

# Ronald Reagan Presidential Library Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**Collection:** Blackwell, Morton: Files  
**Folder Title:** American Indian Leaders  
Advisory Council (5 of 7)  
**Box:** 31

---

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: [reagan.library@nara.gov](mailto:reagan.library@nara.gov)

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

THE WHITE HOUSE AND THE DEPARTMENT OF THE INTERIOR

\* \* \* \* \*

AMERICAN INDIAN LEADERS  
ADVISORY COUNCIL BRIEFING

Old Executive Office Building  
Room 474  
Pennsylvania Avenue, N.W.  
Washington, D.C.

Wednesday, June 24, 1981  
2:00 p.m.

AMERICAN INDIAN LEADERS ADVISORY COUNCIL:

PETER MACDONALD, Chairman  
Navajo Tribal Council  
Window Rock, Arizona

ED DRIVING HAWK, President  
National Congress of American Indian  
Mission, South Dakota

NED ANDERSEN, Chairman  
Arizona Inter-Tribal Council  
Sam Carlos, Arizona

JOHN SLOAT, Vice President  
United Tribes of Western Oklahoma & Kansas  
Shawnee, Oklahoma

NELSON ANGAPAK, Chairman  
Alaska Federation of Natives  
Anchorage, Alaska

JOHN HOPE  
Alaska Federation of Natives  
Anchorage, Alaska

FRANK TENORIO  
All Indian Pueblo Council  
Albuquerque, New Mexico

DALE RISLING, President  
California Tribal Chairman's Association  
Huopa, California

BUFFALO TIGER  
Miccosukee Tribal Council  
Miami, Florida

R. PERRY WHEELER, Deputy Principal Chief  
Cherokee Nation  
Tahaquah, Oklahoma

FRANK LAWRENCE, Chairman  
Standing Rock Sioux Tribal Council  
Fort Yates, North Dakota

CALEB ROANHORSE, Executive Assistant  
Office of the Chairman  
The Navajo Nation  
Window Rock, Arizona

AMERICAN INDIAN LEADERS ADVISORY COUNCIL (Cont'd):

ERNEST STEVENS, Executive Director  
Division of Economic Development  
The Navajo Nation  
Window Rock, Arizona

RON WOOD, Executive Director  
Division of Health Improvement Services  
The Navajo Nation  
Window Rock, Arizona

BOBBY GEORGE, Executive Director  
Division of Social Welfare  
The Navajo Nation  
Window Rock, Arizona

OTHER GUESTS:

GEORGE VLASSIS, Esquire  
Phoenix, Arizona

JOE TRUJILLO, Aide to Senator Domenici  
Washington, D.C.

JEFF BOOTHE, Aide to Senator Hatfield  
Washington, D.C.

ELMER SAVILLA, Acting Director  
National Tribal Chairman's Association  
Washington, D.C.

RON ANDRADE, Director  
National Congress of American Indians  
Washington, D.C.

DALLAS MERRILL

FEDERAL EMPLOYEES:

MORTON BLACKWELL (Chairman)  
Special Assistant to the President  
for Public Liaison

KENNETH SMITH  
Assistant Secretary for Indian Affairs  
Department of the Interior

JAMES DE FRANCIS  
Deputy Assistant Secretary for External Affairs  
Department of Energy

FEDERAL EMPLOYEES (Cont'd):

ALAN PARKER  
Director of Indian Affairs  
Department of Energy

A. DAVID LESTER  
Commissioner, Administration for Native Americans  
Department of Health and Human Services

PETE HOMER  
Acting Director, Office of Indian and Native American Programs  
Department of Labor

LOUIS McGUINNESS  
Acting Director, Indian Education Programs  
Office of Elementary and Secondary Education  
Department of Education

BOB CARLESON  
Special Assistant to the President  
for Policy Development

EMERY A. JOHNSON  
Director, Indian Health Service  
Public Health Service  
Department of Health and Human Services

BILL GRISBY  
Deputy Assistant Secretary for Public Housing  
and Indian Programs - Designate  
Department of Housing and Urban Development

DON CRABILL  
Deputy Associate Director, Natural Resources Division  
Office of Management and Budget

JOHN McCLAUGHRY  
Senior Policy Advisor  
White House Office of Policy Development

KATHRYN HARRIS TIJERINA  
Indian Affairs Office  
Department of Energy

EDWARD SIMERMEYER  
Team Leader for Region 2  
Office of Indian Education  
Department of Education

FEDERAL EMPLOYEES (Cont'd):

JOSEPH EXENDINE  
Deputy Director, Indian Health Service  
Public Health Service  
Department of Health and Human Services

RALPH REESER  
Congressional and Legislative Affairs Officer  
Bureau of Indian Affairs  
Department of the Interior

CARL SHAW  
Public Affairs Officer, Office of Assistant  
Secretary for Indian Affairs  
Department of the Interior

JIM YOUNG  
Administration of Native Americans  
Department of Health and Human Services

I N D E X

<u>PRESENTATIONS. BY:</u>	<u>PAGE</u>
KENNETH SMITH Department of the Interior	1, 21
JAMES DE FRANCIS Department of Energy	4
ALAN PARKER Department of Energy	5
A. DAVID LESTER Department of Health and Human Services	10
PETER HOMER Department of Labor	6
LOUIS McGUINNESS Department of Education	23
BOB CARLESON The White House	26
EMERY A. JOHNSON Department of Health and Human Services	37
BILL GRISBY Department of Housing and Urban Development	46
DON CRABILL Office of Management and Budget	48
JOHN McCLAUGHRY The White House	50

## P R O C E E D I N G S

CHAIRMAN BLACKWELL: On behalf of Mrs. Elizabeth Dole who is the Head of the Office of Public Liaison, welcome to the White House complex. We are delighted that you could all come.

I'm sure everyone knows the nature of the meeting. This is a briefing on the status of Administration policy with a view towards getting input from Indian leadership. The meeting was requested by Chairman Peter MacDonald of the American Indian Leaders Advisory Council, and I am delighted that virtually everybody who we invited has been able to come here. I am looking forward to a very productive and educational afternoon for myself and, I trust, for all of us here in the room.

This is a first meeting, by no means a last meeting. We are hoping that this meeting will lead to increased communications between Indian leadership and the Reagan Administration.

I should mention that this room is referred to as the Treaty Room or the Indian Treaty Room. We don't have very many meeting rooms in the White House complex, but this is one of the nicest of them.

So far as we know, there were never any Indian treaties signed in the Indian Treaty Room, but it wasn't chosen for that reason. It was chosen because it happens to be the room that is most suitable I think for this kind of meeting, which will be productive of a give and take exchange.

We have provided you with a schedule. We are going to try to adhere pretty closely to this schedule. There will be a break shortly after four o'clock at which time we will have some refreshments brought in.

We are going to try to keep the presentations from the scheduled speakers in each segment to a total of one half the time, which will allow approximately half the time for questions and answers, comments and exchanges of information from the members and guests of the American Indian Leaders Advisory Council.

Our first discussion for the first hour is on the topic of resource development. To open it up I am pleased to present to you a man whom I believe you have all met before. I have certainly enjoyed working with him these last few months. Our Assistant Secretary of the Interior for Indian Affairs, Ken Smith will start us off. Ken, would you come and open up our substantive discussion? Thank you very much.

MR. SMITH: Thank you, Morton. First of all, it is a pleasure to be here and for once I am on the other side of the fence.

Morton, you said something about there has never been an Indian treaty signed in this room. Well, I just happen to have a draft of an Indian treaty here that we were supposed to negotiate. We'll make it a first!

I came to this meeting assuming that we would have a dialogue, talking about these four important issues. I didn't come here to preach to you or give you a lecture because most of you probably know more about



resource development than I do. I am here primarily to listen to you. Since this is my first time to serve in public office, working for the government and for the President. I want to listen to you for your ideas and your thoughts about resource development. I think we all know that resource development is a key area in Indian country. Basically it is the key to self-sufficiency and self-determination, if we are ever going to get there.

I know we have a lot of valuable resources in Indian country. The timber resource for example, is something that I know quite a bit about because this is where I come from. Our major resource is timber at Warm Springs.

We have the energy and minerals and have the water, which is the big one. It is going to get bigger all the time. We have agriculture, fishing, wildlife, and I think that is going to be the key. I felt several years ago that we were spending our money in the wrong areas. We had EDA out on the reservations building resorts, nothing but resorts, which isn't too bad of an investment if you have a lot of money.

What else did we have? We had community centers, museums, industrial parks, but I always wondered why we couldn't build sawmills where there was timber on a reservation? Why couldn't we build some of these other things? Why couldn't we develop the minerals? Why couldn't they be developed, coal and this type of thing? I think we were always on the wrong track. We were trying to induce industry to come on our reservations, and we know that is very difficult to do at the present time. I really felt that we were going down the wrong road, but hopefully we will be able to turn that around. I know the reservations, the ones that do have a resource and I think we have got to help those tribes and support those tribes in developing their resource.

I know it has been very valuable for us in Warm Springs. We built our own sawmill there. It is our major source of revenue. We have increased our employment. We have increased our revenue. We are more or less selling the finished product, and I just can't see why tribes with timber resources are letting that timber roll off their reservations and selling their logs to some outsider who is running the sawmill. I don't want to see that happening in Indian country. I hope we can turn that type of thing around.

As you know, we will have some budget cuts in 1982, and if we don't get the inflation down and the economy turned around, I'm sure we are going to see some more budget cuts in 1983.

We came out pretty well. We only took about a 7 percent cut in the Bureau of Indian Affairs, but some of the other departments didn't fare as well. This was the first time I found out that only a third of the Federal money that flowed onto Indian reservations came from the Bureau. The other two thirds of it came from other departments. That was a surprise to me. I didn't realize that before, but if anything goes wrong out in Indian country all the fingers point to BIA. Now that I am Assistant Secretary I feel responsible for that, and I hope I can coordinate that whole program in some way or another. Perhaps, the Administration will come up with a process where we can better coordinate our programs.

Just looking at our total budget, we don't spend a lot of money for resource development. I notice we only have \$149 million out of a budget of \$979 million. We only spend about 15.2 percent, and to me we either have to change that, increase it, or do something with it to make that 149 million dollars grow into a billion dollars out in Indian country.

One of my new program initiatives will be economic development in the Bureau of Indian Affairs. For instance, I hope in '83 we will be able to come up with some money we can utilize in developing the resources on reservations. We are going to accelerate the resource inventory taking in Indian country, accelerate the development of those energy resources and those mineral resources on Indian reservations, and also look into developing entrepreneurship. I think that is something that we haven't really touched. We have always worked with government agencies and tried to develop project by project. You know what happens when government runs an enterprise, sometimes we are not successful. I think we have got to look on the other side of the fence and say we have a lot of young, energetic people out there, business people that really want to move. I think we have to develop programs for those types of people because I think they are the ones who are going to improve our reservations with our help and with the local government's help. I don't have too much more to say other than I am happy to be on board, and I'm sure that the key to economic and resource development in Indian country is going to be tribal government.

Hopefully we can work with tribal governments. We can assist you, support you, and encourage you to meet your objectives in these particular areas. I know our dollars are going to be short, and some way or another we have to tap the private sector to be able to come up with the dollars we need, and the capital we need to make this whole thing come together.

As I said when I started, I hope this will be a dialogue. I came here to listen to you since I am going to be developing policy and developing our budget in the Bureau of Indian Affairs. I want to listen to you because the Federal dollars are shrinking, and we have got to set some priorities.

I am looking at the possibility our budget may go down again, so what do I delete? That's a good question, and that's a big problem, and I want to listen to your comments. I want to carry on this dialogue and I hope this isn't the only meeting, or the last meeting.

That's all I have.

CHAIRMAN BLACKWELL: Thank you very much, Ken. In the materials which we gave you there is biographical information on each of our speakers, but because we have a large number of speakers and limited amount of time, I am just going to introduce them by their current title and you can look in the little pamphlet as to what their backgrounds are such as we have.

Our next speaker is from the Department of Energy, Deputy Assistant Secretary for External Affairs, James DeFrancis. Jim?

MR DEFRANCIS: Thanks, Morton, very much. I appreciate the opportunity to be here and have a chance to meet all of you and talk to you.

Following my brief remarks, I will ask Alan Parker, who heads our Indian Affairs Branch, to deal with much more detail than I do. He knows all the information that I don't.

I have only been here at the Energy Department for one month, and I appreciate Ken's offer to allow the finger of blame to be pointed at him. I think that works out as a fine arrangement for us, and I will follow up on that as soon as we get back to the office!

At the Energy Department, we are going through a series of reorganizations. We have announced substantial cutbacks in the budget of the Energy Department and in our staff. I want to tell you how that affects the subject we are dealing with today.

The Indian Affairs Branch is a part of Intergovernmental Affairs, and in the past that Office reported directly to the Secretary. Now it reports to the Assistant Secretary for Congressional and Public Affairs and Intergovernmental Affairs.

That is an advantage, not a disadvantage. In the prior Administration the Director of Intergovernmental Affairs reported directly to the Secretary along with 37 other people, which meant, in effect, he never reported to the Secretary. I think we have a much better avenue of approach at this time, and I think we are much closer to the Secretary than in the past.

We are having, as I said, a substantial cutback in the number of people. But I can tell you that the Indian Office within the Department of Energy is always going to remain and will remain there under this Administration and continue the same functions essentially that it has in the past. I think, from my brief experience, there has been a good working relationship with Alan and with Kathryn Tijerina who is also here with us today, and I think that is going to be a continuing relationship I hope on our part.

Alan is going to discuss our funding situation, budget figures, and our main functions which are policy, liaison and coordination. I just want to briefly touch on what the policy of this Administration is on energy.

The policy of this Administration is very clear. In one word, it is production. There are 10,000 employees and 110,000 consultants with the Energy Department, and in four years it didn't produce one barrel of oil or one kilowatt of electricity or one bit of nuclear fuel.

The policy of this Administration is the production of energy. To make us truly energy independent, we intend to continue the conservation programs that are now in place. We, however, think a more important segment of our policy is producing energy through a free market economy. We have demonstrated that by the deregulation of oil, and the soon to be announced policy on the deregulation of gas as well. We have had a dramatic increase in drilling in this country.

We already have and are continuing to lessen the economic regulatory burden on energy producers in this country with some recent announcements allowing conversion to gas and oil for industrial facilities. Our fourth element is a sensible choice for consumers on energy consumption. Again, it is back to the free market economy. We think the free market economy is the best way to determine production, and the best way to determine conservation in this country.

This is all a greater part of President Reagan's economic program, to lessen inflationary pressure, to increase economic production and create jobs, and we think energy is a vital part of that Presidential program.

Specifically in the area of Indian Affairs, the Department of Energy is, as is President Reagan, committed to the principle that tribal governments have the right to determine the extent and methods of developing tribal natural resources. That is the policy of this Administration, and that is the policy of Secretary Edwards, and we mean to carry that out.

It is a policy, as you can see, that applies to all energy producers in this country. We also, being well aware of the Trust responsibilities, are interested in the protection of these resources from alienation and exploitation from the outside. We are interested in helping you produce energy in the best method that you can.

I would like to have Alan Parker, whom you all know, talk to you very briefly about some specific things that Alan can handle better than I do.

Thank you.

MR. PARKER: I will just take a few minutes. As Jim and I conferred before we started, I think I said I will stand ready to fill in the holes and he didn't leave very many holes at all, so about the only thing I would emphasize is that when you have an energy policy issue that you need information on, that you want to have input to the Administration on, that is what our office is for in the Department of Energy.

It is a policy advisory, it is a policy development, it is a policy formulation office, and by that obviously we mean legislation that deals with energy issues that affect tribes, that impact on tribal energy base or that are concerned with things that the tribes or your tribe is concerned with.

The other main function that this office serves, the Indian Affairs Office in DOE, is what we call liaison. Basically that means if you want to know who is doing what to who in DOE or you want to try to figure out does DOE have something that you need to know about, that you need more information on, we are the office that you should be calling, and we will be trying to help you. We have served in that role and I think it is an important role.

Secretary Edwards has met with the Executive Committee, with the Council of Energy Resource Tribes, shortly after he was confirmed, and at that time public assurances were given that have subsequently been affirmed that the Administration and the Department will be investigating and

making every effort to find ways of continuing assistance through the regular program elements as opposed to having money channeled through an Indian Affairs Office, and I think we just have to see what the future brings in terms of Congress' action on the budget, and as those things develop in the fall and in this coming winter.

The only other thing I would mention is that the Indian Affairs Office in the Department of Energy I think has played a very vital role in terms of providing assistance for the Council of Energy Resource Tribes over the past three years. That assistance is continuing in this fiscal year, and I think that through that assistance, the Energy Resource Council of the Energy Resource Tribes has developed into a very effective advocate and very effective organization to assist tribes on a project-by-project basis and in more generic forms of technical assistance and research.

Thank you.

CHAIRMAN BLACKWELL: Our final speaker on the topic of resource development will be Peter Homer who is Acting Director, Office of Indian and Native American Programs at the Department of Labor.

Well, Pete, you come along. I have introduced you. Come right along. I missed David Lester. We will go back afterwards. I hope you all weren't planning on doing Parts I and II of your same presentation. Otherwise I'm in trouble right now.

MR. HOMER: Very good. It is a pleasure to be here today, and I am very happy to see that we finally have a connection in the White House to deal with tribal chairmen and National Indian organizations.

Also I am glad that we have so many of the top Indian leaders here to be a part of the new Administration's decisions on federal agency budgets that are coming down the line.

I am here representing the Department of Labor's Office of Indian and Native American Programs which administers comprehensive employment training and CETA programs for 193 native American grantees. These grantees serve native Americans in the Continental United States, Alaska, and Hawaii. In almost all cases, the grantees are reservation tribal governments or other native American organizations.

