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Calendar No. 137

97TH CONGRESS 1st Session } SENATE { REPORT No. 97-109

# NATIVE AMERICAN PROGRAMS ACT

MAY 15, 1981.—Ordered to be printed

Reported, under authority of the order of the Senate of MAY 13 (legislative day, APRIL 27), 1981

Mr. COHEN, from the Select Committee on Indian Affairs, submitted the following

## REPORT

[To accompany S. 1088]

The Select Committee on Indian Affairs, to which was referred the bill (S. 1088) to promote the goal of economic and social self-sufficiency for American Indians, Hawaiian Natives, and Alaskan Natives, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

The amendments are as follows:

1. On page 5, line 3, strike out "(a)" and insert in lieu thereof "(a)(1)".
2. On page 5, line 6, strike out "(b)" and insert in lieu thereof "(a)(2)".
3. On page 5, between lines 7 and 8, insert the following new section:

SUPPORT TO TRIBAL AND VILLAGE GOVERNMENTS; ECONOMIC DEVELOPMENT

SEC. 7. (a) The Secretary shall provide financial assistance through grants to eligible governing bodies described in subsection (b) for employment of tribal or village government employees, for programs which increase the skills and qualifications of such employees, and for such other activities, including the awarding of grants or contracts by such governing bodies to Indian organizations, to enable such governing bodies to more effectively assume local responsibility for the economic and social well-being of the Indians or Alaskan Natives.

(b) The governing bodies which are eligible recipients of grants described in subsection (a) are the governing bodies

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of Indian tribes, bands, or groups residing on Federal or State reservations, including Alaska Native villages or groups as defined in the Alaska Native Claims Settlement Act.

(c) No financial assistance may be provided to any eligible governing body under subsection (a) unless a plan has been submitted to the Secretary describing the manner in which—

(1) the tribal or village government will be strengthened, and

(2) the social or economic well-being of the Indians or Alaska Natives will be enhanced.

4. On page 10, beginning on line 22, strike all through line 24, and insert in lieu thereof the following:

SEC. 14. (a) There are authorized to be appropriated, for the purpose of carrying out the provisions of sections 3, 4, and 5 of this Act, $28,000,000 for each of the fiscal years 1982 and 1983.

(b) There are authorized to be appropriated, for the purpose of carrying out the provisions of section 7 of this Act, $50,000,000 for fiscal year 1982 and such sums as may be necessary for fiscal year 1983.

5. On page 11, after line 3, add the following new section:

EFFECTIVE DATE

SEC. 16. The provisions of this Act shall become effective on October 1, 1981.

6. Redesignate sections 7 through 14 as sections 8 through 15, respectively.

PURPOSE

The purpose of S. 1088 is to promote the goal of economic and social self-sufficiency for American Indians, Hawaiian Natives, and Alaskan Natives.

BACKGROUND AND NEED

American Indians, Hawaiian Natives, and Alaskan Natives rank at the bottom of almost every scale of measurement—employment, income, education, health—when compared to the general population in the United States. This is in spite of the progress made by these groups of American citizens in the last two decades. American Indians and Alaskan Natives number some 1.4 million according to the 1980 census, and Hawaiian Natives living in the State of Hawaii number in excess of 175,000 according to Hawaii State agencies. No estimates are available for Hawaiian Natives living on the mainland.

The Administration for Native Americans (ANA) within the Department of Health and Human Services provides assistance to American Indians, Hawaiian Natives, and Alaskan Natives for projects and activities to promote social and economic self-sufficiency. This assistance for the social and economic development of these Native American groups has been useful in the past, but much still remains to be done to bring Native Americans up to the level of the general population in areas such as employment, income, education, and health.



