the Area Office budget. In 1984, Executive Direction was 10.2% of a smaller budget. Now it clearly represents a much larger commitment. (See Figure 19.2)

Carbon copies of program personnel at the Agencies and in the Central Office absorb 37.4% of the Area Office budget. While some tribal leaders suggest that the Area Offices could be replaced with regional technical assistance centers, little actual progress has been made in this direction.

Figure 19.1

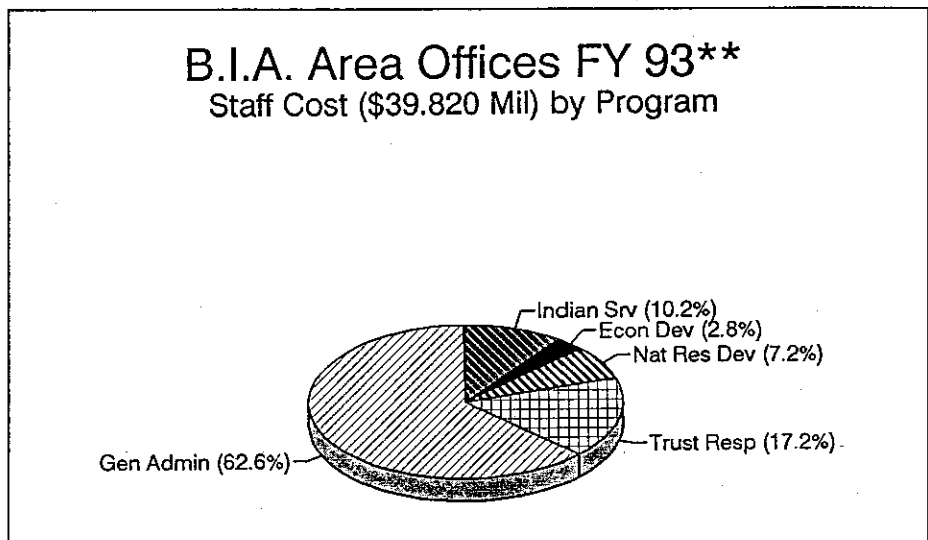
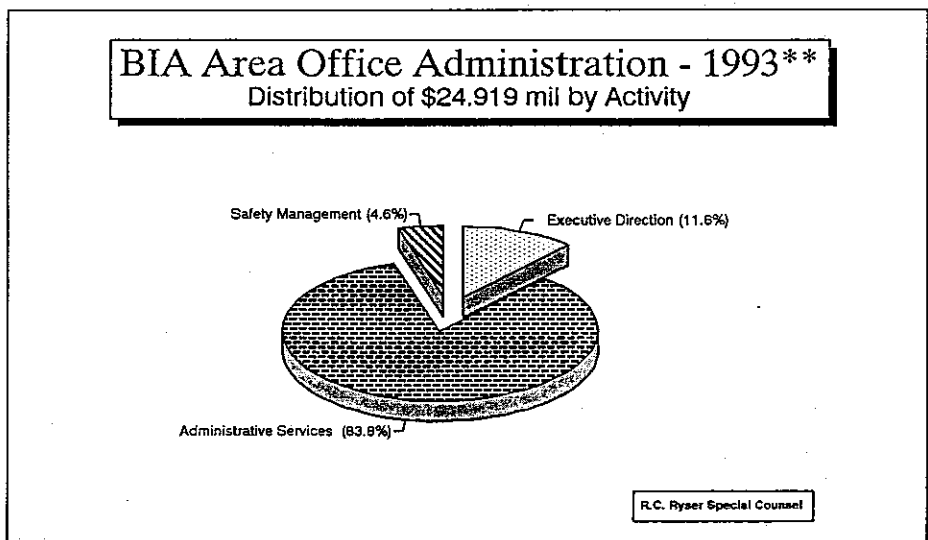