These grantees survey their labor market needs and plan for their programs. The plans usually entail a year, but the money can be used or spread over a two-year period. The primary goal of those plans are to create unsubsidized employment on or near Indian reservations. Tribes take that a step further and they are involved in economic development and CETA funds have become involved in hundreds of enterprises that create jobs.

In addition tribes are involved in on the job training, vocational, classroom training, and work experience, along with supportive services, CETA has been used to train people in all aspects of tribal government and increasingly the growing native American private sector.

Because of their unique economic problems and their special relationships with the federal government, Indians and other native Americans are served under CETA through a separate network of employment and training programs administered by the Office of National Programs of which the Office of Indian and Native American Programs is a component. Most similar in most respects to the comprehensive programs conducted by state and local governments that serve as CETA prime sponsors, these particular programs are conducted through formal grants made directly to tribal governments and other organizations or entities that are controlled and managed by native Americans.

This approach reflects the concept of self-determination for native American people and is also intended to help them preserve the integrity of their culture. These programs differ from state and local CETA programs in that they are administered by the National Office of the Department of Labor through direct grants with federally-recognized tribes and other Indian and Native American organizations.

Of the 193 native American grantees, 133 are federally-recognized tribes which receive Title 2 (d) (3), Title 4, Title 6, summer youth, and Title 7 PSIP, Private Sector Initiatives Program; 60 grantees are urban Indian organizations which receive Title 3, Section 302 funds.

Today I want to discuss three areas--first, an overview of the budget for FY 1981 which will include the budget cuts; secondly, the FY 1982 budget; and finally, the Department of Labor's unofficial plan for re-authorization of manpower training programs for 1983.

First, I would like to go back in history and tell you a little bit about the funding in prior years before 1980. Over the past four years, funding levels for these programs have increased dramatically. In 1976, the funding level was 89 million as compared to the 1980 level of 197 million. The funding level for the three-year period of 1974 through 1976 was 160 million as compared to 744 million for the following four years.

The approval in 1977 of the economic stimulus appropriation which included funding for the Administration's jobs program gave a substantial boost to reservation economic development. Under the two-year stimulus program, 31 million was channeled to reservation-based CETA programs. The native American economic stimulus created linkages with on-going economic development and community development efforts.

The Office of Indian and Native American Programs decided the application process should be a competitive type process rather than the format used to allocate regular program funds. This allowed for targeting projects on the merit of good projects. Panels from numerous federal agencies were set up to deal and rate and review proposals. This stimulus program also resulted in a greater federal agency cooperation with the Department of Labor coordinating its own activities with those agencies from the Bureau of Indian Affairs, the Administration for Native Americans, the Indian Health Service, the Department of Agriculture, Small Business Administration, and EDA. The Native American Private Sector Initiative Program authorized under the 1978 CETA amendment was built upon the knowledge and experience gained through the economic stimulus program.

I will get into the private sector initiative programs a little later. The budget for 1981 was a budget that started out at a level of 192 million. 81 million in Title 3; 45.6 million Title 2(d); 27.9 million in Title 6, PSE; 17.5 million in the youth programs; and 6.6 million in the Title 7 private sector initiatives program.

Shortly after October 1, the Title 6 PSE program was cut from 27.9 million to 17.9 million. Shortly after January 19th, the Title 2(d) program was cut from 45.6 million to 28.4 million. Title 6 PSE was then cut from 27.9 million to 28.4 million. Title 6 PSE was then cut from 27.9 million to 17.9 million. The youth programs, YCCIP, stayed in tact at 17.5 million. The summer youth stayed in tact with 13.9 million and Title 7 stayed in tact with 6.6 million.

In April of '81, Title 6 PSE was cut an additional 4.7 million from 17.9 million to 13.2 million. The total cut was somewhere around 31.9 million for Title 11D and VI.

Right now ANAP ends up with 160.6 million for Indian tribes and Indian organizations. I would like to go into FY '82. The budget for FY '82, OINAP will have 81.6 million in Title 3, our core program, Section 302. We will phase out Title 2(d), PSE and Title 6, PSE. We will phase out Title 4, YCCIP and YETP. Summer youth will be funded at a level of 13.9 and Title 7 at 6.6 million.

I would like to mention one of the positive things that OINAP is doing right now. The funding of 42 projects for Indian tribes with Title 7 funds. The cuts that the tribes have taken under PSE have given them the opportunity to transition something like 4100 people into jobs on special projects under the Private Sector Initiatives Program.

About the reauthorization of '83 which the Department of Labor is talking about. A lot of things are unofficial, but I want to, and I think it is very important that we let you know what the dialogue and the strategy internally is going to be, this is the reauthorization of a manpower program, the long-range goal of this program is to increase the economic well-being of native Americans, including native Hawaiians, by direct placement into jobs by providing unemployed, underemployed, economically disadvantaged, and low-income members of those tribes with job training, retraining, and related services designated to lead to permanent, unsubsidized employment--cost-effective on-the-job training, classroom training, vocational work experience, and other services.

These will be major tools that are used to accomplish this mission. Additionally, a major objective will be to assist in the economic development of Indian reservations, native Alaskan villages and Oklahoma tribes in line with the mandate of Public law 93-638, the Indian Self-Determination and Education Act of 1973.

There will be new policy and initiatives, because of their unique economic problems and their special relationships with the federal government, native Americans will be served through a separate network of employment and training programs. A block grant system will be utilized. Eligible grants will be federally and state-recognized tribes and native American communities and Alaska native corporations. The minimum grant of \$200,000

will be used. Applicants falling below this level may enter into consortiums or inter-tribal governments to receive a block grant.

This method will reduce the number of Office of Indian and Native American Program grantees from a current level of 195 to about 135.

Additionally, this system will enable the staff to provide more direct technical assistance and monitoring.

Grantees will only be allowed to spend up to 20 percent of their grants for public service employment, provided these jobs are linked to eventual unsubsidized jobs in the private sector.

With a strong effort toward employment and training funds tied to economic development, projects such as PSE will soon be unnecessary. It is anticipated that grantees will use more and more of their funds for Title 7 private sector initiative projects, a trend that has already begun.

The Indian block grant system will fit in excellently with Administration's goal of creating permanent, unsubsidized jobs by strengthening local markets. Indian tribes are becoming much more adapting, using integrated planning processes to maximize the federal assistance that is being provided to them.

The employment and training block grant funds will become even more important in this system as reservations begin to more fully develop their natural resources.

This private and tribal enterprise development trend will dramatically change the present array of participant figures with more tribal enterprises, tribal and corporate joint ventures, and other economic development efforts being initiated. On-the-job training, classroom training and activities will greatly increase. Total participants for 1983 should be about 87,000, reflecting the cost savings achieved through reducing PSE and work experience expenditures.

The projected 1983 figure for classroom training should increase from 17,420 to 30,000, and on-the-job training from 6,730 to 15,000.

Concurrently, work experience participants will be reduced from 43,950 to about 32,000. Due to this strong dramatic response tying Indian employment and training efforts to economic development, permanent, unsubsidized placement on or near reservations will increase from 17,130 to about 25,000. We have a budget that consolidates Title 3, Section 302, summer youth fund and the Title 7 funds together. We have used the 1982 figures for a funding level. We increased that by 8 percent because of the inflationary percent factor.

We came up with a budget for the reauthorization year of 110 million, 870 thousand.

MR. MACDONALD: A hundred and ten million?

MR HOMER: A hundred and ten million, 800 thousand.



CHAIRMAN BLACKWELL: Our final speaker on this topic will be the Commissioner of the Administration for Native Americans of the Department of HSS, Dave Lester. Dave?

MR LESTER: I notice, I was noticing that one of you was kind of starting to nod off, and I thought I would have everybody stand up and stretch. The last time somebody did that, all the tribal chairmen got up and left, so I'm afraid to do that.

It is a pleasure to be with you this afternoon. I think most of you are familiar with the Administration for Native Americans, our programs, but I would like to provide a perspective as to our view of how we fit into the family of federal programs that are addressing a number of problems that you face at the local level, and certainly the problems that are experienced by tribal members.

As you know, the number one priority or the mission for ANA is the economic and social self-sufficiency for Indian tribes, and their members. We have talked a little bit about the development of the economical potential. Our purpose or our direction as an agency is to work with the tribes in establishing stable, diversified local economies.

Development of Indian resources is nothing new. In fact, all the resources developed in this continent are examples of past efforts of Indian resource development. My tribe and member tribes of eastern Oklahoma were energy resource tribes before there was a CERT. My tribe no longer is an energy resource tribe, unfortunately, because of past approaches to development that developed the resource but forgot about developing the people and the tribe and the institutions needed to establish stable, diversified economies after the exploitable resource has been extracted, and that is our concern now, that we move toward a more long-term, perhaps a more enlightened approach that not only addresses the energy needs or the timber needs or the other needs of America as a macroeconomy, but also begins to address the economic and social needs of the tribe so that it can continue to exist as a separate political and cultural entity within the American system which is the essence of the self-determination policy, allowing the tribes the freedom to exercise their own decisions that assure their survival and hopefully their prosperity into the future, and so the economic goals established for whatever tribe have to be founded upon the basic community values of the tribe itself.

When we talk about economy, we have got to look at the three aspects of any economy--the production of wealth, the distribution of wealth, and the consumption of wealth, and here again we need to look at how those factors intertwine at the local level because to have true Indian economic development, those three elements of the economy must benefit the tribe itself or it is not Indian economic development, and that is what we are after, true Indian economic development for the tribe and its members, but while we pursue these goals of economic development, I think it is important that we also pay attention to the other side of the coin.

We are just not economic units but we are human beings and so are our tribal members, and there is a social side to the equation, and therefore we must look at human development as a necessary process, in fact, a

complementary process to the overall development of the tribe, and this is where the Department of Health and Human Services I think must play an ever-increasing role. I won't get into the health aspect, but certainly what we are looking at is services not as an end to themselves, but services as a means to help people become self-sufficient and as more and more members of the tribe are capable of standing on their own feet, having overcome the social and human barriers to self-sufficiency, the tribe itself will be in a much better posture to achieve its overall economic and social goals.

The key to all this, of course, is not a meeting in Washington, D. C., nor a group of planners here in this city. The key really, in fact, we can look over the last 20 years, the key is Indian leadership. The advances that have been made over the last 20 years have come as a result of strong, stable, far-sighted Indian leadership emerging from the tribes.

We would not have the policy of self-determination had it not been for men like Win Kleeno, like Frank Ducheneaux, Cheyenne River from the leadership of Chairman MacDonald, and we can go across the country. Buffalo Tiger has been certainly a national Indian leader for as long as I can remember attending meetings and him speaking out on behalf of the Indian people. This is where the ideas flow because those are where the problems are, and those are where the solutions must come from.

Well, if we are going to embark on a long-term social/economic development approach that benefits the tribe and its members, then I think we have to look at the local institution of tribal government because that then becomes the cornerstone or the keystone for long-term, stable growth of the local economy because it is that leadership that is going to be most concerned and most dedicated to assuring a stable, long-term economic progress that is compatible with the social development process at the tribal level as well, and so the ANA program, policy, and how we fit into this is to support exactly that, to support and assist the tribes in establishing and implementing their own tribal specific social and economic development strategies.

Now this will require I think greater coordination at the local level of all of the federal resources. It will also require greater effort on our part and certainly the discussions that we have had with Assistant Secretary Smith and his staff indicate that there is a willingness now to open up and bring us all together in a more coordinated effort because the intended beneficiaries, of course, are the members of the tribe and the tribal government which represents their interests.

Thank you very much.

CHAIRMAN BLACKWELL: Okay. Thank you very much, all of these speakers, and now we have a good solid 25 minutes to half an hour for questions and answers and comments back and forth, and I am hopeful that somebody will raise a point and ask a question.

MR. ANGAPAK: Mr. Blackwell. I am happy to hear that people are concerned, especially Ken Smith. First of all, I am delighted that one of the basic concerns in the policy of the Department of Energy is production of energy.

I would like to, in the same light of that statement, bring out one of the very basic and fundamental concerns of the Alaska natives. In 1971 the Alaskan natives were promised transfer of land, of 44 million acres, to the native community. At this point in time, ten years from the passage of the Native Land Claims Settlement Act, 17 million acres of land has transferred to the community. Of that 17 million acres that have been conveyed to us, probably about 50,000 acres of the land has not actually been transferred to us in title, yet the Alaska Native Claims Settlement Act when it was passed promised us that that land would be conveyed to us in fee simple title.

At the present rate of the land transfers that are coming from the Bureau of Land Management to the native community, it is estimated that anywhere between 20 to 25 years will have elapsed before 85 percent of our basic entitlements have been conveyed to us, and it has been very realistically and conservatively estimated that it will take anywhere between 50 to even 100 years and possibly 150 years until all of our land entitlements has been transferred to us, yet the Alaska Native Claims Settlement Act states that the land was going to be transferred to us quickly.

One of the concerns, one of the very basic concerns that we are interested in at this point in time is production of resources within the lands that have been promised to be conveyed to us. There has been some hesitancy shown by companies to a large degree that until the land is actually transferred to us, they won't even talk to us about development of the resources that are located on our lands.

The Alaska native community have selected some of the prime oil and gas resources lands, some of the prime mineral lands, some of the prime agricultural lands, yet to this day we haven't received them as promised to us.

Mr. Blackwell, one of the basic concerns we are faced with at this point is in 1980, Fiscal Year 1980, we were promised that 6 million acres of land would be transferred to us, but because of budgetary restraints, budgetary cuts, that figure at one point was actually reduced down to 1.5 million acres of land transferred.

What we are asking is that this Administration--we have high hopes really--that this Administration will do all it can to implement the Alaska Native Claims Settlement Act by speeding up land transfers. This is a very serious matter to us. This no light matter. It is a very serious matter.

Thank you very much.

CHAIRMAN BLACKWELL: Anybody in the policy area in the Administration want to respond on that?

MR ANGAPAK: Mr. Chairman, my question is will this Administration assist us in any way, shape, or form to transfer the land that was promised to us some ten years ago so that we may go ahead and proceed with the development of the resources that are located in the land?

MR. SMITH: Morton, as I understand it, that land is BLM land that will be transferred to the native groups, and if I might pursue that and check on it and see where we stand. I can talk to Nelson to see where we are and see if that process can be speeded up.

CHAIRMAN BLACKWELL: Very good.

MR. SMITH: I am not sure what the problem is.

CHAIRMAN BLACKWELL: For those with whom I haven't met before and discussed what the function of our Public Liaison Office is, we are not a policy office. What we do is bring you together, bring various groups together with those people who are policy, as Ken Smith is a policy office at the Department of Interior, and what we are trying to do is facilitate it.

I am not a spokesman for Administration policy. I am a facilitator of communications in meetings such as this, so I probably am not going to know the answers to these things, but that is why we have people like Ken here, and I am delighted that he will undertake to look into it and get back with you, Nelson.

MR. ANGAPAK: Thank you.

MR. RISLING: Dale Risling from Hoopa, California--I have two questions to Mr. Smith. I talked to Mr. Smith and the Secretary a couple of months ago on these issues.

One relates to a plan that has been implemented by the Interior Assistant Secretary Gerard on the Hoopa Valley Reservation. This plan in effect gives the Administration management the total resources, unallotted resources, to the reservation. It has in effect stymied our reservation and our pursuits toward self-sufficiency and is forcing us towards governmental dependency.

Our employment rate is 79 percent right now on the reservation. We contend that we can deal with the high unemployment and we could deal with less government dependence in the immediate future if these restrictions were relaxed. We feel that the Gerard plan which was supposed to be a two-year plan is now in its fourth year. It is more of a political plan than it is for legal purposes, and I would like to ask what is being done?

I believe there is a similar situation in California. This goes just the opposite direction of Indian self-sufficiency. I think that there needs to be some serious look at this, these types of situations on reservations.

The other concern relates to water. The river has very important fisheries for our tribes. There are three tribes affected. The water release, the approval of additional water by Secretary Andrus before he left office is being reviewed now by the Secretary, and I would like to know if you know what the status is as far as Mr. Watt is concerned on decreasing the water again?

We are receiving a lot of pressure from southern California, and I would ask if the Administration through your office could look at this and give us a report because all, we really depend heavily on these two areas for self-sufficiency.

MR. SMITH: The first question is a tough one. The Hoopa situation is almost as bad as the Navajo and the others in the southwest. I am not sure what stance we have taken on that one. I haven't really had a chance to check into it too much. The solicitors are saying it is a legal issue. Whether it is a legal issue or a policy issue I am not sure at this point, but we will get some of this money out.

As I understand it, we could possibly be sued by the other tribe when it is finally determined. All I can do is take another look and see what we can do. It is not an easy issue. It is a difficult one. I feel I am between a rock and a hard place on that one, especially when we are dealing with two tribes, but I haven't been in here long enough to really get into the middle of that at this point.

MR MACDONALD: Mr. Blackwell, I would like to know how you want to conduct this session here. We could talk about individual tribal needs and problems, but if that is the case, then we need to invite all the 200 different tribes in here.

I thought we were here to talk about the national picture of whether it affects the Navajo or the Hoopas or the Alaskans or whoever they may be. We ought to talk at, my personal feeling is we ought to talk at that level, what is good for the whole national Indian scene, not just the Navajo or just one or two tribes who are maybe having problems with one department or another department.

I think it would be terribly expensive as well as a lengthy discussion if we are going to talk about each individual tribal needs and problems, and I would like to make some remarks with respect to resource development and economic development on Indian reservations.

You know, we have had a number of starts way back in the '60's when the Economic Opportunity Act was passed and we had OEO programs where a number of efforts were made to develop Indian resources as well as development of an economic base on reservations where as they mentioned industrial parks were established and other things were done, and then within recent times after the Self-Determination Act, there were other things such as contracting out of BIA services. Other things were used to assist tribes to develop its own resources and economy.