The ANA program has grown and developed over the years it has been in existence. ANA evolved out of other federal efforts. The immediate forerunner of the Administration for Native Americans was the Office of Native American Programs (ONAP) established in August 1973 within the Office of Health, Education, and Welfare. This office combined the Indian Division transferred from the Office of Economic Opportunity with HEW's Office of Indian Affairs. ONAP's efforts at that time were limited to American Indians and Alaskan Natives. The Native American Programs Act of 1974, title VIII of the Economic Opportunity Act of 1964 (Public Law 93–644), extended the authorization of the program, placed it under the authority of the Department of Health, Education, and Welfare, and added Hawaiian Natives as part of the service population. A reorganization of the Office of Human Development Services in 1977 changed the name of ONAP to the Administration for Native Americans.

The Native American consistuency is diverse with respect to culture, legal status, size, resources, and eligibility for federal services. These distinctions are often confusing and have led to serious gaps in providing services or assistance to Native Americans to become self-sufficient. The Administration for Native Americans is the only agency in the Department of Health and Human Services authorized to bridge these special and complex relations among all Native Americans and between Native Americans and the Federal Government.

ANA provides assistance to federally recognized Indian tribes on reservations. About one-half of the nation's American Indians resides on reservations. An important thrust of ANA is to assist tribes to build their own tribal institutions to carry out their responsibility in meeting the needs of tribal members. Unlike the Bureau of Indian Affairs in the Department of the Interior or the Indian Health Service within the Department of Health and Human Services, ANA also provides assistance to nonfederally recognized and terminated Indian tribes and to other off-reservation Indian organizations, including urban centers, whose members may or may not be members of federally recognized Indian tribes, bands, or groups.

ANA provides support for the approximately 60,000 Alaskan Natives through assistance to strengthen the management of the 12 regional and numerous village corporations which were established pursuant to the Alaska Native Claims Settlement Act. These corporations operate under Alaska state law, but Alaskan Natives receive services and benefits from the Bureau of Indian Affairs and the Indian Health Service and are recognized as a federal responsibility.

Hawaiian Natives have neither a tribal nor legally designated corporate structure, but they have maintained a distinct and longstanding cultural identity. After Congress defined Hawaiian Natives as Native Americans for purposes of the Native American Programs Act of 1974, a private, nonprofit corporation for Hawaiian Natives was created. The first ANA (ONAP) funding went to the corporation in 1976 and it now maintains satellite centers on the five major islands. ANA also funds an economic development project for Hawaiians. Hawaiian Natives do not receive services or benefits from the Bureau of Indian Affairs or the Indian Health Service.

Regardless of the status, Native American populations face persistent social and economic problems. The following depicts them:

One-third of all Native Americans live in poverty—about three times the national rate. The incidence of poverty is even higher among Hawaiian Natives, Aleuts, Eskimos, and American Indians who live in remote rural areas.

Unemployment among Native Americans is more than double that of most Americans. Unemployment on or near some reservations approaches 40 percent.

Life expectancy of American Indians and Alaskan Natives is 18 percent less than the national average; the suicide rate is double the national average.

Native Americans experience alcoholism, mental health problems, nutritional deficiencies and poor health at a far greater rate than the general population. Tuberculosis victimizes Indian people at a rate nine times that of non-Indian people.

The number of Native Americans completing high school continues to lag far behind the general population.

Severely overcrowded and substandard living conditions among Native Americans are far more prevalent than among other Americans.

In the early years, Native American program funds were primarily used to provide for core administration for tribal governments and Native American organizations and to fill in service gaps. Those activities met the needs of that day, but this is no longer the case. Today, the program operates on the principle that social and economic development are interrelated and both must be balanced if Native Americans are to achieve self-sufficiency—the aim of this program.

The authorization for appropriations for the ANA program contained in title VIII of the Economic Opportunity Act expires at the end of fiscal year 1981. Assistance to Native Americans to move towards economic and social self-sufficiency should continue. S. 1088 replaces title VIII of the Economic Opportunity Act as a free-standing statute, the Native American Programs Act, and provides authorizations for appropriations for the program to continue during fiscal years 1982 and 1983.

## LEGISLATIVE HISTORY

S. 1088 was introduced in the Senate on April 30, 1981, by Senator Denton, on behalf of himself and Senator Hatch. The bill was referred to the Select Committee on Indian Affairs. The committee held a business meeting on May 15, 1981, to consider the legislation, at which time it ordered the bill reported favorably, with amendments.