Figure 19.2



Facilities Management

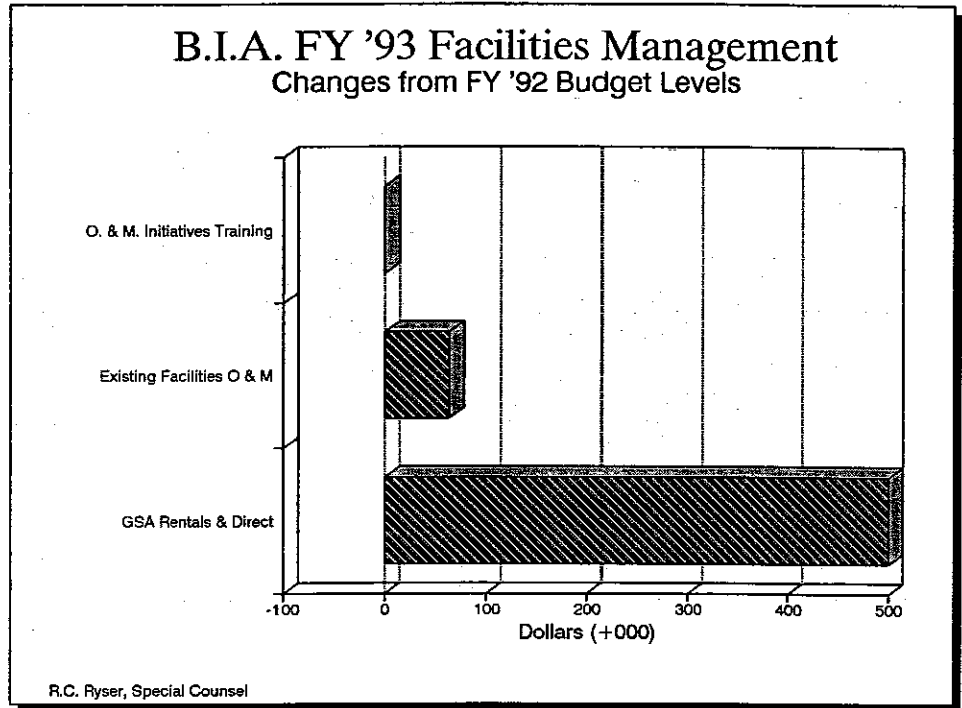
In 1991, the Bureau of Indian Affairs reported actual appropriations for GSA Rentals, Direct Rentals and Facilities Operation and Maintenance at a level of \$94.179 million. Accounting for

this cost in the FY '93 proposed budget requires re-combining the budgeted amounts for the Education Program and the remaining parts of the Bureau of Indian Affairs. Facilities Operation and

Maintenance costs proposed for 1993 amount to \$93.803 million. The non-education program Facilities O & M is projected at \$29.573 million with a \$500 thousand increase in GSA Rentals &

Direct Rentals planned for FY '93. (See Figure 20) The details of why the cost of Education Program Facilities O & M is now expected to be lower are not reported.

Figure 20

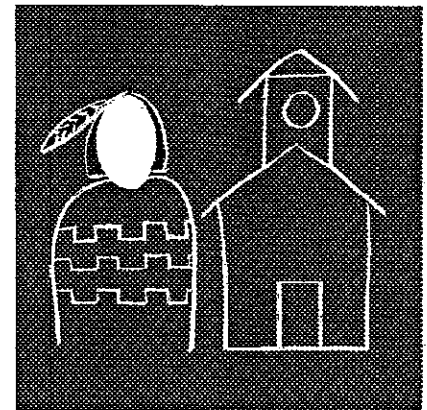


Education Program

The Education Program budget of \$441.3 million (including Education costs in the Tribe/Agency budget) proposed for FY '93 is 32% of the proposed appropriations request of \$1.383 billion. These funds provide direct support to elementary and secondary schools, B.I.A. schools, supplementary assistance to public schools and supplemental support to Tribal Colleges. Despite changes in the school population size, Education budgets have remained fairly constant (See Figure 21), a pattern that appears to be continuing after 1992 following account consolidation.

The Bush Administration's budget proposal for 1993 outlines a series of broad education goals for Indian Country that closely parallel goals set by President Bush and state governors called America 2000 initiatives. These goals are supplemented by four "Indian America 2000" strategies designed to be implemented by five pilot programs. The strategies include:

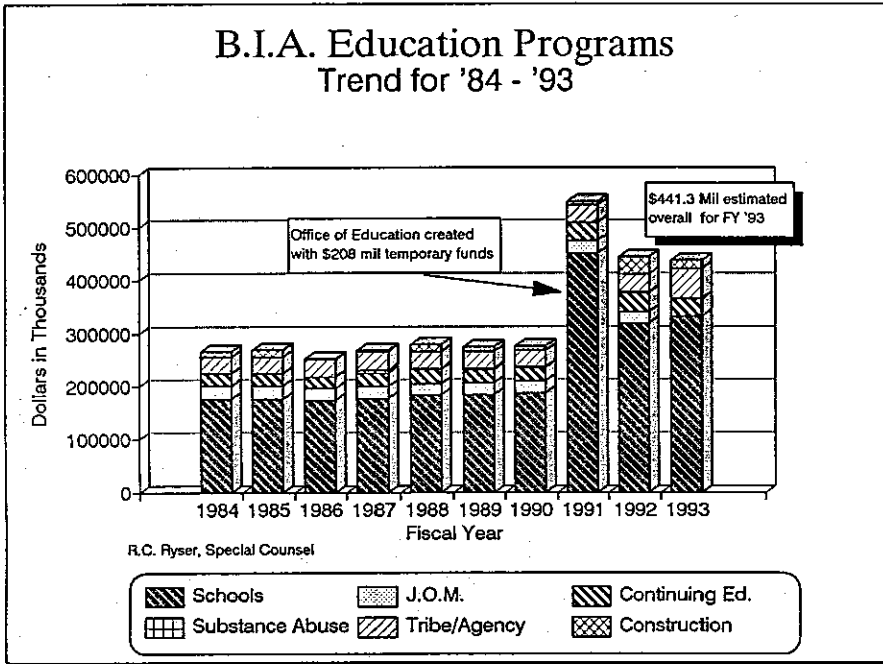
- adopt the six national education goals (set by President Bush and the state's governors) and the B.I.A.'s seventh goal of emphasis on Indian culture.



- set a community-wide strategy to achieve the seven goals,
- develop a report card to measure results; and
- Plan for and support a "break the mold" New American Bureau School.

To affirm the "Indian America

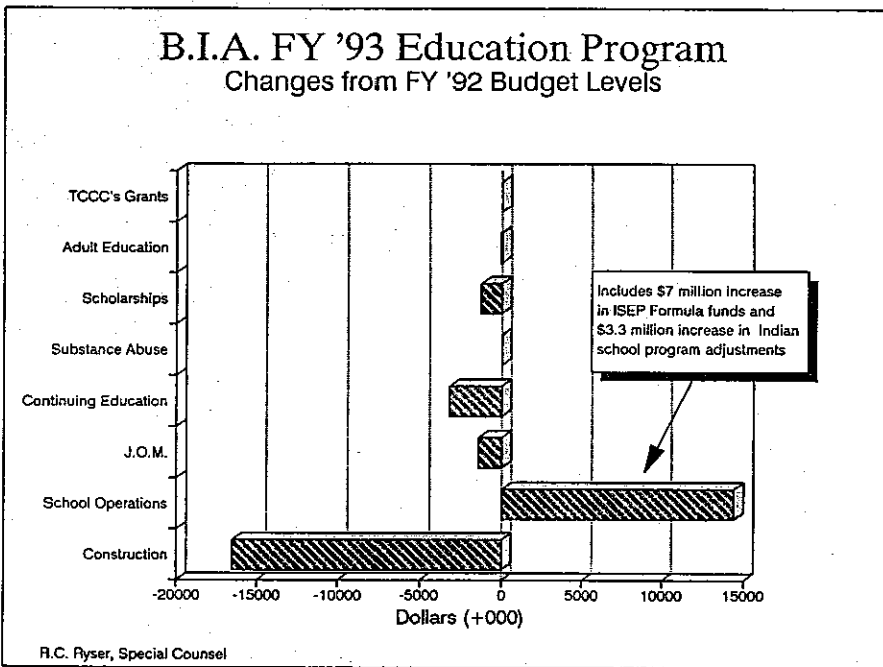
Figure 21



2000" effort, the B.I.A. proposes a \$1.7 million in Innovative School Grants to support the five pilot programs. In addition to this activity, the B.I.A. proposes an additional \$18 thousand to increase Substance/Alcohol Counselor budgets to \$2.456 million. In addition to these changes, the FY '93 budget contains a proposal to increase the Indian School Equalization Program by \$7.034 million to a new level of \$208.966 million. (See Figure 21.1) According to the B.I.A., in the school year 1991-1992, B.I.A. operated and tribal operated schools served 47,817 students in 23 states.

Figure 21.1 also illustrates four areas where reductions are planned in the FY '93 budget. Johnson-O'Malley funds, aimed at supplementing educational needs of Indian students in public schools, are projected to be \$22.817 million - a reduction from 1992 of \$773 thousand. Funds in support of Indian junior college education and higher education scholarships are projected to be reduced in FY '93 by \$3.235 million - to a combined level of \$10.232 million. Finally, the 1992 appropriated level of \$32.495 million is being reduced by \$16.495 million.