I would like to suggest that maybe a special task force can be established by the President to look into the possibility of how the tribes, tribal government can develop their own economy on the reservation. I am talking about a task force perhaps under the Council of Economic Advisers to develop realistic strategies for long-term development of the private sector on reservations.

If each tribe had their own program as to how they want to develop a private sector or how they want to develop their own resources, and it is very difficult to do it on an individual basis when you have to deal

with the entrenched bureaucracy who are more interested in trying to protect their own interests than trying to help you become self-sufficient, so I feel that it is a wonderful speech made by Lester here and Ken about how they are gearing things so that the tribes could have their own economy, development of jobs and what have you. Those are good, but I think they, too, will agree that unless there is a Presidential, high-level encouragement and assistance in the area of identification, realistic identification of those areas where tribes want to move for private sector and economic development, resource management and development, that it becomes very difficult.

You know, I just, kind of looking at it from the standpoint of what has happened with CERT, you know, individually the 25 tribes who have oil and gas, coal and uranium, we have a very difficult time trying to bring the expertise to help us to manage the resources that we have until we were able to come together and get the technical expertise and mechanism in place to really help us look at these things more objectively, and when we did that, we were able to see some things and make intelligent decisions as to whether we should or should not move forward in various areas, and if we should move forward, what are some of the cautions and some of the things that we need to look out for?

I think those kind of things are necessary for tribes to really move forward in the area of economic and social self-sufficiency that Lester has talked about, and so that is just a suggestion as to one way to go.

The other suggestion that I have is that, you know, with EDA and HUD planning money being pulled back, EDA is going to phase out as we understand, and in many instances there is talk now that HUD planning money to Indian tribes is being phased out as well; now again, this hits at the heart of Indian economic development and self-sufficiency because we need to have planning mechanisms set in place to do these things, but yet when these things are pulled away from the tribes, then you really are left without the staff and personnel and development of the in-house capability to do planning.

In this instance, I understand there is a \$50 million which the Senate committee is proposing to add to the '82 budget to sort of more or less replace the monies that were lost in the CETA program to get title of that \$50 million package, but I think that is a move in the right direction, and I don't know where we are on that, but just like everything else, sometimes they get hung up because maybe OMB decides that is not a good idea so maybe we need--what I am asking for here is if that \$50 million is actually in the works, I would suggest that that be supported by the Administration because I understand that is what the Senate is doing to help the Indian tribes to maintain or continue to establish internal staff capabilities, tribal governments to develop and undertake planning mechanism to develop their own private sector, so I think that that is very important, and that is very timely.

I don't know where that is now. I know they had hearings on that last week or a week before last, and if some support can be generated from this Administration--

CHAIRMAN BLACKWELL: Does anybody here in the Administration, are you aware of what position has been taken on that bill? Is there something, some information about it? Ken and Dave, you both look like you are knowledgeable on this matter.

MR. SMITH: I think it's David's lead?

CHAIRMAN BLACKWELL: Why don't you respond to that and also if you care to about the proposal for a Presidentially appointed task force?

MR. LESTER: On the \$50 million support to tribal government for economic development, which is new Section 7 in the Native American Programs Act, up to now the position of the Administration is not to support the inclusion of that section or the money but to phase out the PSE.

The position of the Administration is that what we need to do is take a careful look and among friends I guess have a body count to determine the impact on Indian tribes, unemployment and the infrastructure of Indian tribes. Once we have that assessed and we can tell what the impact on Indian people, but we could have a specific response to specific impact on a tribe.

In the meantime, the preliminary data from the Bureau of Indian Affairs is that there will be 17,000 more welfare cases handled by the Bureau of Indian Affairs in FY '82 at a cost of approximately \$16 million in increased G&A. It is impossible to determine because data is not kept on Indian participation as SSI and AFTC, but there probably will be an increase in costs in those programs as well.

We have some preliminary data from Indian tribes, but we ourselves in the Executive Branch have not made the kind of assessment to pinpoint what kind of impact that we are talking about. That is the current position of the Administration.

MR. DRIVING HAWK: David, I would like to address that if I may. Your testimony which I have heard here, you know, that is in opposition to that 50 million; however, at the same time that the Administration is testifying opposing the 50 million, you are here telling us and Mr. Homer is telling us that coordination of resources, and Mr. Smith is telling us for economic development, and it goes on and on, and when you have an opportunity to coordinate, an opportunity to bring things together with dollars and cents to it, 50 million in this case, the Administration opposes it.

It doesn't make sense, and what you are saying as to what has been testified to at the Senate hearings, as far as putting the dollars and cents on our unemployment rates or whatever on reservations, you know, as all of us are aware, that we operate on a roller coaster type of operation in Indian country. With one Administration we are up in employment, the next we are on the bottom and back up and down, up and down.

MR. LESTER: Maybe I ought to say something because that roller coaster, when unemployment goes down, it goes down about 40 percent, and when it goes up, it goes up to about 90 percent, so we are dealing with the roller coaster that is very high.

MR. DRIVING HAWK: But to put dollars and cents on that particular case, when you talk of, I believe you mentioned a stable economic entity in tribal governments, in this particular case, this case of CETA being used in tribal governments to strengthen themselves and they have become fairly strong over the last years by utilizing the CETA programs; with this being taken away, there again you weaken what you are striving to obtain, we are still striving to obtain.

In relation to that, when we get to that bottom end of the cycle, the high unemployment, all our other social problems rise, and then as tribal governments they are unable to deal with the economic development, energy development, natural resource development because they have to deal with the high alcoholism rates and so on, the social services, the minimum budgets and so forth, because law enforcement in those areas comes to light, so you get to this continuity, and I hope all three of you get together and maybe convince somebody within the Administration that you do have an opportunity for once to coordinate and put your words to action in dollars and cents, and endorse this \$50 million because like Chairman MacDonald says, it does play a vital role within our governments, so hopefully--I don't know if there is any response to that or not.

MR. LESTER: I can tell you that I had a very difficult time yesterday, and the Senators were, a couple them were, got upset with me, but be that as it may, I understand what you are saying that we have got tremendous economic opportunity but without some assistance, that economic opportunity won't be realized for the benefit of the tribal members, and that we are dealing with some very fragile economies and some very fragile kinds of existences on the reservation.

In terms of the concept of developing an overall effort to establish a longer term, more consistent economic policy with respect to Indian tribes and the development of Indian tribes as separate political cultural entities, I for one would welcome such an opportunity to use that mechanism so that we could all be working off and singing from the same sheet of music.

As you know, the fragmentation in the federal government is not just the fragmentation within the Executive Branch. The Legislative Branch is also fragmentized and when they pass legislation, they often don't consider or even understand the interrelationship of one program to another or one effort to another, and so we have a crazy quilt situation, particularly looking at the public service employment, and I don't know whether Homer, Homer's operation has the facts on how many thousands of Indian individuals would be left out without a job because of that setback. In our own reservation we project a 10 percent increase in unemployment, from 40 percent to 50 percent, and that is just a cursory, a first-run look at it. It may be more.

Now that throws the whole burden on Ken Smith because now this, whatever that means, maybe eight or ten thousand Navajos would now line up for general assistance. Now do you have enough money to take care of general assistance for that many increased within the next month? If you have not, then we better get together and find out what is going to happen, and there were projects I'm sure by many tribes using CETA funds to do certain things, and if all of a sudden these things are cut, some of those



projects and materials and assets that were brought to bear using CETA monies will go to waste. It is just a waste of I don't know how many millions of dollars, and my suggestion is here that perhaps recognizing that CETA is going to be cut, maybe BIA through its general assistance program cannot handle the number of unemployed individual Indians who may be flocking to these offices. Perhaps there is a serious need to supplement the general assistance program with maybe some kind of work experience program that will allow the completion of some of the projects as well as to help with the burden that the general assistance program monies might be subject to, and I just want to ask Ken Smith if he and the Department of Labor are working together to see how folks are going to be taken care of because it becomes a welfare situation, and these are the safety net that we were trying to protect according to our President.

MR. HOMER: We know exactly how many people have been cut from each PSE program by weekly contacts and weekly reports received from the grantees.

First of all, what the Administration did was cut the PSE program, they took the money saved on the cut and put it in the unemployment insurance compensation pool. The individuals that are cut from PSE have the right to go to the state employment office to receive compensation--15 weeks or whatever the state policy is.

Tribal staff should try to transition or develop jobs for those people. After the 15 weeks they will become eligible maybe for welfare from the Bureau of Indian Affairs. Now that might sound crazy for the Administration to take PSE people off a program and put them on unemployment compensation instead of PSE jobs. That's the way the Administration wants it. The PSE program they felt had welfare mentality behind it anyway and felt that grantees could do a lot better things with private sector initiative programs that dealt with developing a tribal enterprise and on-the-job training.

I think it's very important that since the Administration has cut the programs--tribes must consolidate a lot of programs and staffs to possibly relieve that impact that is coming down the line.

I think the impact will be felt later down the line. I guess it's the right time for streamline programs.

CHAIRMAN BLACKWELL: Ken, did you want to respond on this matter?

MR SMITH: I think what Peter said is right, that it could have an impact of \$4 million thing coming fiscal year, but of course that is just an educated guess. We won't know until everything comes in. I understand next year we are talking about 16 million. This fiscal year I think we can overcome 4 million, but next year when it becomes 16 million, that's a little more money than I think we might be able to bear. I am not sure what we will have to do next year. It may cost us more. I really don't know, and we won't know until it is over.

I do understand that in some of the states general welfare, that tribes can have the option of having a work program.

MR. MACDONALD: Work experience.

MR. SMITH: Work experience program, rather than going on general welfare. That still costs X number of dollars, but that might be something to look at. It might be a better program than getting something for nothing, just paying someone to do something, but it would cost 45 to 55 dollars more. I don't know enough about that program, but I am aware that there is a program such as that in BIA.

CHAIRMAN BLACKWELL: Okay. Fine.

MR. MACDONALD: This becomes very important because mind you there is no private sector on reservations. Whereas in Chicago if everyone on the PSE program is cut off, even though there is half a million of them, they could find many other jobs because they are right in the middle of the private sector, and that is the Administration's philosophy. There is nothing wrong with it, but when you get into Indian reservations, when there is absolutely no private sector, when you cut these folks off from the employment, that's it. They have no place to go, so all of them then become a welfare situation, and until we get down to the point where the private sector is developed and this is what most tribal government is working to do, I just want to bring that out because it is a serious situation and I think it needs to be looked at.

CHAIRMAN BLACKWELL: We will take one more question or comment from Ned Andersen who had his hand up earlier, and we will move on to the next topic.

MR. ANDERSEN: I would like to touch on one subject, trusteeship. I think two or three of our speakers have touched on that, but they didn't go into detail. If you talk about trusteeship, essentially what it means is that our interests and welfare have to be looked out for by the federal government.

I would like to state, actually there are two concerns of mine under this particular topic. Number one is that it seems like our trustee really does not have a sufficient amount of money so that it can do the job for us. There are many of these tribes throughout the United States who are now in court fighting for their water rights, for example, and this could also touch on other resources, but yet there is not enough money to collect data with which we can do the battle, we can fight the battle, and I believe that there should be enough money in this particular area so that our trustee can help us with these cases as well as developing natural resources and so forth.

CHAIRMAN BLACKWELL: What are we talking about in terms of money? Could you estimate?

MR. ANDERSEN: I think what ever it takes to really do the job right; there is hardly any money, and I know for a fact there are, almost all the tribes in Arizona are in court in various sectors of that area, and yet we are not really equipped to fight this kind of battle because we don't have the proper information that we need. I think I am speaking for just about all the tribes in Arizona as well as throughout the country.

Number two has to do with our Bureau of Indian Affairs. As you know, there have been proposed cuts in the Bureau of Indian Affairs. Well, the impact that we have now at the local level, and I am talking about the tribal level as well as the agency level, is that the cuts are going to be made at these areas, at the tribal and agency levels.

There are actually no cuts either at the area offices or at the Washington offices where there are many unproductive staff people. I think before any cuts are made in the Bureau of Indian Affairs some of the personnel should be cut at these higher levels, at the Washington and area office levels, because we like to have the service or expertise at the local level, at the agency and tribal level.

We are going to be hurt in these areas if these are fulfilled.

CHAIRMAN BLACKWELL: Ken, do you want to respond on that?

MR. SMITH: All of it?

CHAIRMAN BLACKWELL: It seems to me the trusteeship and BIA.

MR. SMITH: On the water policy, I think we have about five and a half million programmed, at least tentatively, if I am reading my notes right because I have only been here three months and I haven't really got down to some of the details, but according to my notes here, there is five and a half million or so requested in Fiscal year '82. We won't know that until sometime in the near future what we actually have, and that is sixteen studies, and we have got about 274 required studies, so sixteen, we will only be able to do about 166 of those, as I understand. I have been asking our people.

We have got to make sure that our money stretches. I understand we have been planning 100 percent of these studies. I think we have got to allow for the tribes that feel the authority, the tribes that do have some resources available, I think are going to have to participate in this program. The tribe that does not have any resources, however I think justifies our running at 100 percent. For the tribe that has some resources, let's participate as partners and get the study done, whether it is 40/60, 50/50 or whatever. At least you would be able to make our five and half million go further than just funding 100 percent of that, but that is the only way right now I know how to get around that, to do more that work.

The other argument that Ned handed out about too many people in area offices, the central office and so forth, I haven't had a chance to get a handle on that. I did get an approximate handle on our overhead when we were going over the '83 budget. I don't know how accurate it is, but we have been able to come up with less than 10 percent overhead. I think that includes the area office, the central office, and a lot of money that is programmed now in the central office and area offices is actually money that is contracted out in the field. It is not to pay for salaries, as I understand it, but to say we are talking about a 10 percent overhead, that isn't too bad.

If those facts are true, going back to Warm Springs, if you look at your overhead that you are charging for indirect costs, I am sure it varies from 10 to 40 percent, but we will be taking a good look at it, probably thing coming year.

As you know, this last budget cycle we recommended that we take \$10 million out of area offices and central offices, and I think we have got approximaely \$80 million that we are spending in that category; that will reduce it to 70 million, and this is out of a billion dollar budget.

We also are taking a look at another cut projected in '83. What amount at this point we don't know, but there will be another cut in '83, so it will take it down further. We are working in that direction, and all the other programs. We are going to take a good look at programs that we can contract. We would love to convert a lot of these programs that we are operating now, would love to contract those to tribes if at all possible, if a tribe is ready. Some tribes are very sophisticated. Other tribes are not. Some tribes are ready to move and other tribes are not, and so we have got to work with some of the tribes that are not quite ready. If they are ready to move on these contracts then I think we have to help them beef up their fiscal management. It is surprising that a lot of tribes don't even have audits. I am concerned about that. I think as tribal leaders and tribal government would require an audit of their administration, at least their operation, becuase it should be held liable, but is surprising how many tribal governments don't require an audit of their total operations.

That is only to protect the tribal council. I know our reservation could, have been doing it for the last 20 years, but some tribes really don't do it. I would love to encourage that, and I would love to get that started because I think that will tell you a lot.

CHAIRMAN BLACKWELL: All right. Thank you very much, and we will move to the second topic, and let me caution the speakers now that we are running slightly behind, but we have more speakers in the first section than we have here.

The next session is on the topic of education and we will start again with a presentation from Ken Smith.

MR. SMITH: I guess I take the lead on education again. To speed this thing up, of course, we spend most of our money in the Bureau of Indian Affairs for education. I think we spend a little over 26 percent which amounts to about \$261 million in our budget. We have many programs, as you know. We fund about 209 elementary and secondary schools, 15 dormitories, and we have about 44,000 children going to those schools.

We also have a Johnson/O'Malley program which is a supplemental program for districts. We have about 29 million in that program.

Then we have continuing education, the higher education grants. We fund about 21,000 scholarships a year which cost us about \$28 million. We have some special higher education programs. We have adult education programs, and we have three post-secondary schools. We are funding about 18 community colleges in Indian country for another \$10 million, so it is

quite a program, and we do have some concerns in our education programs.

We are taking a very hard look at our policy. I am a firm believer in quality education, but we are asking the question--are we getting quality education in some of the schools we are contracting for and some of the schools we are operating? They can't tell me whether we are or not, so I am going to continue to dig our education people to see whether we are. I also am a firm believer that the government as a trustee has the responsibility to make sure that Indian children get a quality education, but I don't think it says that we have to fund for the expense of Indian children to get an education.

Now there are some unique situations in Indian country. For instance, the Navajo, they are way out there, and we have to fund those types of schools or if there isn't a state school in a certain area I think we have to fund those, but it came to my attention that we were funding private schools where state districts were moving out, and we just automatically came in and started funding those types of schools, as long as the tribal council came to us and said we request this particular school. On a declining budget I thought I better take a good look at that and come up with a broad policy to see what direction we are going because I just couldn't imagine us taking over the responsibility of state government, county government and tribal government, and even the responsibility of parents out there, so this is a big issue.

I would love to have your input on this and what you really feel. Just the other day we got a scare when they deleted the 874 impact money which was for basic education. There is \$139 million as I understand it that goes to districts where Indian children attend. Can you imagine what that would do to Indian country? I know in our area we send our kids to a district school or state funded, and county funded. Our enrollment is 700 or so, and the total enrollment is 2100, so we have a third of those kids in that school. Can you imagine if they didn't get the 874 impact money what the non-Indian would say? "Why should I pay for those Indian kids going to school when the reservation doesn't pay anything, when the Indians don't pay property tax, the Indians don't pay a state tax if the government pulled out?"

I mean if you were a taxpayer on the other side of the fence, you would think twice and say, "why am I funding this?" That really had us scared there for a while, but as I understand, I think that was just some politics being played up on the Hill. I understand some of that money came back and now we are going to be funded somewhat belatedly for impact money, but there are some real problems in this whole area. I am not sure what the answers are.