No companion legislation has been introduced in the House of Representatives. However, H.R. 3045, a bill to amend the Economic Opportunity Act of 1964 to extend the authorizations of appropriations contained in such act, and for other purposes, was introduced in the House of Representatives on April 7, 1981, by Congressman Andrews, for himself and others. The bill was referred to the Education and Labor Committee and the Human Resources Subcommittee held a hearing on H.R. 3045 on April 28, 1981. The Subcommittee met in business session on April 30, 1981, and ordered the bill reported, with amendments, to the full committee. The House Education and Labor Committee held a business meeting on May 5, 1981, at which time it ordered the bill reported favorably, with amendments. H.R. 3045, among other things, reauthorizes title VIII of the Economic Opportunity Act, which S. 1088 restates as a free-standing statute.



## COMMITTEE RECOMMENDATION AND TABULATION VOTE

The Select Committee on Indian Affairs, in open business session on May 15, 1981, by unanimous vote and with a quorum present, recommended that the Senate pass S. 1088, as amended.

## COMMITTEE AMENDMENTS

The Select Committee on Indian Affairs adopted four amendments to S. 1088. The amendments were adopted to accommodate the addition of a new program in a new section 7 to be added to the Act. The purpose of this new section 7 (and the new program) is to strengthen tribal government, provide employment, and to enhance economic development on federal and state reservations, in Alaskan Native villages, and in Oklahoma Indian communities. This section provides a new grant program to lessen the effect of the loss of public service employment funds to Indians under titles II and VI of the Comprehensive Employment and Training Act (CETA). Indian communities will lose $63.5 million in fiscal year 1982 compared to the fiscal year 1981 level because of the loss of the public service employment program. Unlike non-Indian governments which used public service employment funds to create jobs for the unemployed, Indian governments have used such funds to fill jobs which are key to the infrastructure and day-to-day operations of the tribal government. Unlike CETA, this provision does not continue the myth that the funds will be used to train people to get jobs elsewhere since there are few, if any, private sector jobs on many reservations, but it provides a source of funding for employment of tribal employees, upgrading of skills and qualifications of such employees, and such other activities to enable such governments to more effectively assume local responsibility for the economic and social well-being of their people. Not unlike the State block grant proposals, this section also provides the necessary flexibility for tribal governments to determine at the local level the manner in which the social and economic well-being of their people will be enhanced. A plan must be submitted by each grantee prior to an award which describes the manner in which tribal government will be strengthened and the social or economic well-being of Indians and Alaskan Natives will be enhanced.

The section providing authorizations for appropriations was amended to accommodate the new program. The amendment provides authorizations for appropriations to carry out sections 3, 4, and 5 of the act in the amounts of $28 million for each of the fiscal years 1982 and 1983 and provides authorizations for appropriations for the new section 7 in the amounts of $50 million for fiscal year 1982 and such sums as may be necessary for fiscal year 1983. The authorized amounts for sections 3, 4, and 5 are the same as the administration has proposed. The amount for section 7 for fiscal year 1982 is based on a 21 percent reduction in the amount actually appropriated in fiscal year 1981 for

public service employment programs for Indian tribes and Alaskan Natives.

It should be noted that the select committee adopted these amendments with reference to the limitations contained in the first concurrent budget resolution as passed by the Senate. The select committee consulted with the chairman of the Budget Committee and the chairman of the Appropriations Committee to make certain that the $50 million authorized by section 7 would be in conformity with the first concurrent budget resolution. In a joint letter to the select committee, the chairman advised the committee that the funding for both ANA and CETA fall within budget function 500 and that the moneys could be reallocated within that function to fulfill the purposes of section 7 without violating the ceiling which the Senate established for that function in the first concurrent budget resolution. A copy of this letter follows:

U.S. SENATE,
COMMITTEE ON THE BUDGET,
*Washington, D.C., May 14, 1981.*

Hon. WILLIAM COHEN,
*Chairman, Select Committee on Indian Affairs,*
*U.S. Senate, Washington, D.C.*

DEAR BILL: The impact of terminating titles II–D and VI of the CETA program will be very different for Indians and Alaskan Natives than it will be for other CETA sponsors. Our efforts to stabilize and stimulate the private sector economy will not be felt directly in Indian land due to the very obvious lack of private enterprises.