Figure 21.1












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

In 1992, \$210.477 million was appropriated for a wide range of construction projects in Indian Country. The B.I.A. proposes to cut \$80.862

million from the 1992 level. Reductions (See Table 3) are being proposed for virtually every category within the Construction Budget. The bulk of proposed cuts are under the categories of Irrigation Systems (\$37.081 million in cuts), Buildings & Utilities (\$22.689 million in cuts) and Road Maintenance and Road Construction (\$12.427 million in cuts). In addition, the B.I.A. proposes further cuts in Fish Hatcheries Rehabilitation (\$999 thousand), Land Acquisition (\$1.637 million bringing the account to zero) and small reduction in Employee Housing (\$499 thousand). A new account has been added to the Construction Budget, Self-Governance Compacts, which is being proposed at a level of \$1.645 million.

Table 3

Changes in the Construction Budget

	1992	1993	
 Buildings & Utilities	\$44.993 Mil	\$73.191 Mil	↑
 Irrigation Systems	\$46.751 Mil	\$ 4.303 Mil	↓
 Housing	\$23.750 Mil	\$18.706 Mil	↓
 Land Acquisition	\$ 2.506 Mil	\$ 0.000	↓
 Fish Hatcheries Rehab	\$ 3,023 Mil	\$.482 Mil	↓
 Employee Housing	\$.995	\$ 1.970 Mil	↑
 Roads	\$38.671 Mil	\$29.318 Mil	↓

The Housing Improvement Program (H.I.P.) is proposed at a level of \$15.163 million - a \$4.971 million cut from 1992. H.I.P. has been operating at more than a \$20 million for more than eight years. The present proposal suggests a sharp drop to support the proposed plan to renovate 39 thousand Indian homes. The B.I.A. plan also calls for the construction of 50 thousand new homes.

Permanent and Trust Funds



Tribal and individual tribal member's Trust Funds are projected to earn \$411.124 million and maintain an end-of-the year balance of \$1,483.990 million. \$59.518 million is planned for FY '93 disbursement for maintenance of irrigations systems and annual treaty payments to several tribes. \$2 million will be distributed as payments to the Senecas (\$6,000), Six Nations Confederacy (\$4,500), the Pawnee of Oklahoma (\$30,000) and Lakota (\$1,959,500) in accord with obligations of the United States under treaties. The total of disbursements proposed in FY '93 for all Permanent and Trust Funds is \$500.261 million. The White Earth Settlement Fund is expected to disburse \$12 million, \$1 million more than in 1992.

Sources



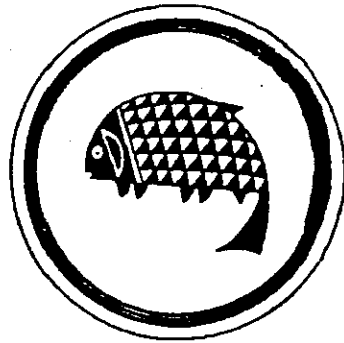
United States Department of the Interior, Budget Justifications, F.Y. 1993