It is costing us more and more dollars. I think there are some tribes that have contracted schools. They are screaming for more money, and naturally we are not going to get that much more money. I am not sure what we are going to do. I do like to point a finger at the state and say I think they have a responsibility of making sure our Indian children get an education out in their area.

I would like to point a finger at counties and I guess I would like to point a finger at local government which is tribal government and say what are we going to do about it. I think we have got some problems out there if the funds keep dwindling, and I think we are going to run up against some of those problems, so I will just throw that out for you to digest.

CHAIRMAN BLACKWELL: Thank you, Ken. Our next speaker is Acting Director, Indian Education Programs, Office of Elementary and Secondary Education at the Department of Education, Louis McGuinness.

MR. MCGUINNESS: I am going to be very brief because we are running behind schedule, and leave more time for questions, especially since this group I think knows at least as much about the Indian education program as I do because you have helped write it, lobby for it, get it reauthorized and so forth.

The Indian Education Programs Office in the Department of Education is responsible, as you know, for administering the Indian Education Act which is Title 4 of Public Law 92-318 as amended.

The purpose of the Act very briefly is to meet the special educational and culturally-related academic needs of Indian students. This purpose is addressed by providing financial assistance through grants to public school districts, Indian tribes, Indian organizations and institutions, and state educational agencies and institutions of higher education, and grants are authorized under three sections of the Act--Part A, Part B and Part C. Part A is the largest one and deals with schools.

The purpose of Part A is to address the special educational and culturally-related academic needs of Indian students in public elementary and secondary schools, tribal schools, and Indian controlled schools.

Part A has four objectives--to increase the cultural relevance of local educational agencies; two, to involve parents in the education of their children. We think we have been extremely successful here, by the way, because all of our public school programs, which is the vast majority of the Act, the most expensive part of it, we require Indian parent committees to literally have veto authority over the Indian program, and this is a bit of a sticky point for many different superintendents and Boards of Education throughout the nation. This is a serious problem for use with small programs at some of the nation's local education agencies.

The third is to increase basic skills and performance, and fourth is to reduce dropouts and to improve attendance. The amount of money involved here, the programs authorized are entitlement program grants to public school districts and to tribal schools, and they are also competitive. That means discretionary grants to Indian controlled schools.

Total funding for the Part A programs in 1981 is \$58,520,000. Of that amount, approximately \$53,520,000 are entitlement grants. Two months ago we awarded a total of 1,052 grants, including a thousand sixteen public school districts and 36 tribal schools in some 41 states. I have all this in a press release which was issued last week by Secretary Bell which you can get from me if you are interested later.

These schools will serve approximately 290,000 Indian students. In addition, \$4,730,000 will be awarded, I should say is in the process of being awarded in discretionary grants to 33 different Indian controlled schools. In order to cut down the number of facts and figures I am giving, I am delighted to say that for 1982 we are in the President's budget for practically the exact same amount of money. It is about 1 million less in Part A, and the difference, the 1 million, comes out of the public school area.

The amount for Indian controlled schools discretionary fund is \$4,730,000. This is the same amount as we have in the current year.

Under Part B, the purpose of Part B is to improve educational opportunities for Indian students through competitive grants and contracts. At the pre-school, elementary and secondary levels, grants are awarded to Indian tribes and to Indian organizations for planning, pilot demonstration programs, and for educational service programs.

At the higher education level, however, grants are awarded to colleges and universities and to Indian tribes and organizations for Indian educational personnel development programs.

In addition, fellowships are awarded to Indian students pursuing degrees in six different fields, in medicine, law, engineering, education, business administration, and natural resources. The last one, natural resources, was recently added as a result of a request from Indian tribes, and especially needed in order to provide trained personnel for resource development on Indian reservations and Indian lands.

Part B funds also support resource and evaluation centers. We did have five. Now we have four and we will soon have five again. The centers provide technical assistance, evaluation and dissemination services for all Title 4 grantees, and all Title 4 potential grantees.

At the present time, centers are in Seattle to take care of the upper northwest; in Tempe, Arizona for the American southwest; in Norman, Oklahoma for the southwest; and in Washington, D.C. for the entire part of the United States east of the Mississippi. A fifth one is missing and that is in the upper midwest area. It was in Montana and had to be cancelled and it will be soon re-established somewhere in that huge group of states in the upper midwest and upper Rocky Mountain area.

We put great strength and great push behind these technical resource and evaluation assistance centers because they have very competent staffs. They are done by contract. Almost all of the staff members are Indian professionals. They go right out on site. They do a marvelous job and their services are free to the Indian community.

The total amount of funds available for Part B programs in Fiscal Year 1981 is 14.5 million, and from this amount we estimate that 76 grants will be awarded. We feel the fellowship program is small compared to Ken Smith's in the Bureau of Indian Affairs. Ours is only 1.5 million new dollars per year, but it is a fellowship program. It is not a scholarship program, and we are very proud to say that a great many of the present Indian leaders have been trained at both the Ph.D. level and the doctorate level and the masters level as well as the baccalaureate level.

To quickly recapitulate, we have an \$81 million program. We are in the President's budget for \$81 million next year. I am told that we are unique in the Department of Education in that we are the only program that has not suffered a budget cut for 1981. Under Part A we provide funds for approximately 290,000 Indian children in local public schools and in addition to this, there are approximately 12,000 Indian children in tribal and Indian controlled schools. This is a figure that also counts in Part B, tribal and Indian organizations service projects. In addition, under Part C, we provide service to approximately 11,000 Indian adults undergoing various forms of adult basic education.

Thank you very much. It is certainly a pleasure to be here. My colleague Mr. Ed Simermeyer and I will be more than happy to answer questions.

CHAIRMAN BLACKWELL: Our third speaker on this topic is Bob Carleson who is Special Assistant to the President for Policy Development.

Bob is also in charge of the Federalism Project for the President which is the block grant program. From my previous conversations with many of you, it is apparent that you have a great deal of interest in the block grant program; I'm sure that his presentation will be followed by some questions and answers for Bob on this.

I am very pleased to present Bob Carleson.

MR. CARLESON: Thank you very much. I know that the block grant program is probably, has probably been the subject of not only a lot of discussions here, but in many meetings and many different groups.

What this is, of course, is part of the President's concept of wanting to return authority to the state and local level from Washington; in other words, to try to get the federal government out of directing how people conduct their state governments and their local governments, and when we talk about permitting state and local governments to operate without federal interference, we really are also talking about tribal groups which are in effect local governments; in other words, the point being that for too long, whether we are talking about a small city somewhere or whether we are talking about a state or whether we are talking about the groups that many of you come from, we feel that the best decisions are those made by the people at the local level, the people where the problem is.

At the same time, the President has indicated that he wants to turn revenue sources and revenues over to states and local governments and to your group so that there will be adequate funds to carry out what would be the federal responsibility or the federal role.

Eventually he would like to be able to turn over more authority. There is a natural resistance in Washington to giving up control, giving up authority. There is a resistance not only in the Congress, of course, but in the departments and the agencies, but he feels very strongly that the best decisions are made by local people. He is, of course, as you know, and I won't try to get into John McClaughry's presentation which comes later on the President's commitment--I would say one personal note: I have been with the President from the time he was



governor where I served in two positions in his administration in California, and there is one thing that he impressed upon those of us who were in his administration, and that was his interest in Indian interests in California, and I think that his record to the extent that he was able to have an impact and have an influence showed his particular interest in that area, and I know that that interest is continuing, but I will let John get into the details.

We have proposed block grants in education, health service, preventive health, social services, and energy emergency assistance and so forth.

Remember, the goal, of course, is to try to keep the federal government, people here in Washington, from deciding how you people run your affairs or how the people who live in cities run their affairs and at the state level. It is a very difficult thing because we have to move this authority out of Washington to the state and local level.

We are also aware very frankly of the record that some of the states at least have had in previous years relating to some groups that are within their states, particularly in some states where many of the people were not enfranchised for many years. Of course, the Voting Rights Act, the Civil Rights Act, the reapportionment of state legislatures has changed most of that, but we are also aware, and I will be frank with you, want to become even more aware to the extent that the tribes and other Indian groups are assured of receiving the kind of attention that is necessary.

One of the things that we would do, of course, is do everything we can to urge the states and localities that get block grants to recognize the necessity of providing some of these funds, even funds that are not now going to Indian tribes, to meet the health, education and social services as well as energy and emergency assistance needs there.

The education block grant we have submitted, for instance, that the Secretary may reserve up to 1 percent of the total funds for payments to insular areas and to the Secretary of the Interior for programs for eligible Indian children in Department of Interior funded schools.

In another example, in the energy and emergency assistance block grant, we have provided that the Secretary may direct payments to Indian tribal organizations if the state has not provided or is not likely to provide funds in the requisite amount, applying to tribal organizations which have been receiving lower-income energy assistance funds, and I can tell you now that to the extent that block grant legislation moves through the Hill, it gets changed many times, and a lot of things that we may want to have in it we find we lose. Other things we may find that we would like to add to it as it moves along. We not only want to give you more authority just as we do all cities and counties and states, we also have to be sure that the very special obligation that the federal government has to the tribes is protected.

You are not the only ones who are concerned. We have mayors come to us, big city mayors and small city mayors who worry whether or not the states are going to pay attention to them.

I know some of you must be concerned to the extent that the states are given discretion or even some of the counties are given discretion whether or not adequate provision is going to be made for you in these programs, and we tell the mayors and we tell the people in the counties and we tell you that we want to build in adequate safeguards, but we don't want to build so much control into the system that you lose the ability to run your own programs.

I would say one other thing. To the extent we can make the block grant legislation better or to the extent that in the administration of the block grants we can make them better from the standpoint of protecting your valid interests, we certainly want to do it, but at the same time we want to do as much as we can to remove the control over the programs out of Washington and in effect to your level of government.

CHAIRMAN BLACKWELL: Thank you very much, Bob. Now let's take some questions and answers or comments with respect to education or block grants in general. Who wants to start off?

MR. LAWRENCE: The question I have on the block grants, are we going to have to stick to the regulations as the programs are now? What I understand is that block grants coming locally can be utilized in whatever area you want to utilize them, but are the regulations going to have to be adhered to?

MR. CARLESON: First of all, what our block grant is, and I probably should have taken more time, they can only be used for the kinds of programs that they are being used for now.

For instance, the preventive health block grant, that is a group of narrow categorical preventive type health programs, each one with all of the rules and regulations and federal red tape that uses up a lot of money before it gets to the people who need it. We say take the categorical grants and put them in one block grant and list the names of the programs that have been included and we tell the state or local government that you can't use the money for anything but preventive health. You can't use it for anything that isn't in that list, but if you find that you need to have one kind of preventive health service more than you need another, you will have the ability to move the money around within the block grant.

You get over into the social services and it is the same thing. We put a group of social services programs together. We list them and tell you that you have to use the money for social services, but you have discretion as to what kind of social services you are going to provide, and the same is true with the other kinds of programs. Some people have said if you give block grants for health or education, the people are going to use it for highways. Well, they can't do that. They can use it only for the kind of services that have been displaced.

Now as far as regulations are concerned, we are trying to get rid of unnecessary federal regulations. In other words, we want to make it as simple as possible, to tell you, you get this money, you can spend it for any of these kinds of services. You have to have an open planning process. You have to permit citizen input and I might add in all of our block grants we have strong civil rights provisions, and you have

to adhere to those kind of things, and you have to make a report as to how the funds were spent, but as far as telling you exactly how to spend the money, that is what we are trying to get the federal government out of doing.

MR. LAWRENCE: Okay. I understand that. We have got another situation where I contract for a program and that program does not allow me to pick up the total indirect costs. That indirect cost has to come out of my budget, and Indian Health and all the others, you run into this, all the other contractors than the Bureau.

We have fortunatley been able to put a contract support citation, but we are running into this problem with all other agencies, and we are having to put money in to operate federal programs, and I think that should be addressed in your block grants.

MR. CARLESON: I hope so. Now it is very difficult sometimes to try to comment on all of them because there are so many programs involved, and it may be that the program you are talking about may not be in one of the block grants. I think there are at least five hundred federal programs that go to state and local governments, and there are probably many more if you take subprograms, and there are about 83 programs that are combined in this first set of block grants.

MR. LAWRENCE: I think ironically, we are trying to protect our programs from not going to block grants for the states because they are a set-aside and as they are being set aside, they are becoming categorical kinds of programs and we will have to deal with indirect costs.

MR. CARLESON: I would personally favor a set-aside or a guarantee that X amount of the funds in a block grant based on some kind of proportional basis would be set aside for Indian tribal governments.

Having said that, I would also strongly say that it should be pretty much up to the Indian tribal government to decide how it used those funds, just like a city, in other words, or just like a state, as long as they, like a city or state, could only use the money on the kind of programs that were included in the block grant, so what that does is, if you are in one of those block grants, and if it is subject to either a set-aside or a passthrough, it could be used.

Now all the block grants don't have, only a couple of them right now at the present time have a set-aside such as the one in education and the one in energy and emergency assistance. One of the problems is that a lot of these programs only have a very small part of the block grant that involves services that have gone directly to tribes, but to the extent that we can, and this is where I am asking really more than telling, this is where I am asking for any advice we can get from you as well as others as to what block grants contain, which programs that give you the most concern about not receiving adequate protections based on the present system. We are not trying through the block grant process to change the allocation, but if we are talking about protecting your allocation, this is what we want to know about. If we haven't been able to do that adequately in these initial designs which

had to be designed very quickly for the budget process, I know that we are interested enough in it that we want to give the states a chance to do the right thing, too, because one of the speakers said that everybody lives in a state and they are a citizen of a state as well as of the country, and the states should be just as concerned about Indians as the federal government is, so we want to give them a chance to do the right thing.

At the same time, we want to protect you and we want to protect the cities that are worried about the states not giving adequate funds to the city. We want to protect them so we are caught between a tough decision as to how to tell them look, you have the authority and the responsibility now, let's see you do it right, and at the same time make sure that they do it right, but if you can come up with some ideas where we can improve some of these block grants either by amending the ones that are in the process or amending them later if they are not such, or in the regulations that are issued, we will be happy to hear it.

CHAIRMAN BLACKWELL: How do they go about communicating that? Do they write to you directly?

MR. CARLESON: Well, I think, yes, I would say that probably the best way, and it is a lot better if there can be some agreement or something because we are getting a lot of material, so look at it as constructively as you can and remember that we are talking about protecting the resources that you have been getting, and write to me Robert Carleson, Special Assistant to the President for Policy Development, and just address it to the White House and it will get to me.

As I said before, we want the states to do the right thing, and I know I have the same concerns that some of you have. Governor Reagan was doing the right thing in California, but we don't know it would be in all the states.

MR. MACDONALD: Is it possible to block grant, say take the education monies in the Indian tribal government and let them control and administer the education program as they perceive it as in their best interests?

MR. CARLESON: Well, I am just talking for myself now, just so you understand, because I don't make all the policy decisions. We just advise, but I would say that to the extent we can identify the tribal government as equivalent to a local government which I think is what most of us believe. We believe that for cities, we should believe that, that for tribal government; in other words, if funds are going to go to a city and we want the city to have maximum freedom in how they use their money, then I would think that funds that go to a tribal government should be in the same status. Of course, we do have the strings that, for instance, if they are for health, they have to be used for health and if they are for education, they have to be used for education.

We are only five months in. This first economic package was put in to meet an economic emergency that was hurting every one of us, be we are going to be continuing on with this whole concept and moving this authority and responsibility out of Washington to your level and to the cities and counties and the states, so when you give me your ideas, don't just comment on the block grants that may be up there now, although that is important because they are up there now, but give us some ideas for other programs and other things where this kind of a concept in principle can be applied.

MR. TENORIO: I am Frank Tenorio from Pueblo County. We are all for the idea of moving authority out of Washington, but I have to renege on giving authority to the states.

In our experience in the State of New Mexico where it revolves around the education or what have you, we haven't gotten a fair shake. Our involvement in the public schools and Johnson/O'Malley programs to begin with, it just isn't fair and equitable.

The states feel that they should control it completely, and being that we are citizens from that state, that we don't have that special tie that we have to the federal government.

MR. CARLESON: You know, somebody mentioned earlier impact aid, and in impact aid, you have a similar situation as the people that are on military bases and who live on military bases around the country, and of course, the military base doesn't pay any local taxes and the children who live on the base go to the local schools, and so the impact aid program is federal money, but in effect pays these bills because before impact aid, the schools, local school, weren't taking care of the people who lived on the military reservations, and so it is a similar concept, and I know what you mean, but again we can try to design our programs to protect your interests but also to give maximum discretion in how you use the funds, just like a city.

I used to be a city manager myself of two small cities in southern California, and you get all of these funds coming in with careful earmarks and constrictions and requirements set on every one. Sometimes you get too much money over here, more than you need for such and such, and you get not enough money over here and you can't meet the best needs.

That is what we want to do with city government, county government and state government, and also with the tribal governments.

MR. ANGAPAK: One of our concerns we face, I think he mentioned it, he said if a certain amount of block grant is given to the State of Alaska or any other state for that matter, what guarantee do we have that we will get a fair piece of the action?

MR. CARLESON: That's right. That's the question.

MR. ANGAPAK: How do we do it?

MR. CARLESON: I understand that, and I am saying that an example of two ways were the ones that I mentioned in the education block grants and the energy block grants where in fact the way that I liked best is

the one in education or in the energy and emergency assistance where first of all, the money goes to the states, but if the states do not provide or are not likely to provide funds to the tribes, then the Secretary can direct that money there himself, so like in the energy and emergency assistance block grant, the state gets a chance, but if it doesn't do it, the Secretary has the authority to do it himself.

Now one of the things that we must remember, we want the state not only to put some of the federal block grant money in there, we want them to put their own money in there too, and we want the states to start feeling that their cities and their counties and the tribal, local governments, which is the same thing, receive adequate state support as well as adequate federal. It is not in place of federal, I mean in addition, so if we simply cut the states out of the picture all together and just say well, we will fund directly to you, and the state says well, they are not our responsibility and we are not going to provide for that is not good. We want the states also to recognize that they have a responsibility for all the citizens who live within their state, whether they live in cities, counties or rural area, or whether they live on reservations.