Your committee has pending before it S. 1088, the reauthorization legislation for the Administration for Native Americans within the Department of Health and Human Services. We feel that ANA's goals relating to the economic and social well being of Indians and Alaskan Natives are well suited to our efforts to replace about 80 percent of the public service employment job slots that will otherwise be lost to the Indian community. Our $50 million replacement effort fits the ANA structure and the national policy of tribal self-determination. ANA has both flexible legislative authority as well as tribal support.

ANA's funding falls within the budget function 500 as does funding for CETA. Our proposal is to reallocate $50 million within function 500 to a new section in S. 1088 that would provide for employment opportunities, yet stay fully within the budget ceiling established by the Senate.

We ask that you consider authorizing a new section in S. 1088 to help meet the employment needs of Indians and Alaskan Natives while promoting tribal self-determination and offering employment rather than general assistance as the means of meeting our trust responsibilities.

Your assistance in this endeavor will be greatly appreciated by all Indians and Alaskan Natives who would rather work.

With all best regards, we are sincerely yours,

PETE V. DOMENICI,
*Chairman, Committee on the Budget.*
MARK O. HATFIELD,
*Chairman, Appropriations Committee.*



The select committee adopted other technical, correcting, and conforming amendments.

SECTION-BY-SECTION ANALYSIS OF S. 1088, AS AMENDED

Section 1 provides that this act may be cited as the Native American Programs Act".

Section 2 provides the purpose of the act—to promote the goal of economic and social self-sufficiency for American Indians, Hawaiian Natives and Alaskan Natives.

Section 3(a) authorizes the Secretary of Health and Human Services to provide financial assistance to public and nonprofit private agencies, including but not limited to governing bodies of Indian tribes on Federal and State reservations, Alaskan Native villages and regional corporations, and other such agencies serving Hawaiian Natives, and Indian organizations in urban or rural nonreservation areas for projects pertaining to the purposes of this act. It also requires consultation with other federal agencies to avoid duplication or conflict among projects.

Section 3(b) requires that Federal assistance not exceed 80 percent of the cost of the project, unless the Secretary determines that additional funding is necessary to further the purposes of the act. It provides for non-Federal contributions, in cash or in kind, but not in excess of 20 percent of the approved cost of the program.

Section 3(c) requires that no project be approved unless the Secretary is satisfied that the project will be in addition to, and not in substitution for, comparable activities previously carried out without federal assistance. This subsection also provides a waiver of this requirement under certain conditions.

Section 4 authorizes the Secretary to provide technical assistance and short-term in-service training in specified situations.

Section 5(a) authorizes the Secretary to provide financial assistance through grants or contracts for research, demonstration, or pilot project activities.

Section 5(b) requires the Secretary to establish an overall plan with specific objectives and priorities to govern the approval of projects authorized in subsection (a) and the use of all research authority under the act.

Section 6(a) requires the Secretary to make public announcements with specified information concerning research, demonstration, or pilot project grants and, except when determined to be inconsistent with the purposes of the act, the results, findings, data, or recommendations made or reported as a result of such grants.

Section 6(b) provides time deadlines for the public announcements required by subsection (a).

Section 7(a) directs the Secretary to provide financial assistance through grants to eligible governing bodies for employment of tribal or village government employees, for programs to increase the skills and qualifications of such employees, and for other activities to enable such governing bodies to more effectively assume local responsibility for economic and social well-being of Indians and Alaskan Natives.

Section 7(b) provides the entities eligible to receive grants under subsection (a).

Section 7(c) prohibits financial assistance under subsection (a) unless a plan has been submitted to the Secretary describing the manner in which the tribal or village government will be strengthened and the social or economic well-being of the Indians or Alaskan Natives will be enhanced.