*United States Department of the Interior, Budget Justifications, F.Y. 1992,
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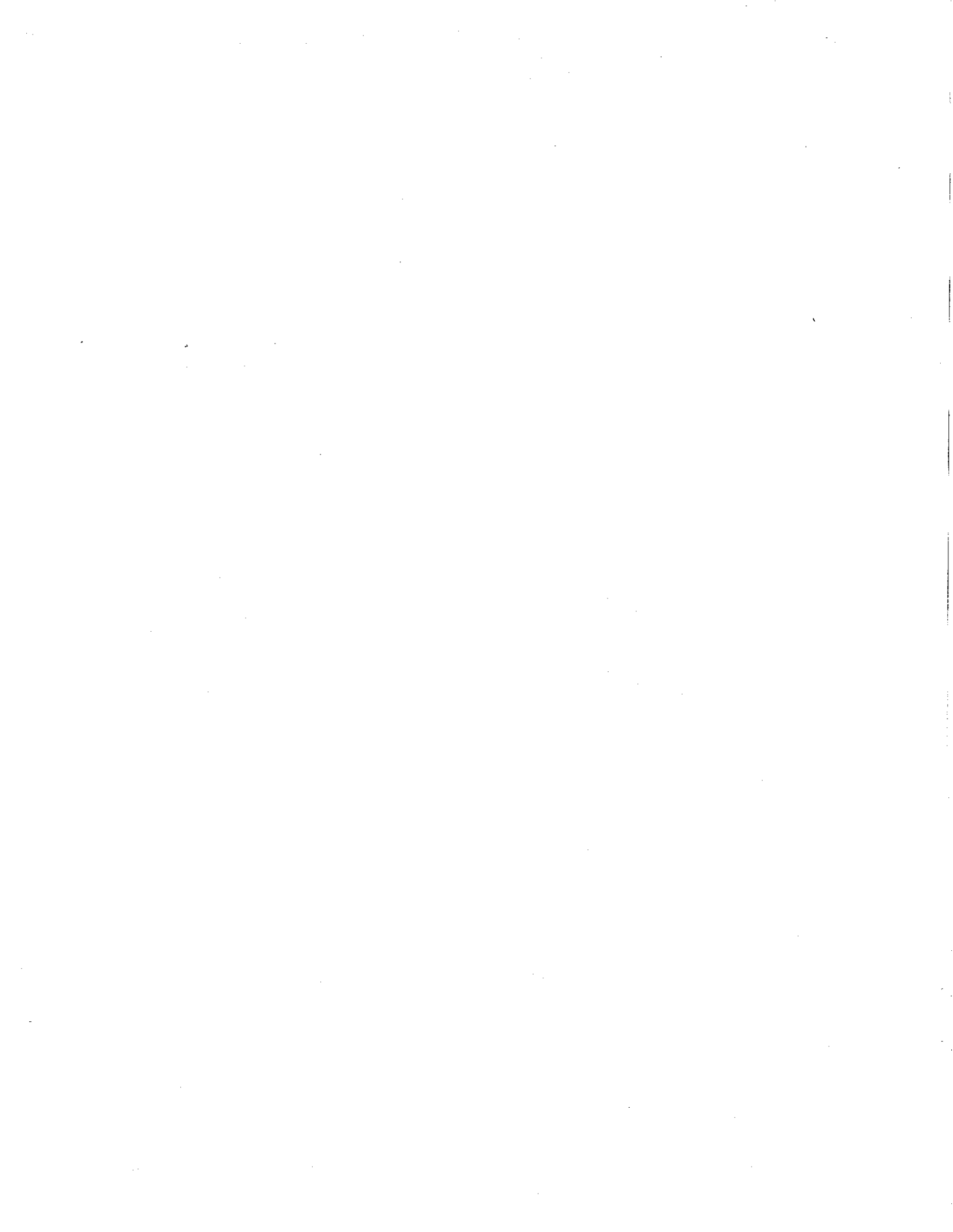
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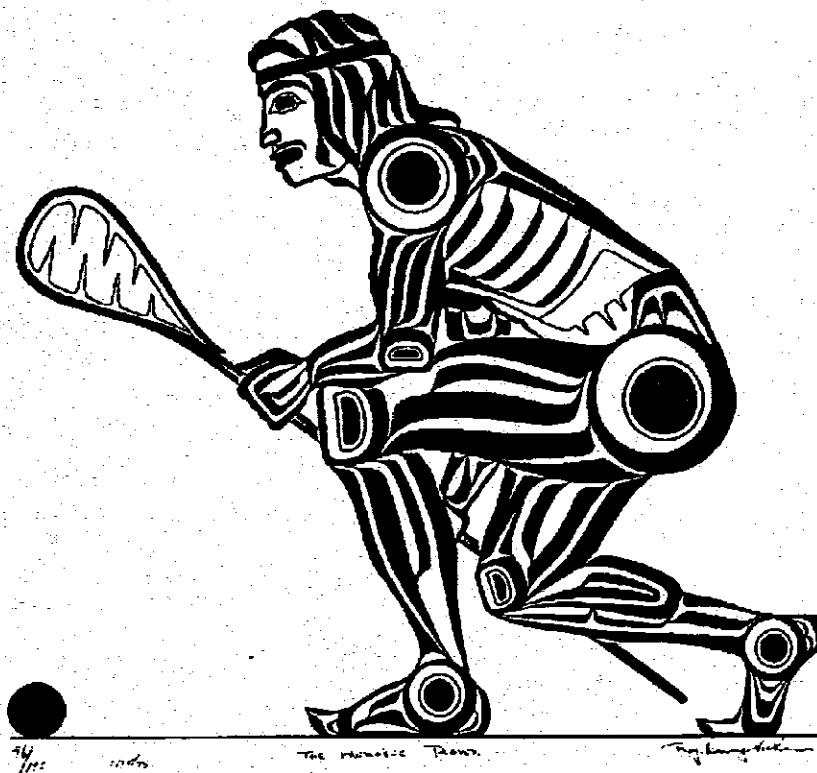


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Congratulations to the Six Nations Iroquois Confederacy
and Good Luck to the Haudenosaunee Lacross Team as they
Compete with the World
at the 1992 Olympic Summer Games in
Barcelona, Catalunya



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