MR. TENORIO: When you have that particular interplay between the federal, I mean federal government and the state, they want concessions from the tribes to that extent that they fall under the jurisdiction of the state, and we can't accept it.

The prime example is the Indian water rights. The federal government says give action to the state, but that is exactly what the state wants. They want to control our waters and they want to run roughshod over us, and we are not going to have it.

Everything that we do there, there is a danger of conceding or giving those things that are ours. We contend that we were here first and we have the use of our land and waters, but it is getting to the point where all that has been minimized, and the more we work with the state and what have you, they keep chop, chop, chopping along. I am not going to have that.

MR. CARLESON: What we want to do is we want to ensure that your rights are protected. At the same time, we want to get the federal control out. By control I mean telling you how to run things, and the question is how do we do it?

As I said before, any thoughts or ideas that have not only for the block grants that are up on the Hill now but other ones--we have already used some ideas. I have gotten a letter or two which we used in, some of the material in designing some of these block grants, so we have already used some, and any more that you can come up with will help us do that. On the other hand we want the states, to get interested in all the people who are in their states.

In other words, it works both way. We don't want them to control you people. What we want them to do is to treat everyone in the state the same. They haven't been doing that in some states.

MR. MACDONALD: There is a big difference, Bob, that first yes, we are like the cities. We are like a state where we have a constituency and also a land base where we make our laws and have our own courts and what have you, but one difference--the state and the cities are together, or separately have a special relationship to the federal government unlike ours. Our relationship with the federal government comes by treaty. They are trying to force the state to do their job in terms of tending to the needs of the tribes where they have specific private land and private property that belongs to them, and the way they got there is by their special treaty relationship with the government. That comes into play every time.

That is what Frank Tenorio is talking about where they say okay, the state says we are going to give you some money, you have got to give, you have to relinquish some rights that you have.

MR. CARLESON: I see.

MR. MACDONALD: And then the tribe says no, we don't want to relinquish any rights and they say okay, we are not going to give you anything, and this has been going on for a hundred years now, and so the biggest problem is that the tribes, all of us feel that our very existence, the way we are, is brought about by our treaty relationship with the government and we didn't come about by the state. The state did not, we didn't sign a treaty with the state.

As a matter of fact, in many cases the state came after us, so that is really the crux of the Indian/state relationship for these many years, and in some cases there have been some trade offs made between states and Indians, and as a result there is some cooperation.

MR. CARLESON: I guess I understand. I completely agree, but you are also voters in those states, too.

MR. MACDONALD: Even that has become in question lately. They say okay, if you are not going to let us steal some more of your water and your resources, we don't want you to vote anymore, and we say okay, maybe we don't want to vote anymore.

MR. CARLESON: They can't do that. They can't take your vote away, and the thing is that--I understand the difference, and it is what really complicates this, but you are also voters. You have the same rights in that state as anyone else does, and so I guess it is double-barreled. You don't have to give up something to get state assistance because you are voter. Well, generally I think you are in the revenue sharing program and that was good in the sense that that has very few earmarks on it. All the block grants are is a form of revenue sharing. It is like special revenue sharing. It is money that you get, but you can only use it for health services or only for education, so we are trying to keep the block grants as pure as possible, but the block grants are like special revenue sharing. It can only be used for a certain kind of function.

MR. ANDERSEN: From what you are saying it seems like you haven't established here whether we are considered a state or a local government.

My question is what justification do they need here? He was talking about the treaty relationship. Not all tribes are that way, but nevertheless these tribes, if you recall the one case, the Supreme Court case, Warner versus Georgia, where the court stated that all these Indian tribes were sovereign nations from time immemorial. In other words, before you guys came from England we were practicing what is known as sovereignty, and all the Supreme Court did was just uncover it in 1832.

What more do you need? I think we are the only ones as far as minority groups that have been mentioned in the northwest ordinance and the United States Constitution. In the United States, under the commerce laws, there have been developments, there have been developments in the laws from that time on, and these have been reaffirmed as recently as last year.

MR. CARLESON: I understand.

MR. ANDERSEN: What more do they need?

MR. CARLESON: I understand the different tribes in different parts of the country have different lines of authority and organization which makes it more difficult and also the question of the tribes that extend to more than one state, two or three states. That obviously is a problem that can't be handled through a state or at least it shouldn't be. I certainly don't claim to have the claim that you do to this, but my mother tells me I may be one eighth Indian on my father's side, but in any event, I think one of the things that we have to do is to work out these complicated relationships, the kind that you described, and also the sovereignty question as we try to evolve the authority because the main thing the President wants is home rule.

In other words, he wants the people who are closest to the problem to be developing solutions, whether we call it a state or a city or a county or a tribal government, and he wants the federal funds that go to those groups to be as free of strings and directions and red tape as possible.

One of our jobs is to try to design a block grant that does all these things. I just said if some of our block grants are not in the best shape right now it wasn't because, it was done on purpose, but if we can find ways to improve them that will protect your interests but at the same time will get the federal government out of the discretionary role to the maximum extent we can, we will then certainly want to work together on it.

MR. MACDONALD: The only difference here is that where federal monies are concerned we are saying that the federal monies ought to go directly to the tribes, and not the state playing Santa Claus with us which they always do. They have been doing it with Johnson/O'Malley for a long time until the Indian tribes began to recede.

Yes, we have association with them with respect to the use of state funds, the monies that they may derive through tax and what have you from our reservation, and going into their coffers and the fact that we vote, we have some serious negotiations and battling going on there between what we are to them and what they are to us, and with respect



to state laws and state monies, but I think it is very clear with respect to federal funds, that should go directly to the tribes and not complicate our special fight or special negotiation that is going on between the tribes and the state. Where federal funds is, maybe they will use it as a crutch or another way of trying to improve their position with us, and so I believe this is the concern that I see.

MR. CARLESON: As you say, apparently they want concessions every time they give you funds, so what you are saying is if they get control over the federal funds, they are going to want concessions for that?

MR. MACDONALD: That's right.

MR. DRIVING HAWK: I don't think you are going to find one general policy for block grants that is going to suit all the Indian tribes across the country because you are talking of state-recognized, federally-recognized tribes.

However, it has to be looked at at each reservation and its unique situation.

MR. CARLESON: Right.

MR. DRIVING HAWK: You mentioned earlier and I haven't really thought about it, but in utilizing the revenue sharing avenue for those tribes that do receive the revenue sharing funds, that certainly won't take account of all tribes. You will have some other tribes which are still going through the accounting, but I don't think you are going to come up with a general policy that is going to be able to take care of all the needs. It is going to have to be a dual-type of system.

MR. CARLESON: That is what I guess I am worried about. Just so you understand, I don't want to fool anybody. I am not an expert on your problems and your needs. I am trying to cover the whole spectrum of the government and moving authority, so one very valuable thing that you can do not only individually but as a group is help bring this information to us.

Now we have a lot of experts. You have been hearing them all day, and you will be hearing some more of them I guess later on, but I am a generalist. I am trying to handle the bigger picture. I know exactly what you are saying because the more I have gotten into the question of how to protect the rights of Indian tribes, I have found out how complicated it is, and if there is anything I have learned, it is that.

MR. TIGER: I realize some years ago some Indian tribe had been done in, and I hate to say this, but Republicans were working for the tribe, but we are talking about something different now.

When you look back, our state seems to be doing something for the tribes and we get along pretty well, but I have seen other tribes in other states that are not that way. There seems to be always a battle back and forth on water or maybe land.

There are so many problems that tribes are facing, and if you give them a chance like this block grant you are talking about, they will use that to gain what the state wants you to do it seems to me. We have to

protect ourselves it seems like each day. We have to watch ourselves, what we are doing, and it seems as though we are still out there on the battlefield each day for us, so here we go.

We would like to work with anybody. We are practical people and all that, but we have to think about this, to protect our reservations and the tribes, the Indians, so I would agree with what Mr. MacDonald and the rest of them are saying. If you are thinking about how the block grants should go to the tribes, why don't we handle it a different way?

You don't have to send it through that office here in Washington. Why don't we think about, if it is going to be some type of block grant, why don't we send them to the tribes? This will make it easy for us. I think we can really work with you all now, but if we have to work with the state we have to compete with the counties. We have to compete with the little cities, and we will lose our own rights, so I would be more for that type of approach.

Otherwise there is a countless problem for the tribes. There is earmarked for the tribes so many dollars that go to the state. If we don't do that, Indian people will not get anything out of the state, some states. Some states would.

MR. CARLESON: Yes. Well, we are hearing that, and as I said before, at least two of these block grants have that kind of a protection in them, and maybe we should take a look at some of the other ones.

CHAIRMAN BLACKWELL: One more question--Elmer Savilla?

MR. SAVILLA: I am Elmer Savilla of the National Tribal Chairman's Association. I would like to ask a question about how can we receive some assurance that the recommendations that you are asking for would be addressed?

For instance, over a month ago there was 150 tribal chairmen gathered, and they made up some position papers, recommendations, to the Administration, and they were forwarded to, we thought to the proper channels, and yet I understand that this paper was trash-canned. I was told it was trash-canned, and a memo subsequently went forth from one of the White House offices labeling these position papers and the letters as being written by radicals.

As far as I know, none of the tribal chairmen that were in attendance and discussing these positions could be called radicals. I can be called a radical, but the tribal chairmen, I can't see them being labeled that, but on behalf of NTCA, I would like to receive some kind of assurance if the recommendations are put forward in good faith, that they will be at least read and addressed.

MR. CARLESON: If you send them to me at the White House, I will give you that assurance. I can't assure you, you know I can't assure you what we can do about them because we have got all kinds of competing interests and needs and so forth that go on, but I can assure you that they will not be thrown away, and here again this is one--by the way, you can help me, too. To the extent you can get together on this and say that, it is going to be a lot easier.

If I had a hundred communications, I don't really have much of a staff, and if I have a hundred of them, I am going to have a difficult time, but to the extent you can combine them and try to come up with constructive ideas, I know that we will try to use them. I know we will pay attention to them. I can assure you that at least I will.

Thank you very much.

CHAIRMAN BLACKWELL: Thank you very much. I appreciate it. We will now have the coffee break. There are refreshments there.  
(A brief recess was taken.)

CHAIRMAN BLACKWELL: The next topic is health, and our speaker is Dr. Emery Johnson, Director, Indian Health Service, Department of Health and Human Services.

DR. JOHNSON: Since we are running about half an hour behind, I will try to be very brief and leave as much time for discussion as we can.

I must say it's nice to be back inside the Executive Office Building again. I can remember back in 1970 when we spent a good bit of time here and across the parking lot putting together what turned out to be the federal Indian policy of the '70's, and I hope the federal Indian policies of the '80's or at least if Mr. Reagan has accepted that as his policy. I hope that we will be able to get some clear documentation of that before too long.

The only thing I wanted to say about the health programs because all of you know the programs in infinite detail, is first of all, the Department of Health and Human Services and several of you met with Secretary Schweiker on one or more occasions this spring, has made a clear commitment to supporting the special federal/Indian relationship of those programs that are statutorily defined with an Indian set-aside.

As the Secretary has pointed out, the Indian Health Service program, the Administration on Native American Programs, and Indian Headstart Program and Title 6 of the Older Americans Act are not part of our block grant proposal. They are clearly a direct federal government to tribal government relationship. The Secretary has expressed his understanding of that direct government to government relationship, and is continuing to try to find ways to support your interest as other departmental programs go into the block grants.

Some of you may remember the last meeting we had with the Secretary about a month ago. He assigned the Assistant Secretary for Planning the responsibility to try to work out ways to protect the tribes from losing resources during the block grant exercise that we are going through.

We had several sessions since that time. We think we have the programs worked out. There is still some discussion on several of the others. I think the offer that Bob Carleson made a few minutes ago for you to suggest directly to him the mechanisms to assure that tribes don't lose their resources during the block grant was a very good offer, and I certainly would expect that you take him up on that offer. That is the kind of support that we need, someone at the policy level in the White House who can give encouragement to Secretary Schweiker and people on his staff as they try to work out the mechanisms for supporting the

tribal initiative.

The Indian Health Service budget, as you all know, was one of the few in the federal government that was increased over last year. We did not take even the 7 percent cut that was talked about by other people. We actually got an increase in our service dollars this year, although as you all know it isn't quite going to make it with the current level of inflation. I think that is a point that we ought to make at the kind of a session, that the thing that has been killing us budget-wise over the last number of years has in fact been inflation.

We have had major increases in our budget each and every year and each and every year the cost of living has run away from the amount of money that was added to our budget, so that if the Administration's economic policy is put into place and inflation will effectively be reduced, then all of us are going to be able to do much, much better in our health programs.

In the interim, the issues that are being laid before you now by area directors and others is ways in which we can take the rather substantial resources that are there and integrate them with the tribal resources and other potential resources that we have out there to make sure that the best health program is provided within those resources.

We do have I think enough flexibility, enough options to maintain the relatively high quality program over the next several years, but it is going to take a lot more local planning and local collaboration, local decisionmaking than we have sometimes had in the past.

In that sense, again what we have been doing you have all been participants in it for a long time is very consistent with the current Administration's initiatives.

The final budget point is one that I think we probably ought to just leave for the last set of presenters. That has to do with the sanitation facility construction program and its relationship to housing. I won't discuss that right now. I will save that one and I will be staying through the presentation by Dr. Grisby and others so maybe I can learn exactly what we are all going to do in the housing program, so with that, we will open it for further questions.

MS. CHRISTIANSEN: Morton should be right back. Why don't you just begin right here around the table and ask any question you have?

MR. DRIVING HAWK: In reviewing the budget, was there any, or is there a proposed reduction in the contract health area?

DR. JOHNSON: Oh, no. The contract health service budget for '81 was increased, and the President's request for '82 also has an increase in contract health services.

The problem that we are having is one I mentioned just a minute ago, and that is the amount of increase that is allowed historically has been less than the inflationary cost of buying medical care in the private sector. That is why I think it is so terribly important that the Administration's policy of getting a handle on inflation and getting

that cost escalation down be enacted--If we get a 9 percent increase in the budget for contract health services which is about what we have been getting, 9 or 10 percent, that is a lot of money, but if the cost of buying medical care in the private sector is going up 14 and 15 percent a year, which again has been the experience of the last few years, that 10 percent increase means that you have effectively less buying power. You can buy less medical care.

What needs to happen is we have to get the inflationary rate down. If inflation would come down to 7 percent and we got a 9 percent increase, we have got a 2 percent increase in the program, and that is where the problem is.

The problems in the past few years have not been the lack of getting increased budget. It has been that inflation has always outstripped the amount of money that was allowed. Those of you who are operating in your own programs, and Dale and Buffalo, for example, you know what happens. You have a budget and then you have to go and buy stuff out in the open market, you have to pay private doctors and you have to pay private hospitals, and those rates are going right through the roof, and even though you got an increase in your budget, you can't buy as much each year because of inflationary problems. That has really been it.

MR. MACDONALD: Dr. Johnson, there has been talk about four block grants. I think one is health service and energy and emergency services and what was the other one? There are other services which directly affect the Indian tribe, and some of these services have been received through the states.

Are those going to be separated so that if they do go as block grants to the states that whatever the Indian portion might be it might be separately block granted to tribes, or maybe if that is not possible remain in the IHS or ANA to be administered to the tribes?

DR. JOHNSON: Okay. I think Mr. Carleson was pointing out the Administration proposal at the moment, and that changes almost momentarily depending on what is going on up on the Hill, is that except for the four HEW programs I mentioned--Indian Health Service, ANA, Indian Headstart and Title 6 of the Older Americans Act--all of the rest of them are going to go into one of the block grants.

Block grants are going to go to state governments, and then the tribes somehow or other are going to have to get access to it as part of the state block grant.

Now in the meeting that we had with Secretary Schweiker about a month ago, about the time that the tribal chairmen were all in here, when was that, the end of May, the Secretary expressed concern, as did Mr. Carleson this morning, for how can you protect the tribal governments under this kind of a proposal. He assigned to the Assistant Secretary for Planning in our Department the responsibility to see what kind of options he could have.

To date, we think we have figured out how to protect the Indian alcoholism programs. There are still some 21 programs over in the Alcohol Institute that would be lost to the states in October. The Department thinks they have figured out a way to deal with those. We still have a number of other, including a couple of million dollars worth of projects that are going to the Navajo, such as a rural health initiative and so forth.

I think that was part of Mr. Carleson's concern this morning, how do you protect the tribe so that when that money, and in your instance it is even worse because you have to deal with Utah, you have got to deal with New Mexico and you have got to deal with Arizona, how do you make sure that somehow or other the Navajo doesn't lose access to that couple million dollars worth of health services that you are getting through those programs that are now scheduled to go to block grants to one or more of those three states?

I think one of the questions or one of the challenges that Mr. Carleson left with us, if I interpret it correctly, was to give him some ideas as to how to do that. I think that is really the burden that is left on the tribal leaders right now is to share with Mr. Carleson how you ought to handle that block grant business to protect the tribal governmental interests. I thought that was a very good opening that was given to you.

MR. MACDONALD: Definitely, because I don't know really what kind of safety mechanism or protection mechanism that could be done or written into the block grant without making it just as much a regulation burden or red tape issue as what you are trying to get away from in order to protect the tribes, and so not matter how you look at it, it appears that probably the best way is either to just block grant it to the tribes like you do revenue sharing, or leave it with IHS or ANA to administer, whatever percentage or portion of those services are going to be block granted to the state and keep it there. From there it goes to the tribes as they had been in the past.