Section 8(a) prohibits financial assistance under section 3 or section 5 for projects carried out on an Indian reservation or in an Alaskan Native village unless a plan has been submitted to the governing body of such reservation or village and the plan has not been disapproved by such governing body within 30 days of submission. It also prohibits the Secretary from altering the terms and objectives of any funded project by terminating, suspending, or withholding financial assistance without the approval of the governing body.

Section 8(b) prohibits financial assistance to any project under section 3 or section 5 which is to be carried out in areas of a State other than on an Indian reservation or in an Alaskan Native village or Hawaiian homestead, unless the Secretary has notified the Governor of the State of the decision to provide the assistance.

Section 8(c) prohibits financial assistance to any project under section 3 or section 5 which is to be carried out in a city, county, or other major political subdivision of a State, other than on an Indian reservation or in an Alaskan Native village or Hawaiian homestead, unless the Secretary has notified the local governing officials of the political subdivision of the decision to provide the assistance.

Section 9(a) requires each agency receiving financial assistance under this act to keep certain specified records to facilitate an effective audit.

Section 9(b) provides access to the pertinent records of any agency receiving financial assistance under this act for the purpose of audit and examination.

Section 10 directs the Secretary to prescribe procedures covering reasonable notice and opportunity for hearing prior to any suspension, except in emergency situations, or termination of financial assistance under this act, any denial of application for refunding, or any suspension of such assistance for longer than 30 days.

Section 11(a) directs the Secretary to provide for evaluation of projects and includes specific guidance as well as directions with respect to persons to perform the evaluation.

Section 11(b) requires the Secretary to develop and publish standards for evaluation of program and project effectiveness.

Section 11(c) provides that the Secretary may require agencies which require evaluations under this act to provide for independent evaluations.

Section 11(d) provides that the Secretary shall. whenever feasible, obtain the specific views of persons participating in programs.

Section 11(e) provides that the Secretary shall publish the results of his evaluations not later than 90 days after completion and shall submit copies of such research to the Congress.

Section 11(f) provides that the Secretary shall take the necessary action to assure that such studies become the property of the United States.

Section 12(a) authorizes the Secretary to delegate his functions, powers and duties to heads of other departments and agencies of the Federal Government.



Section 12(b) requires that such departments and agencies exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this act.

Section 12(c) provides for transfer of funds appropriated for purposes of carrying out this act.

Section 13 provides definitions of the terms "financial assistance", "Indian reservation or Alaskan Native village", and "Native Hawaiian".

Section 14(a) authorizes appropriations for purposes of carrying out the provisions of sections 3, 4, and 5 of this act the sum of $28 million for fiscal years 1982 and 1983.

Section 14(b) authorizes appropriations for purposes of carrying out the provisions of section 7 of this act the sum of $50 million for fiscal year 1982 and such sums as may be necessary for fiscal year 1983.

Section 15 repeals Title VIII of the Economic Opportunity Act of 1964 (42 U.S.C. § 2991, et seq.).

Section 16 provides that the effective date of this act shall be October 1, 1981.

COST AND BUDGETARY CONSIDERATION

The cost estimate for S. 1088, as amended, as provided by the Congressional Budget Office, is outlined below:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, D.C., May 15, 1981.*

Hon. WILLIAM S. COHEN,
*Chairman, Select Committee on Indian Affairs, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 1088, the Native American Programs Act.

Should the committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

MAY 15, 1981.

1. Bill number: S. 1088.
2. Bill title: Native American Programs Act.
3. Bill status: As ordered reported by the Senate Select Committee on Indian Affairs, May 15, 1981.
4. Bill purpose: The purpose of this bill is to authorize appropriations for native American programs in fiscal years 1982 and 1983. This bill is subject to subsequent appropriations action.
5. Cost estimate:

[By fiscal years, in millions of dollars]

| | 1982 | 1982 | 1984 | 1985 | 1986 |
|---|---|---|---|---|---|
| Authorization level: | | | | | |
| Sec. 3, 4, 5: Financial and technical assistance/research and special projects | 28 | 28 | | | |
| Sec. 7: Economic development | 50 | 53 | | | |
| Total authorization level | 78 | 81 | | | |
| Estimated outlays | 43 | 80 | 36 | | |

The costs of this bill fall in budget function 506.