DR. JOHNSON: Right--sort of a fifty-first state concept where the tribal money is taken out. One thing that I think as we go into these next several years and as budgets are tightening up state governments are in desperate shape, too. They have real problems. For a number of years since the Civil Rights Act in 1966 we had a trend and a number of good decisions being made that clearly required the states to pay attention to Indian people, federal government was able in many instances to force the state governments to provide equity and fairness to Indian citizens out in the reservation.

As things are getting tightened up now I am seeing a disturbing trend of state governments going back the other way of saying look, Indians are a federal responsibility, and we are not going to spend money. we have received a bill the other day for two and a half million dollars from one of our great southern states for us to pay for state services that they had provided to Indian citizens of their state.

We have another state that has written us a letter that says that if you don't pick up the Indian costs, we are simply going to exclude all Indian costs, we are simply going to exclude all Indians from our state programs. Now I think that may be a bit illegal, but I think what it is telling me, Mr. MacDonald, is that the trend which was going toward acceptance and working things out, as the states get tighter and tighter, we are going to be faced with that feeling on the part of states that Indians are a federal responsibility and dump it--that is the nicest term I can use--trying to dump the Indian problems back on the federal government. I think really if we look at one of the major policy issues that this Administration is going to have to face, I would submit to you that that is one of the clear ones. We have got to make the decision. Is it strictly a federal responsibility? If it is, then we ought to take all of the formula grant money that is going to the state based on your Indian population and take it out of the state and put it into a federal pot and deal with it.

If it is going to be a state responsibility, then there has got to be some mechanism, and I suspect you are going to need it, put in a statute that is trying to clearly define the law. Otherwise what I think we are going to do is we are going to go through 26,28 state suits one way or the other as the states attempt to pass their Indian citizens off on the federal government.

To me it is a very disturbing trend, and we have just been seeing that in the last year or two.

MR. SAVILLA: Would it be possible to name the two states?

DR. JOHNSON: Yes. I don't mind--the great State of Arizona is one, Mr. McDonald's state. Wisconsin was the other one. South Dakota is well known. New Mexico, we have had some problems with them recently. We go long enough, Elmer, and we will find others--and I can't say at the moment that I blame the state government in this sense. They are faced with an extremely tight budget situation, and as long as there is this ambiguity or this sort of wishy-washy understanding, then they are going to find every possible way they can to do it. I think if the state knew clearly what their responsibility was, and up until the last couple of years they did because they simply were declared in violation of the Civil Rights Act, they could deal with it. They were providing not equity really to Indian citizens but at least it wasn't as flagrant as some of these more recent ones.

CHAIRMAN BLACKWELL: Other questions?

MR. ANDERSEN: One question that nobody else is interested in asking--we were talking about contract health care. I received a call from Nevada about a couple of weeks ago. I am just wondering whether the story has changed, notwithstanding what you said here, that there is going to be no cut in that contract health care, and the status quo will remain for that.

Now they were very alarmed because notwithstanding that, they said they would be affected because they were going to lose some of their contract health care services. Now has that changed since then?

DR. JOHNSON: I have to sort of restate it again, that the money, the dollars are not cut. There are actually more dollars this year than we had last year. What is happening is because of the escalation of the cost of buying medical care, the amount of service that we can actually buy is less.

MR. ANDERSEN: Do they understand it in Nevada, though?

DR. JOHNSON: I would like to say yes, but obviously if they are calling you they don't, but we are going to have to pull in our belt on some of these things.

Unfortunately my prediction is that we will be going back to deferred surgery lists and some of those things again because quite frankly, when the cost of medical care goes up 15 percent and your budget only went 9 percent, you simply can't buy the same level of services, so it is sort of a technical or semantic thing. The budget is not cut, but what you can buy with that budget is going down.

MR. ANDERSEN: My impression from the telephone conversation that day was that they felt that the contract health care funds were reprogrammed so that you would be able to--not you, but the area office would be able to keep their personnel at the level that they had.

DR. JOHNSON: Well, the area can't reprogram contract health service money, and we in headquarters can't do it either without Congressional approval except for I think it is \$250,000; \$250,000 change out of a hundred and eight million dollar program, that isn't very much latitude. So if that is happening, it will be well known to everybody as it is going to have to go up on the Hill. I don't see that, although you can do a little bit of shifting back and forth, as long as everything comes out even--

MR. MACDONALD: Dr. Johnson, does the fact that the budget remains the same, and as a matter of fact have some increase, mean that in all probability that the staff level that was there last year and during Fiscal Year '81 will remain the same, except for whatever reasons there might be, there may be some cutbacks, that normally everyone would remain in place, the number of personnel, the doctors and the nurses and support services, one?

Secondly, in this budget increase there are some monies there for new health facilities.



DR. JOHNSON: The first one, certainly it is our hope that we will be able to maintain the current level of staffing. We will do that, however, only if we cut back some other things because here is an example. In the supplemental that was passed by the Congress and signed by the President a couple of weeks ago, we got about one half of the amount of money that it takes to actually pay the bills, so that we will be absorbing something like 11 or 12 million dollars for personnel.

Now that 11 or 12 million dollars will have to come from some place, and part of it is coming from--we are lapsing a larger number of headquarters' positions. We are cutting back on a number of other things that we are doing to preserve the health staff at the hospital and clinic level, but we are absorbing that kind of money.

Now the good news is we were one of the very, very few programs that I know of in the federal government that got any supplemental. Most of them got nothing, and we got at least half, so we have been supported and given preferential treatment by Secretary Schweiker and by OMB in even being permitted to ask for that amount of money, pay act but we are absorbing a substantial amount of cost increases. We are going to try to protect the service delivery people at all costs, and we hope we can do it. We can't guarantee that we can do it.

Now for construction, in the Supplemental Appropriation Act that was just passed which included the rescission issue as well, the planning for new health facilities goes ahead. Well, we have planning money now. It was appropriated for Fiscal Year '81 and it is about to be released to us because it was not approved for rescission. We will be planning for the hospital at Crownpoint, for the hospital at Browning, Montana, for the hospital at Bristol Bay in Alaska. We also have the planning money for two Navajo health centers, Tsaile and Heurfano, and for the Oklahoma clinic at Anadarko, so the planning money for those are in there. The quarters construction money for Lodge Grass in Montana was also included.

The Congress also gave us two and half million dollar supplemental to do the upfront planning for sanitation facilities, for those HUD and BIA houses that are going to be put under construction the remainder of this year, so we are still functioning in the construction business.

The final decisions, of course, are down the road a little bit when you get to real construction dollars.

MR. DRIVING HAWK: If you recall on this deferred surgery, as you mentioned earlier, a few years ago after we accumulated so many thousands of cases and we had special appropriations to take care of that, is there any steps being done at this point to prevent that type of backlog occurring again, or are we just going to sit back and wait?

DR. JOHNSON: Ed, the best way to do that is to get the inflation rate of medical care down if we can. As I say, if we got a 9 point 1 percent or 10 percent, something like that, cost increase, if the cost of medical care in the private sector would go down to 10 percent or go down to 9 percent or 8 percent, we would be in fine shape. In fact, if it would go down to 7 percent, that would be great because then we would have a 3 percent cushion, and we could start doing some real elective things. I am not trying to avoid answering the question.

I am not an economist and I can't predict what is going to happen, but if it goes down to the levels that are being projected, then we should not have to build up those lists again. If it continues to run 14, 15, 16 percent as it has for the last decade, more or less, then that is the way we are going to go, so the key to this is really what happens to the economy, what happens to inflation.

If the President's economic policy is put in place and works the way it is supposed to work, then I don't think we are going to go back to those days. We have got to put our money on the President's economic policy getting back to work.

MR. RISLING: What considerations or recommendations do you have relating to the maintenance of emergency medical services?

DR. JOHNSON: Well, I have personal feelings about EMS. It has been a very, very important and I think critical improvement that has been made in the health care systems on most of the reservations. We went in the last five or six years I think with a very minimal, if even functional, EMS; now we are to the point where about half the tribes or better than half the tribes I think really have solid EMS programs.

Obviously we would like to see that continued and expanded until every tribe has that. The problem, the obvious one, is that in times of constricted resources, we are not going to see in my opinion at least over the next several years any great increases in resources. I think to the extent that we are going to maintain and advance those EMS programs, Dale, we are going to have to do it at the expense of readjusted priorities. When it gets to readjusted priorities, we have to come right back to the group around the table because there is only one color money. It is all green, and if we spend it for EMS, then we are not spending it for gall bladder surgery or for deliveries or prenatal care. Hopefully we can figure out how to mesh the tribal resource and the Indian Health Service resources together to do everything that has to be done.

We are not without resources. Ten years ago we had about 6,000 employees in the Indian Health Service, and for all practical purposes, no health employees in the tribes.

Now that is almost a tripling the total manpower resource available to provide health services at the tribal level in a decade. Now admittedly part of that is new tribes have been brought in, and the group to be served has expanded and all that sort of thing, but we are not without a fairly substantial resource out there.

The problem we have all got is how do we manage that resource? How do we manipulate it to try to get the most critical things done? I am putting our emphasis on the areas, and your service units, sitting down with the tribal leaders and thrashing out how is the best way to use what that limited money is.

We are not going to sit up here in headquarters and make those kinds of decisions. We have told that to the Congress and to my friends in OMB. I cannot make those decisions centrally. It has to be done reservation by reservation. I will tell them after the fact what you guys decide to do, but I am not going to make those decisions from up here because I can't do it and make any sense out of it.

MR. LAWRENCE: I guess you are aware of the fact that the areas have been talking about trying to eliminate the area offices. We have also been talking to the Bureau of Indian Affairs. If anything is ever done, the Bureau and Health should get together and try and eliminate some of those services at the direct level. I think there is too much administration on the area level, and we get bogged down with contractors with the Bureau as well as with the Indian Health Service simply because it is a stumbling block.

I think you are aware of our resolution, and I think the area directors, both the Bureau and the Indian Health Service, are beginning to look realistically at trying to eliminate that particular level of administration, and I think it is good. I think it should be tried throughout the nation.

DR. JOHNSON: I thought somebody had gotten a hold of a memo that I wrote. I developed a plan when I was a reservation doctor in the Winnebago Reservation in Nebraska. I developed a plan for the dissolution of the Aberdeen area office, and I thought one of you guys had gotten a hold of it. I should have kept it. Eleanor Robertson, the area director, asked me where she would find it in the files and I said I bet you the minute I left that area they burned it, but I thought it was a good plan.

I would be glad to help you with some of my ideas when you get to that point. Now in all seriousness, there are certain functions that have to be carried out some place. Somebody has to keep the government's books. Somebody has to hire the staff and all that, and there are certain things that to try to do in 25 different places in little bits and pieces is probably not good management.

I think what you and Eleanor have to come to grips with is what is good management and what isn't, and what isn't ought to be tossed overboard. She agrees, and that is her idea, and I applaud her for it.

MR. LAWRENCE: We have got, the Bureau has the same setup as the Health Service. Why are they indicating personnel and that type of thing?

DR. JOHNSON: We got our pattern from the Bureau. We copied everything they did, even to where we located our area offices.

MR. TIGER: We ought to be thinking about looking ahead. There are a lot of chiefs here. Some have been here over two years, some four years. When a new Administration comes in, you look at them every four years. Sometimes whether people want them or not, they sit there, so we need to think about those things, and we could agree to it and give them four years, and if it is not working in four years, then it is time to say it has got to go and you should look into it. I am just suggesting this to you.

CHAIRMAN BLACKWELL: Any other questions?

DR. JOHNSON: I almost got you back on time.

CHAIRMAN BLACKWELL: Thank you very kindly. Our fourth discussion is on the topic of housing, and our first speaker is Dr. Bill Grisby who is Deputy Assistant Secretary for Public Housing and Indian Programs Designate with the Department of Housing and Urban Development. Dr. Grisby?

DR. GRISBY: Thank you. In the interests of time I will try to be brief, but of course, I will reply to as many of your questions as I can.

On behalf of Assistant Secretary Winn who is the Housing Commissioner and the Assistant Secretary for housing, welcome to Washington, we also welcome any inquiries that you have about the Indian housing programs.

I do have some material that I would like to pass out in reference to my presentation. I have been on board since the fourth of May, but it appears as if I have been here for at least one year. The program is overwhelming. I do have more experience, of course in Indian housing programs and working on Indian reservations than I actually do in public housing so in that regard I am familiar with many, many of your problems on the reservation, including the housing.

First let me talk about some priorities that have been established in the Office of Public Housing and the Indian program and some of these priorities have been established throughout the entire Department.

First of all, one of our first priorities, not necessarily in the order of priority, is deregulation. We are very much interested in addressing all regulations that prohibit the sound and rational administration of public housing on and off reservations.

The second priority is to address financially troubled Indian housing authorities, and of course, there are many, many problems.

The third priority is, of course, to as much as possible return the responsibility of the administration of public housing programs to local units of government, including reservations.

The fourth priority is to use a business-like approach with regard to the administration of our Indian programs, that is, in order to eliminate fraud, waste and address the problems of mismanagement of the Indian housing program, we would like to take a business-like approach and not try to use funds and levels of funds and monies to only address specific problems.

With regard to these priorities, the actions we have taken are as follows. I think one of the problems that most of you are familiar with when we get into this type of discussion are the problems that we have with Indian reservations mismanagement, fraud, waste, of federal funds. You have in your possession a moratorium established by Region 8 that was established prior to my designation to the public housing and Indian program.

After a careful study of the moratorium that was placed on the Indian housing programs, I did not feel the moratorium was fair, and that what we should do is really look at each one of the programs on a case-by-case basis and try to establish some type of method or procedure for addressing specific issues.

However, you will also notice in the memorandum that there is a specific model that has been recommended in terms of addressing specific programs. There are some programs that have been found to divert funds through mismanagement. Those programs are having an exceptional number of problems.

One method that has been established is to look at those specific programs and look at the programs on a case-by-case basis and address specific steps that have to be taken from the development stages through construction to occupancy, then steps are contained in the memorandum.

The second action that I have taken since I have been on board is similar to some of the actions that I have suggested and taken with full support from Assistant Secretary Winn and that is trying to get input from people who are actually involved in the administration of public housing programs.

In the case of the public housing programs that are not located on reservations, I formed a task force or working committee of public housing executive directors around the country who are noted for their exceptional talents in administering public housing agencies. Those individuals first met with me approximately two weeks ago, and they gave me specific recommendations in terms of the problems that they were having within their own particular authorities and problems with HUD in terms of regulations that we had that prohibited good management and prohibit them from carrying out their duties and responsibilities at the local level.

With regards to Indian housing authorities, I am attempting to use the same approach in addressing many, many problems on Indian reservations. I have found since I have been in government service and in this position that we do many, many things within our organization, and do not include people such as yourselves in decisions making process. We don't know what people's problems are. A lot of the problems are documented. Of course, some problems are not documented. We receive enquiries from various tribes, and when we address these problems we use a band-aid approach to resolving those problems. In that regard I received a letter from Mrs. Brooks approximately a couple of weeks ago prior to the National American Indian Housing Council, requesting my attendance. I was unable to attend, however I sent her a letter and asked her for her cooperation in trying to gather a group of individuals who could possibly meet with me on a quarterly or monthly basis or whenever to identify specific problems with specific recommendations what actions can take. We can better address problems associated with Indian housing, in addition to looking at specific problems within specific reservations.

I attended the Southwest NARO Conference in Houston, Texas approximately two weeks ago and this is why I was unable to attend Ms. Brooks' conference. I brought back approximately 40 recommendations that were made at the NARO Conference. Those recommendations were defined to a composite loss of ten. I handcarried the recommendations back to my office and I distributed them throughout entire housing programs. They went to most of the Deputy Assistant Secretaries and to Secretary Winn, Undersecretary Hovde, so we are very much interested in getting feedback from clients.

One thing that is extremely difficult and I know that there are a number of people who are interested in specific problems. It is very hard when you form a group to include everyone, but easy to exclude many individuals who are interested, so I am trying to form a working group who I can meet with to give me specific recommendations. I am trying to work through Lori Brooks, if anyone can really correspond with Ms. Brooks, or maybe Ms. Brooks can correspond with individuals in this group so we can really get at the heart of some of the problem.

I am also providing for with highlights of the conference that was recently conducted at the National American Indian Housing Council.

I would not take any more of your time. I would like to address any questions that you have and any recommendations as to where we can go from here.

MR. DRIVING HAWK: One question I think is the concern of all of us--

CHAIRMAN BLACKWELL: Excuse me, Ed, but I think it might be better for us to have the other panelists speak and then take the questions if that is all right.

Our next speaker on this topic of housing will be Don Crabill who is Deputy Associate Director of Natural Resources Division of the Office of Management and Budget. Don?

MR. CRABILL: Actually I had intended to talk about budgetary considerations more than about housing, I have a couple of observations on some of the conversations that have gone on before about the budget in general.

As you were going through the health programs, what inflation was doing to your health program budget, your ability to provide services even with constantly increasing budget at the rate of 9 percent, a few figures came to mind.

John F. Kennedy's get the country moving again budget was the first 100 billion dollar budget in the history of the country. With 10 percent inflation, we have to add today \$70 billion to the budget every year just to keep up with inflation.

The interest on the national debt next year will approximate the \$100 billion that was the total budget for Fiscal Year 1962 prepared by John Kennedy. A lot of that is inflation, is true. But that is what the problem is that this Administration is attacking, and many of the things that have been happening in the budget, program reductions and what not that we are so concerned with here, are part of that overall economic plan that is being advanced by this Administration. Budgetary controls constitute one of the major points of attack on inflation.

Well, I just wanted to make that point for what it is worth. As has been pointed out to you, the increasing inflation rate makes some budgetary increases in fact reduction in services, and we have got to get that whole situation under control in order to get back on an even keel.

Therefore, a number of these disruptions which seem so uncomfortable are a necessary part of getting the budget back under control.