6. Basis for estimate: This bill authorizes appropriations of $28 million for sections 3, 4, and 5 in fiscal years 1982 and 1983. For section 7, $50 million is authorized to be appropriated in fiscal year 1982 and such sums as necessary in 1983. The estimated authorization level for section 7 in 1983 is based on projected cost increases of the 1982 authorization level. Full appropriation of the authorization levels is assumed in this estimate. Outlays are based on historical spendout rates for native American programs.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Stacey Sheffrin.

10. Estimate approved by: Charles E. Seagrave (for James L. Blum, Assistant Director for Budget Analysis).

## REGULATORY IMPACT STATEMENT

In compliance with the provisions of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the regulatory impact that would be incurred if S. 1088, as amended, is enacted is as follows:

S. 1088, as amended, provides authorizations for appropriations for a number of activities which have been previously authorized by the Native American Programs Act of 1974. These activities have not been altered by S. 1088, as amended, so regulations have already been promulgated for these activities.

S. 1088, as amended, authorizes one new program to provide grants for support to tribal governments, employment support, and economic development. This program would require the promulgation of new regulations.

Therefore, the committee believes that the regulatory and paperwork impact of S. 1088, as amended, will not be substantial.

## EXECUTIVE COMMUNICATIONS

The legislative report on S. 1088 from the Department of Health and Human Services has not been received by the Committee.

## CHANGES IN EXISTING LAW

In compliance with subsection 12 of rule XXVI of the Standing Rules of the Senate, it is the opinion of the committee that it is necessary to dispense with the requirements of this subsection in order to expedite the business of the Senate.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

file

May 5, 1981

MEMORANDUM TO: ELIZABETH DOLE
MORTON BLACKWELL
LYN NOFZIGER

FROM: GLENN SCHLEEDE

SUBJECT: Indian Programs

Attached is a background paper--currently not for outside use--prepared by OMB staff.

I hope it will be useful to you in continuing discussion with Indian groups.

Attachment

cc: Dave Stockman
Ed Harper

Briefing Book for a Washington Meeting of Tribal Chairmen
Regarding Administration Budget Cuts

(May 6 and 7)

NOT FOR PUBLIC DISSEMINATION

## TABLE OF CONTENTS

# Comparison of Indian and Non-Indian Cuts

As illustrated below, although Indians are slated for relatively heavy budget cuts government-wide for the most part they have fared better than the non-Indian population. As a general rule, where a large program with an Indian set aside is reduced, the Indian funding is reduced on a proportional basis to the reduction in the program as a whole, however special Indian programs were generally not cut as much as other domestic programs. (Note: The proposal to zero HUD assisted Indian housing in 1982 is the exception to this rule and is currently the most sensitive Indian budget issue.)

## Interior

The Indian programs of the BIA were cut less than one-half the average of cuts sustained in other Interior bureaus (7 percent reduction as opposed to an 18 percent average in other bureaus).

## Education

Indians have historically received set asides in various education programs, such as Title I (Elementary and Secondary Education Act). An Indian set aside is included in the Administration's Education Block Grant proposal. Indians will receive a reduction in this program proportional to the reduction for the service population as a whole (i.e., 25 percent in 1981 and 20 percent in 1982 of the 1981 levels.

Special Indian programs in the BIA and Department of Education, although reduced, did not sustain reductions as deep as those for the general population. BIA education programs in 1982 were cut only 7 percent from the Carter 1982 level. The Department of Education Indian Education Act Programs were not recommended for inclusion in the Education Block Grant, due to Administration sensitivity to Indian concerns. Although this program is proposed for a $20 million reduction in 1982, it will still be funded at the 1981 level.