On housing specifically, I just wanted to make a couple of quick points. In the Fiscal Year 1982 budget, while Indian programs generally fared better than programs across the board, as far as budget cuts were concerned, in the March 10th budget of this Administration the housing budget was one in which the specific Indian portion fared worse than the average. We now moratorium on new Indian subsidized housing construction starts in the HUD program.

We are left with two problems which the Administration is going to tackle. One is that in that moratorium there is a short-term pipeline problem of dealing with a number of housing units that have already been financed in the Indian program, some 15,000 that are not yet completed, and those sanitary facilities that are in the pipeline at the time reductions were made there. Those two numbers don't match, and we are going to have to arrange it so that those two pipelines match. We will be attacking that as a short-term problem in the next few months.

We have time to work it out as it is a multi-year problem. There is no immediate short-term problem associated with that, but we intend to get that worked out between now and the fall.

On the longer term, however, the Administration has no intention of leaving the Indian tribes without a subsidized housing program if there is to be a subsidized housing program for the rest of the country.

The President has announced at the time these budget reductions were put into effect for housing, that he intended to establish a Presidential commission on housing to look into this whole program area and what might be done. The President did announce on June 17th that such a commission had been appointed, and he set forth the objectives of that commission in an Executive Order. I have a copy of it here.

Among the functions that he listed for this commission were six:

One is to analyze the relationship of home ownership to political, social and economic stability within the nation;

Second is to review all existing federal housing policies and programs.

Third, to assess those factors which contribute to the cost of housing as well as the current housing as well as the current housing structure and practices in the country.

Fourth is to seek to develop housing and mortgage finance options which strengthen the ability of the private sector to maximize opportunities for home ownership.

Fifth, to detail program options for basic reform of federally subsidized housing. Last is to utilize such private and public sector expertise available in the housing field as the Commission in its discretion seems appropriate.

The Commission is to report to the President no later than April 30th, 1982, and to provide an interim report by the end of this October, 1981.

Now the specific detailed study charter of this Commission has not yet been worked out, but there is every reason to expect that it will not exclude Indian housing programs from its activity. The charter is to review all existing federal housing policies and programs, and to detail program options for basic reform.

Well, in addition to that, we expect to have a short-term study to be completed by fall in time for at least the 1983 budget decision on several problems specific to Indian housing; specifically, for example, ways to attract private financing into on-reservation housing. This is something that has stumped everybody up until now. It has been a running problem and one that we need to look at.

Second is to identify those factors unique to reservation housing that need be attacked by a government program and make sure that we can develop a housing program that is sensitive to those unique factors that surround Indian housing on reservations.

Well, essentially those were the points I wanted to make. The latter study would be an interagency study, would involve BIA, would involve HUD, other interested agencies.

It would also address the problems surrounding the multi-agency financing of housing and support facilities. It is another aspect unique to Indian housing that we need to look at specifically in the short term which the Presidential commission might not necessarily pick up. Now this short term study is not entirely scoped out in detail. There has been no director appointed of it, but we expect to get that done within the next few weeks. I will stop there.

CHAIRMAN BLACKWELL: Fine. Thank you very much, Don.

Our final presentation in the housing area will be by John McClaughry who is Senior Policy Advisor, the White House Office of Policy Development. John, do you want to share with us your remarks?

MR. McCLAUGHRY: Thank you, Mort. I know you gentlemen have been here along time today and have heard a lot of speakers, so I am not going to talk a great deal about the Administration's housing policy which has been ably described by those who came before me, but to speak instead a little bit about Ronald Reagan, not the President, but the man.

A year ago this time, the perception many Americans had of Ronald Reagan, was that he was an over-aged, washed up movie actor making one last fling in the limelight, a man who could be expected to crack up under the conditions of strenuous campaign, a man who was only a pretty face, even a former pretty face, not a serious kind of person to hold the office of the President of the United States.

You know and I know that those perceptions were wrong. In Ronald Reagan we have a President who, whatever one may feel about his particular positions and his policies, is nonetheless a man of great inner strength, a man of character, and a man of compassion and concern.

Today I would like to say just a few words about the outlook on life that President Reagan has because I know that you, coming from native American cultures, have long believed that there is more to life than economic policies, tax bills, national defense, and the kind of issues that so preoccupy those of us who work here in Washington.



I have had the privilege for a number of years of being a writer for Governor Reagan, a man who is, I might say, an excellent writer in his own right, unlike many others I have worked for in the past. I have been impressed over the years with not so much the specific policies, proposals that have emerged at one time or another, but those little flashes of insight into the man's character that tell you more than any kind of message to Congress what kind of a man we have.

In 1975 he gave a major speech in the Chicago Executives Club. There is one passage in that speech that I copied out and have quoted many times because I think it tells us a lot about the inside view of this man.

He said in that remarkable speech, "I am calling for an end to giantism, for a return to human scale that human beings can understand and cope with, the scale of the local fraternal lodge, the church congregation, the block club, the farm bureau. It is the locally owned factory, the small businessman who personally deals with his customers and stands behind his product, the farmer and consumer cooperative, the town or neighborhood bank that invests in the community, the union local. In government the human scale is the town council, the Board of Selectmen and the precinct captain. It is this activity on a small human scale that creates the fabric of community, a framework for the creation of abundance and liberty."

Through the ensuing six years when Governor Reagan was out of office and unburdened with the task of leading a large government, he came to that theme many, many times.

In a radio commentary he did in 1977 he reviewed a book called "People Power" by Morgan Doughton. The book is a listing or examples of worthy programs started by voluntary action of citizens themselves, in their local community, and how in so many cases those programs were stifled or even destroyed by an uncaring government. He said in concluding that review, "If the dead hand of government can be lifted or ignored, groups of citizens can and will come together to deal effectively with the problems facing them. The key is devising a system in which power and responsibilities are dispersed at the grass roots instead of being concentrated in the hierarchy of bureaucrats and institutions."

A little later in another script he spoke of a North Woods professor in upper Michigan, a man named Karl Magnuson. Without going through the whole story, let me summarize by saying that Professor Magnuson had left his comfortable college teaching post and retired to the little town of Topaz, Michigan, in the upper peninsula. But even there, in the remote vastness of the North Woods, Magnuson found that the long reach of the federal government continually invaded his tranquillity and that of his neighbors. After he reviewed the ordeals that Professor Magnuson had and the people in that small community, the future President said, "The real issue can no longer be discussed in terms of left and right. The real issue is how to reverse the flow of power and control to ever more remote institutions and restore that power to the individual, the family and the local community."

In those three examples you see some of the themes that have guided this man in his rest from obscurity in a small town in Illinois to the highest office in the land: the theme of the human scale, the importance of people working with their neighbors, working in their community, working under their own initiative and under their own control with their own resources to build the kind of life they want for themselves, their community, and their children.

You see the theme of people power, not programs delivered by a distant government agency, not bureaucrats and officials who come out with a long checklist, brass buttons and a big cigar to tell you what to do, but programs that are initiated by people who live with those programs and have control over them; finally, the theme of decentralization, reversing the flow of power that has come to Washington for half a century back into the channels that lead to the states, to the local community, to the local governments, to the neighborhoods, to families and to tribes.

These are things the President believes in. He recognizes the tragic folly of termination that so afflicted the native American community, and he believes deeply in the idea of self-determination, an opposite concept which means that the power to control programs, the power to control resources, the power to guide the future should be at all times left in the hands of those most concerned, most involved, and more directly benefiting from the activity.

On one occasion, when he was governor, an important issue came before his cabinet. The Water Department was keen on building of the dam. There was a big water shortage in the Bay Area, San Francisco and Oakland, and there were powerful lobbyists urging construction of the dam and a pipeline to supply water to the urban areas.

The great majority of the members of Governor Reagan's cabinet saw those studies and saw the projections of future need and endorsed the idea. But there was one problem, and that problem is that the Dos Rios Dam would have flooded the ancestral lands of the tribes that lived there. After an emotional cabinet meeting, Governor Reagan decided that the price to be paid in terms of destruction of the culture of a harmless, innocent group of Americans who happened to be Indians living in Round Valley was too great a price for the State of California to pay, and Governor Reagan, against the advice of the majority of his cabinet, vetoed that project and saved that valley with its ancestral land for the Indians who lived there.

That I think illustrates as much as anything the depths of understanding, compassion, and spiritual strength that Ronald Reagan has exhibited and which, recognized by his fellow citizens has helped bring him to this office.

We have a major task today. It is a task of turning around an economy that has been ravaged by many years of false policies, many years of living off the bounty of the future. It is a difficult task. It will require tremendous commitment by all Americans. We hope to get that commitment from the votes in Congress. But beyond those imperatives, the imperative of restoring the economy, of restoring our national security, there is something else that the President wants to restore, something that goes beyond the daily headlines. That is the sense of community, the sense of

powerfulness, the sense of independence, the sense of determination and freedom at the local level.

I know that in his policy toward Americans, native Americans, those principles are going to come shining through. And in that spirit, I hope that you will be able to respond to the President, interact with the President, and develop with this Administration a policy which years later the leaders of native American tribes can say this was the great turning point where finally, after two centuries of neglect, we were able to create the kind of community and the kind of community and the kind of local self-control and determination that we have long yearned for and that our people want and deserve.

Thank you.

CHAIRMAN BLACKWELL: Thank you very much, John.

Well, questions and answers now for Dr. Grisby, Don Crabill or John McClaughry? You had a question for Dr. Grisby as I recall?

MR. DRIVING HAWK: One of the concerns that we all have, Dr. Grisby, is basically the zeroing out of our Indian programs within HUD.

I understood the other gentleman to basically verify--he didn't come out and specifically say as to what the reduction was. Where do we stand as far as the number of houses and so forth?

DR. GRISBY: The programs are not being zeroed out. I don't want to misquote the gentleman, but we have so many houses in the pipeline, we have approximately, in round numbers, about fourteen to fifteen thousand houses in the pipeline, and it will take approximately three years to get those houses out of the pipeline, so it did not seem reasonable to commit funds to construction and development whereby the programs are not moving.

Our experience in the Indian housing program is that approximately 5,000 units are moved each year from development to construction to occupancy, so over a period of three years, and there are monies committed to move the program, it will take approximately three years to get the programs out of the pipeline, so the President is committed to providing subsidized housing on reservations, but I think what we have to do is not conduct business as usual, keep putting money into the program when we have specific problems.

It really isn't a good business decision. We are trying to turn the program around so it will be a viable one, so the program is not being phased out. No monies are being committed for Fiscal Year 1982 because we have approximately 15,000 houses in the pipeline. It will take about three years to get those houses out of the pipeline.

If you will look at the pipeline from region to region, you will find some regions are far ahead of others and further head of others, and I do have those specific figures if you are interested in them.

MR. MACDONALD: I would like to ask a question. First I would like to make the remark concerning John McClaughry's statement, I thought it was a very good statement on behalf of the President, and I just want to know when the President is going to say that to all of us because it is very good and reassuring, and it also gives some direction as to where we may be heading in terms of programs that we have for our town tribes, and I think it is very much in line with what the native Americans, the Indian people on reservations want to do in terms, of self-determination, in terms of ability to have their own economy, to forge for themselves, but to get to that level there is a certain amount of assistance and understanding that must be accomplished between the tribes and the federal government, and I think the statement made here on behalf of the President by John McClaughry is very much in line with what we understand the President to stand for, and I appreciate it. I think it is very good.

The second thing is, the question I have, the second question is now that we have three years of backlog on housing. How unless the reason for the backlog is addressed, this three-year backlog will probably end up a continuing backlog for the next six years and will not address the immediate need for housing, and there are definite reasons for these backlogs.

DR. GRISBY: You are right. Mr. MacDonald: We have got to get down to that and address these. Some of them are, yes, with the tribes, but many of these backlogs, reasons for backlogs, are not with the tribes at all. They are because of regulations. They are because of red tapes, in many cases because the houses have escalated to some ridiculous price, all because in the past these layers of bureaucracy have developed itself into a dictatorial organization where they even tell you who is going to do the architectural work and who is going to do the construction work, and a contractor maybe 200 miles away where you have a local contractor who may do the job cheaply, and there may be a way to do this on a turnkey basis, and they say well, our regulation says no, you have to do it this way.

DR. GRISBY: You are absolutely right, and you probably should be making the presentation instead of me because you are absolutely right. I think in my opening remarks I stated that one of our top priorities in the Office of Public Housing is looking at the regulation consistent with President Reagan's Administration. Philosophically there may be too many regulations. Hopefully I can put a sign on my door for my staff that says if the answer is no, don't come in.

We have to look for alternatives, and it appears as that due to many frustrations staff people have a tendency to say no and hide behind regulations. Things can be done. We need your cooperation to get those things done.

I also mention the fact that we have a deregulation task force within the Office of Public Housing. I have a representative on that task force. Multi-family and Single family's also have representatives. Within my own Division of Public Housing and Indian Programs I have issued a directive to identify any handbook, memos and regulations that does not require any type of legislative action on the hill, or printing in the federal register.

I guarantee you we will get the answers. If I don't, I haven't done my job, and I am quite sure that Phil Winn, Assistant Secretary won't put up with it. Secretary Pearce won't put up with it, and I know President Reagan won't put up with it either, so we will not have, I promise you, a six-year backlog as long as we have the current people we have in our program because we are working hard.

For the first time we have invited people in to sit down and talk because we have tremendous lack of communication between HUD, local units of government, including reservations, regional and area offices.

For example, the moratorium really should have never been issued. You cannot apply a moratorium unilaterally for programs. You have to look at each program and work with people and try to come up with solutions.

MR. DRIVING HAWK: Did you want to respond to that question?

CHAIRMAN BLACKWELL: No. Do you want to direct the question to John? Fine.

MR. MACDONALD: The question was, the beautiful statement you made about the President, we believe in that and we just want to know if there is somewhere in the future here you could make that announcement to the native Americans?

MR. MCCLAUGHRY: Mort, I don't know how to answer that. I personally hope that he would. He has a lot of demands on his appearance, but this is one I would certainly recommend that he make.

MR. MACDONALD: I think it would be great for the native Americans, but as I said, it can also translate across the whole country where people who are in similar situations that we are in can appreciate what you have said about the President and that there are certain concerns that he has for community and for people to do their own thing, and one of the key examples is what the native Americans are trying to do, and I think that is very good. It needs to be brought out.

MR. MCCLAUGHRY: Thank you. Let us pursue that with your recommendation.

MR. LAWRENCE: I think basically what we are trying to say is that we know that the President has made some commitments for a government-to-government relationship with the tribes, but we haven't heard anything since then, and we would just like to know what his policies are, what his feelings are.

I think you expressed them well, but I think we have been waiting for some kind of response from the White House.

MR. MCCLAUGHRY: There is obviously a gap between feelings and instincts on the one hand and policies on the other, and we have not yet filled that gap. You are correct. That is something we will have to work on here, and I hope I will be able to contribute to that in some way.

MR. TENORIO: It is well that we know the feeling and thoughts of the President in regard to Indian matters and what gets me or what the danger is, those people that are more or less going to be going over the issues. That is our direct recommendation. That is my concern.

MR. MCCLAUGHRY: I will take that under advisement.

CHAIRMAN BLACKWELL: There has been a significant number of Indian leaders who have suggested that the President should put forward a general statement on Indian policy, and that is one of the things that is under consideration as well as the consideration of a general meeting much larger than this of Indian tribal leadership, and that might be an appropriate time for the President to make such a statement. We have no date for that, but it is under discussion actively.

MR. TENORIO: I still revert back to the commitment that he made regarding Indian water rights where nothing, as far as attempting to quantify the Indian water rights, nothing will be done to the detriment of the Indian people. All right, but yet the job to quantify, to use the format, will be outside of his jurisdiction. That doesn't guarantee us that our rights are protected.

MR. MCCLAUGHRY: With respect to federal water policy or state policy.

MR. TENORIO: Well, federal water policy; the attempt is to let the states handle it, and we don't agree with that.

MR. MACDONALD: I think, John, what Frank Tenorio is talking about is that the President we believe, we understand has this understanding of where he is with respect to Indian people, perhaps all other people as well, and unless he announces it publicly as President of the United States, the tendency is for the bureaucrats who were here before he became President to tend to continue to issue regulations and policies which is entirely different than what he has stated, and I think it will help tremendously if he just says it, and then it goes across the nation, and even you will begin to see Congress acting according to what the President has said and how he feels.

This has worked, as a matter of fact, in my own time when I noticed they were kind of doing the same thing until when President Nixon came out and said by God, this is the way it is going to be, and the policy of this Administration is that Indian solution to Indian problems, Indian solutions to Indian problems, self-determination. Immediately the whole Executive Branch fell in line, and then Congress fell in line, as a matter of fact passed the Indian Self-Determination Act.

It may appear what do they want a statement for, but we have found that if the President says so--he may just take five minutes to say it, but it has a tremendous amount of good results so far as we are concerned, and I think that is what we are suggesting here.

MR. MCCLAUGHRY: I think that is an excellent recommendation, and Commissioner Smith and Secretary Watt and perhaps some of us here ought to set something in motion rather quickly on that. I will be happy to collaborate in doing that.

MR. MACDONALD: Excellent.

CHAIRMAN BALCKWELL: Okay. Other questions?

MR. LAWRENCE: You are looking for recommendations. One of the things that I have found in dealing with people is that many times the individual living in the homes will take care of them more if they know that that house may be one day his own.

In these low rent homes, a lot of times they get destroyed because they don't find--there is no commitment there. There is no way of identifying with the house. If there could be something put in the regulations to allow the people to own those houses at a particular time, I think it would be very beneficial for the Indian housing program.

DR. GRISBY: We do have the mutual help programs and I don't think that we want to regulate. What we would like to eventually do is turn the program over to you and let you do the regulation consistent with the Administration policy, but we really have to get the program back on a sound, rational and operating basis before we can do that.

MR. MACDONALD: The water and sewer hookup, that went along with HUD the program and the IHS program, and when the IHS program cut off the 121 program which is water and sewer, the 15,000 homes that are still now to be built, how are those going to be hooked up with the water and sewer when on the one hand the monies for water and sewer has been cut out from Dr. Emery Johnson's program?

DR. GRISBY: That money has not been cut out. As you are aware, HUD--you may want to respond.

MR. CRABILL: We recognize those pipelines are there and we are going to adjust that one way or another through the budget process, and we have got time to do that. This is something we are going to be attacking in the next few months.

MR. MACDONALD: It will be taken care of, but you are aware of it?

MR. CRABILL: We are aware of it, and we know one way or another the houses have to have some kind of a sanitary system, and we know that we are out of sync in these two pipelines and we are addressing it.

MR. MACDONALD: Terrific!

MR. TENORIO: You say it will take two months?

MR. CRABILL: A few months, a few months, we have got about a two year problem. We don't have a problem in the next few months.

MR. ANDRADE: Let me ask you a question. I want to get something clarified. You are saying in this next fiscal year, '82, you have no housing proposal units, is that correct?

DR. GRISBY: That is true. Well, we have 15,000 that have been committed over the past few years.

MR. ANDRADE: That is pipeline. Those are--backlog, that is a better word to use, not pipeline.

DR. GRISBY: Exactly.

MR. ANDRADE: Are there any units committed for new starter use units, units the tribes can commit in the '82 budget?

DR. GRISBY: Four thousand was recommended, although no action has been taken.

MR. ANDRADE: I understand the committee has come out with 4,000, the recommendation. We do not know how the Senate is going to go.

DR. GRISBY: We have not heard anything either.

MR. ANDRADE: But I am asking, in response to the question, are there any new housing units within public assistance housing for Indian tribes in 1982?

DR. GRISBY: Four thousand have been recommended, and up to this point we have not heard anything about whether this has been approved or not.

MR. CRABILL: There are none in the budget. The Administration's budget contains zero.

MR. ANDRADE: We are zeroed out on new housing starts.

CHAIRMAN BLACKWELL: As I understand it, that does not mean there won't be new houses started, but there will be no new ones authorized to start. Is that correct?

DR. GRISBY: This is exactly right.

MR. ANDRADE: No new commitments?

DR. GRISBY: From a business standpoint, we could put probably what, 10,000 in as an example, and we can give you X million of dollars to carry that out, so where are we. Our experience is that you probably only build about 5,000 per year. That is our experience over the past three years.

MR. ANDRADE: If we are going to be honest, a lot of the responsibility that publicly assisted housing is laying out here is not that the Indians messed up this business. Your backlog is the fault of HUD.

DR. GRISBY: It is a combination of fault. It is a combination. We have regulations that you know prohibit you from really doing your job, and in addition to that, a lot of Indian housing authorities have really gotten into a lot of financial trouble.

MR. ANDRADE: Don't you think there is something to be resolved in the fact that HUD in the twelve years of the Indian housing authority program has not developed a management manual? Don't you think that with all the money in HUD, all the money you have in that Department--and this was Democratic Administrations and Republic Administrations, in the twelve-



year existence of the Indian housing authorities there has not been a management manual developed by HUD. Now we are turning around twelve years later and you are saying the authorities are not living up to the management standard HUD has never been able to publish.

DR. GRISBY: The problem is that that is what you have, a manual. A manual would not resolve the problem. The problem in itself isn't management. For example, some tribes divert funds into other programs.

MR. ANDRADE: Some cities do, but you have not cut them out.

DR. GRISBY: We don't want to cut out anyone. What we would like to do is look at the entire program and try to turn the entire program around, and we are going to do that. We are going to do that. We are going to look at what we do to prohibit you from operating a good program, and we are going to look at your housing authorities to see what happens at the tribal level.

As you are aware, part of the problem is that we cannot come tell you how to operate your housing program with regards to your appointment of commissioners, directors, and managers. That is a tribal government responsibility.

DR. DRIVING HAWK: That's fine, but that is not necessarily true, because the reason that the housing authorities, a lot of the housing authorities are in the condition that they are in because of HUD telling them what to do--whatever is convenient for HUD. They created this system of the Indian housing authorities and created a split between housing authorities and the local tribal governments as such, and they played one against the other, time and time again creating holy chaos and expecting them to manage the houses under those circumstances.

It is impossible, and as far as tribal governments, this has been brought to the attention of HUD four years ago. I was Secretary of Housing here in Washington with the same basic problem, and the reason why you have got this moratorium or whatever is going on in Region 8 out there--we were presenting these particular problems throughout the regional directors, the Secretary, the Senator Proxmire's committee, and here all of a sudden in Region 8 they are taking disciplinary action against housing authorities. That should have been resolved four years ago.

DR. GRISBY: You are absolutely right, and I would like to start from now and look forward. You know, individuals come in our office consistently with problems that they have had and we have to go back through the cobweb of files and we have to wade through about two hours of orientation about what happened in previous and past Administrations, and I said let's start from here. Let's see how we can resolve the problem.

MR. DRIVING HAWK: One thing in regard to starting them here and forward, in regard to the Indian preference that is needed throughout all your regions, as far as contracting construction and so forth, what is the Administration's policy in regard to that, or do you have one yet?

DR. GRISBY: We are abiding by the Indian preference, please get more specific.

MR. DRIVING HAWK: This is it exactly. Public Law 93-638, the federal law, says bang, bang, bang, this; on the other hand, when you have a non-Indian contractor bidding, you don't have qualification this, this and this. Non-Indians can go in there and bid. Hell, a farmer off the street can come in to bid on housing, and it's fine as long as he is a non-Indian, but you get an Indian and he has got to have the pre-qualifications and so forth to go through.

DR. GRISBY: To the best of my knowledge, we follow the same--to the best of my knowledge, we follow the same guidelines. Maybe that is an issue we can address.

MR. DRIVING HAWK: You have got to expand your knowledge into that field, okay?

CHAIRMAN BLACKWELL: Let me ask you a question. Is there perhaps--to you, Don; that might be a good response for you as well--is it anticipated by anybody in the Administration that by not authorizing any new starts in three years from now we will have a year with no new housing starts?

DR. GRISBY: No.

CHAIRMAN BLACKWELL: Then is it fair to characterize what is happening is that we are attempting to do is analyze the system to shorten the pipeline and then next year we will have a shorter pipeline and the process of construction will continue and actually the process of actual physical construction will never slacken, but there is not going to be a period when as a result of this, where there is going to be no new houses actually under construction?

DR GRISBY: Exactly. That is correct, and in the staff meeting that we had Monday Assistant Secretary Winn asked us to look at whether or not this particular policy could be applied to financially troubled public housing authorities. We have approximately 32 financially troubled housing authorities around the country, 32, whereas on Indian reservations we have approximately 62 percent of those housing authorities are financially troubled.

We have some Indian housing authorities that have no operating reserve whatsoever, zero operating reserve, and when the operating reserve falls below 30 percent, all housing authorities are identified as financially troubled.

MR. MACDONALD: I understand there is a guarantee that in FY '82 there will be back in place the monies and appropriations necessary to continue housing starts?

DR. GRISBY: I don't know about guarantees, but I can give you an example of what is going on from region to region.

For example, this is an estimate--that will be depleted in approximately three years, but for example in the Oklahoma City office there are 2,119 houses in terms of pre-construction and construction, and in the Seattle region there are only 712, whereas in the San Francisco region there is

5,091, so different regions are at different levels, so maybe we have to look at those regions that are having specific problems in terms of pre-construction and maybe we can facilitate that.

We are just saying in terms of our experience it would take approximately three years. We are hoping that we can get it done faster than that, but I don't know if that is possible.

MR. LAWRENCE: I have a question. Are those houses that are in the pipeline, they are already obligated, is that correct?

DR. GRISBY: Exactly, They are obligated.

MR. LAWRENCE: What happens to some of the other tribes that have completed their houses? Do they have to wait three years before they, or four years before they are eligible to submit for new housing?

DR. GRISBY: That is a question we have not addressed either, and maybe we have to look at the program tribe by tribe. I am not familiar at this point with any particular tribe that has completed all of its housing, and maybe this gentleman can address that, but I am not familiar with any.

MR. LAWRENCE: I think there is some tribes.

DR. GRISBY: That have totally completed the houses out of the pipeline?

MR. LAWRENCE: Yes. The other question is I have heard a number of the field offices are going to be closed and merged with the regular housing. Is that true?

DR. GRISBY: I have heard that from Administration to Administration to Administration. We always hear rumors about field offices, regional offices. I understand that question was directed to the offices. I understand that question was directed to the Doctor. I have not heard that rumor, and Secretary Pearce is still looking at the whole organizational structure of our entire delivery system, and I have not heard that rumor whatsoever.

MR. ANDRADE: I think Frank was asking is the Office of Indian Affairs, the Indian Housing Division, being reorganized out of existence?

DR. GRISBY: My answer to him was that I have not heard that rumor, and Secretary Pearce will make that decision. As of today, Secretary Pearce has not made that decision.,

MR. ANDRADE: The Office of the Director of the Office of Indian Affairs, will that be reappointed?

DR. GRISBY: You have to address that to Secretary Pearce. In terms of the commissioner for Secretary Pearce. There are two positions that are open. That is at Secretary Pearce's level and I cannot address that.

MR. ANDRADE: The other one is under your division.

DR. GRISBY: That position has been opened and since I have been on Board I have been recruiting for a qualified Indian to fill that position, and that was about approximately one week after I got here. I have received many recommendations. Some of the recommendations I have received are individuals who are as you identified bureaucrats and may not have the same philosophy we have in terms of what we would like to do consistent with the current Reagan Administration philosophy.

Some of the individuals have been able to receive political clearance, so the position is there and I would also like to receive recommendations from you in terms of individuals who could possibly fill that position.

MR. ANDRADE: You will have an Indian appointed to be Director of Indian Housing within the publicly assisted housing division?

DR. GRISBY: Currently as of today that position is still open, currently as of today.

MR. ANDRADE: Will you be employing an Indian to be the Director of the public Indian housing division within the publicly assisted housing division at some time?

DR. GRISBY: As of today, yes; as of today, yes; I cannot supersede anything that Secretary Pearce is thinking about or Assistant Secretary Winn is thinking about in terms of reorganization. As of today, yes; if I said yes, in the future I will be doing that then I may be superseded in anything that the Administration is thinking about in terms of reorganization consistent with what that gentleman asked me.

I know nothing at this point about any type or reorganization as of today. That position is still open, and I have been actively recruiting a qualified Indian for that position.

MR. ANDERSON: I have a couple of things. Number one, I just wanted to get one thing clarified. You gave us a copy of a telegram saying that there is no moratorium. Then we had Mr. Crabill up there saying there is a moratorium.

What is the answer?

DR. GRISBY: In terms of the Office of Indian Housing, I think he has explained what he said, but as of the date of that telegram, in the Office of Public Housing Indian Program there is no moratorium on Indian housing programs.

In that particular telegram there are steps that financially troubled Indian housing authorities must abide by as they move one step to another in terms of construction and development.

As of today, one Indian housing authority, such as, Fort Duchesne sent us a telegram. They said we are not diverting funds. We don't have a financially troubled problem, so they are to contact that region and the region will give them permission to go ahead to the next step in development, construction or whatever phases.

MR. CRABILL: When I said moratorium, I was referring to the fact that there

is in the Administration budget right now for Fiscal Year 1982 zero new housing starts in Indian set-aside. Moratorium referred to that zero. The moratorium is a temporary condition as opposed to a program termination. That is the sense in which I used it.

DR. GRISBY: Our program is continuing consistent with the guidelines in that telegram.

MR. ANDERSON: Number 2, I am talking about my tribe now, but I think it also applies to perhaps other tribes, I think we are in a dilemma right now and that has to do with the way HUD, and this has been mentioned by a couple of these gentlemen, it has been primarily because of the way HUD has handled our housing program on reservations.

About three years ago I was asked by HUD officials that I create a commission, a housing commission, and the commission should be composed of lay members, so we did that.

As time went on, HUD said it is not working. Perhaps you should have a different kind of commission. Perhaps the commission members ought to be composed of tribal council members, so we did that. I lost five friends at the time, but HUD is not saying again we don't want your commission.

What do they want?

DR. GRISBY: I am familiar with anything that HUD is telling you. We have a complete new Administration. We have new people, and I think that you really should communicate with us to let us know, as I mentioned before, what your overall problems are so we can address their problem.

What incentive do you have in order to get off the financially troubled list if you are going to remain on that list? For example, the mayor in El Paso, Texas, turned his financially troubled housing authority around. He fired the Board. He fired the housing authority director. He turned it around. His operating reserve went up to 30, 35 percent, so we issued him a letter for a terrific job, but you are going to remain on the list-- no incentives whatsoever, so I issued a memorandum, and I required my people to issue a memorandum to that mayor stating that his program was removed from the financially troubled list. We are still going to monitor that housing authority on a month-to-month basis. The worst that can happen is the program will go back on the financially troubled list.

That is a small example, but I think you really should communicate with us because we do have a new Administration, and we do have new ideas. We are not willing to come down and tell you how to operate your program.

However, we are taking a business-like approach to dealing with programs. We are not going to give you more funds, specific tribes, while you are diverting funds, while the programs are mismanaged, while the program indicates that there is fraud.

We are doing the same thing with the public housing authorities. We are not going to give money into poorly managed programs. We are not going to do that. If we do that, that would be a disservice to you and I don't

want to start a--people come into my office and say HUD is doing this and HUD is to blame. I don't want to lay blame any place. I like to say let's sit down and work it out. There are alternatives to problems. You can't just say that HUD has a problem and get into an argument that well, whether it is a tribal council, I want to get into that tribe. I want to get a handle on trying to work out specific problems, and that is how we like to start.

MR. ANDRADE: I think that, if I can follow Mr. MacDonald's statement, we are very pleased with the statement by the Administration, very pleased by the statement by some of the speakers here today. One person said there is no difference, nothing changes.

The President can make very good statements, and so can you, who are just new people in this Administration.

DR. GRISBY: Come over to my office.

MR. ANDRADE: We have identified people that have been in that office for the last four years. They are still there. The names appear in your memorandum, and they are still running things. They still have verification. You are telling Mr. Andersen we can't deal with something that is happening down at the regional office, you have got to talk to us, and that is exactly why we are here today because our concern is that with the new Administration, we don't want to keep fighting you, the Administration, we don't want to keep fighting you, the Administration, because of bureaucrats who have stayed inside who have been with this division now for at least four years that I can identify.

We keep fighting these people, and new Administrations keep coming in.

DR. GRISBY: Let me give you another example of something positive that has happened in my office in terms of what can or cannot be done.

I guess the most positive thing other than all the sweat and tears that you try to put in the job, ten to twelve hours a day, is receiving comments from individuals about positive things that you are doing, and I don't want to take all your time, but I will stay here as long as you like.

There was an organization I think in Virginia that developed a proposal approximately eighteen months ago about trying to enter into co-op developments, and the area office gave these individuals a one-page memorandum stating why the program could not be forwarded and I asked these individuals in my office to work with the officials, to evaluate their proposal, establish some specific guidelines and give the people an answer as to what problems they have that we can work out, and that is the type of positive approach that we are trying to take.

We do have to operate the program within the constraints, but you must remember in all deference to what we are trying to do, there are career people that you do have to work with who are very knowledgeable.

CHAIRMAN BLACKWELL: Okay. Thank you very much.

MR. SAVUKKA: Can I say one thing? It is true that we have had problems in the past, but I realize we can't blame you for the people around you.

One thing I have heard before, and that is your offer to meet with us and work these problems out. I accept that offer. I like that.

DR. GRISBY: You've got it. I think you have seen the letter, so you have it.

Thank you very much.

CHAIRMAN BLACKWELL: I want to take one final question and I have to to wrap this up.

MR. ANGAPAK: First, let me say that over the years we have seen Administrations come and go, popular or otherwise, and it has made some of us very skeptical of the commitments that have been made by the Presidents of their treatment of the American Indians and the Alaska natives.

I would like to share the desperation that I have with the new Administration, and that is any programs or any laws that are passed by Congress that is designed to assist, that are designed to help the American Indian and the Alaska native, I really hope, and this is my last wish, that this Administration will carry out those commitments that they might make from Congress to us.

CHAIRMAN BLACKWELL: Thank you. Well, I appreciate all of you coming this distance to participate here. I myself learned a lot here, and I think that the exchange of views on matters that affect Indian people has been constructive here.

As I said at the outset, this is a first step. There will be other meetings in the near future. I solicit your suggestions as to the nature of those meetings and as to the topics that could be addressed, and I very much appreciate Chairman MacDonald's cooperation in putting this meeting together.

I have taken notes here as to the major points that came up. The one issue which strikes me, if there was one above all that is of concern, is the matter of the pass-through on block grants in such a fashion that the states are not in a position to do less than justice to Indian people.

I know that many of you have your views as to the major things that are of importance to you. I encourage you to give those people who spoke before you and others in the Administration the benefit of your counsel. The more communications we have, the better, I think you are going to find that you have a group of honorable people here who are going to make commitments and keep those commitments.

The President has been notable in keeping commitments that he made during the campaign, and I suggest that your constant communication will be an aid to him in doing that.

If at any time you have people within the Executive Branch with whom you need additional contact, that is the function of our Office of Public

Liaison. It is my intention to follow through on many of the suggestions that were made here. We are going to type up a transcript of what was done here. It is our intention to circulate that among not only those of you who were here but make this available to other Indian leadership because I think there is a log of timely material here that needs to get out, as quickly as we can get it out. It helps to defuse misunderstandings as to what the policy is and allows people not here to see who it is they have to contact who are now in positions to set policy for the government in matters that affect Indian people.

Again, I want to thank you all very much. I enjoyed it, and I am looking forward to continue to work with you.

Thank you very much

(Whereupon, at 6:45 p.m., the hearing was adjourned.)