BA ($ in millions)

| | 1981 | | | 1982 | | |
|---|---|---|---|---|---|---|
| | Carter | Reagan | % | Carter | Reagan | % |
| Total Education Block Grant | 5,400 | 4,060 | -25 | 5,837 | 4,356 | -25 |
| Indian Set Aside | 35 | 26 | -25 | 38 | 28.5 | -25 |
| BIA Education | 274 | 274 | -- | 282 | 266 | -6 |
| Dept. of Education Indian Programs | 82 | 82 | -- | 102 | 82 | -20 |

## Health Services

In the Health Services Indians' programs have been reduced only 4 percent in 1982 as compared to a 33 percent cut for the non-Indian programs.

BA ($ in millions)

| | 1981 Carter | 1981 Reagan | % | 1982 Carter | 1982 Reagan | % |
|---|---|---|---|---|---|---|
| **All Services** | | | | | | |
| Health Services | 1,457 | 1,389 | -5 | 1,023 | 506 | -33 |
| Indian Health Services | 607 | 606 | -.1 | 655 | 627 | -4 |

## Employment

CETA -- The reduction in the amount of funds available for Indians in 1982 (50 percent) is proportionally less than the reduction in availability for CETA in total (55 percent).

BIA -- The BIA employment programs were reduced by 35 percent.

BA ($ in millions)

| | 1981 Carter | 1981 Reagan | % | 1982 Carter | 1982 Reagan | % |
|---|---|---|---|---|---|---|
| Total CETA | 7,877 | 6,989 | -11.3 | 9,739 | 4,318 | -55.7 |
| Indian CETA | 179 | 157 | -12 | 202 | 101 | -50 |
| BIA Programs | 46 | 46 | -- | 46 | 34 | -35 |

## Housing

This is the most sensitive Indian cut -- and the only instance where Indian funding was zeroed while the non-Indian program was cut by only one-third.

| | 1981 Carter | 1981 Reagan | 1982 Carter | 1982 Reagan |
|---|---|---|---|---|
| Total Subsidy Commitments (Units) | 255,000 | 210,000 | 260,000 | 175,000 |
| Percent Cut (Reagan vs. Carter) | 17.6 | | 32.7 | |
| Indian Set-Aside within Total (units) | 6,000 | 5,000 | 4,000 | 0 |
| Percent Cut (Reagan vs. Carter) | 16.7 | | 100 | |

There is no intention on the part of the Administration to single Indians out as the only group without access to a subsidized housing program. The currently proposed budget situation will by no means be permanent.

The Administration plans to conduct a thorough review of the HUD subsidized housing programs (a Presidential Commission is about to be established) and the rate of new commitment activity is being sharply curtailed in the meantime. With contract commitments totalling almost $240 billion already in place requiring Federal outlays for up to 40 years, there is a strong need to review the effectiveness, efficiency and equity problems associated with the current program structure before adding to the 3.2 million households currently benefitting from HUD subsidies. The Indian housing program will presumably be included in this or a similar review.

Given the particularly troublesome problems found in the Indian program (cost, management) and the units which will be going into construction and occupany in the next few years, it was felt that this particular component of the HUD programs should be halted completely at this time pending the review.

# BIA Consolidated Tribal Government Assistance Program

## Program Description

The revised budget for the Bureau of Indian Affairs (BIA) proposes the creation of a single budget activity by consolidating the following programs: Agricultural Extension, Johnson O'Malley Educational Assistance, Adult Education, Community Fire Protection, Direct Employment, Adult Vocational Training, Self-Determination Grants, College Student Assistance, Indian Action Teams, Housing, and related Contract Support. As a single line item budget activity, entitled "Consolidated Tribal Government Programs", this new approach will offer each tribe the option of selecting, within the overall activity budget, the amounts and types of the listed programs the tribes or the Bureau will operate on the reservation during any budget year. If the tribe chooses to operate the programs, it may do so under a new mechanism to be established through regulation.

P.L. 93-638, the "Indian Self-Determination and Education Assistance Act" requires that a tribe have the option of contracting with the BIA to operate its programs on its reservation or having the BIA continue to operate or resume operations of such program. This option is to be retained.

Under the new arrangement, the BIA will consult with the tribes annually on the priorities and funding mix desired among the programs authorized by the new budget activity. The BIA will also consult with tribal representatives on those programs which the Bureau is to operate and those which the tribe wishes to operate by contract or grant.

## Proposed Cuts

Results in a 25% (i.e., $40 M) reduction in the total amount of the ten programs being consolidated (from $160 M to $120 M).

## Justification

The Administration is proposing to reduce the Bureau of Indian Affairs (BIA) budget less than one half the average of cuts in other Bureaus. Given that the President's budget goals demand that every group sacrifice something, the BIA reductions were tailored to be as painless as possible to Indian people. Although the Consolidated Tribal Government Program proposed by the Administration results in 25% overall reduction (from the Carter Budget) in the ten programs being consolidated, this approach:

- gives tribal governments maximum flexibility in determining the final allocation of the overall reduction among the ten programs; and

- will be partially cushioned by reducing overhead and personnel costs in the BIA.

Probable Indian Retorts

1. The Administration did not sufficiently consult with the tribes before recommending the consolidation. (Watt spoke to a number of tribal leaders about the idea before he presented it to OMB.)

2. The consolidated program is a thinly veiled excuse for cutting $40 M in BA out of the BIA budget. (Administration felt it was most appropriate mechanism for allowing tribes to have a say in the final allocation of the cuts.)

3. BIA isn't yet exactly sure how the program will work (i.e., on what basis the funds will be distributed - need vs. historical funding patterns). BIA has sent a letter to all tribal leaders asking them to vote on various methods of allocation.

4. P.L. 95-224 - "The Federal Grant and Cooperative Agreement Act of 1977" is not sufficient authority for the program. (Interior's Solicitor has found this authority to be sufficient.)

## Indian Treatment in Proposed State Block Grants

Overall, the Administration has been careful to ensure that Indians are not adversely effected by the block grant approach. To date, Indian treatment in the Administration proposed block grants is similar to the treatment they received under the programs before they were blocked.

Elementary and Secondary Education Block Grant.

($ in millions

| | 1981 Carter | 1981 Reagan | 1982 Carter | 1982 Reagan |
|---|---|---|---|---|
| Total Program | 5,400 | 4,060 | 5,837 | 4,356 |
| Percent Cut | -25% | | -25% | |
| Indian Set Aside | 35 | 26.3 | 38 | 28.5 |
| Percent Cut | -25% | | -25% | |

- The Education Block Grant has an Indian set aside which mirrors Indian set asides in the programs being blocked.

- Indians funding is being effected proportionately to non-Indian funding.

Emergency Energy Assistance Block Grant. Grandfathering of eligibility for the 56 tribes that have previously participated in program due to a determination that they could not be adequately served by the states.

H.H.S. Health Services Block Grant. Indians were not specified for any set asides in the Bill because they were not eligible for any statutory set asides in programs being blocked.

H.H.S. Social Services Block Grant. Indians are not specified in the Bill for any set asides because they were not statutorily eligible for any set asides in the programs being blocked. (Note: In 1980 Senate Appropriations Committee Report, language was included which instructed the Department to make a total of 20 percent of the funds under Section 222 of the Economic Opportunity Act of 1964 (Special Programs and Assistance -- Community Food and Nutrition) available to split between Indians and migrants. Indians received $2.9 million under this program directly from CSA.)

Housing and Community Development Amendments -- Title I Community and Economic Development Indian set aside in Secretary's Discretionary Fund is retained.

Employment and Training Grant Consolidation. Consolidates youth training (Title IV A) with training programs in Title II B. Title IV A, which was zeroed with the consolidation, had a 2 percent set aside for Indians, while Title II B has none. The Indians had gotten $22.5 million under their IV A set aside. Regardless of the consolidation, Indians are still eligible for direct funding from the new Title II, although there is no specific Indian set aside.

Legal Services Corporation
(BA/O in millions)

| | 1982 Carter | 1982 Reagan |
|---|---|---|
| (LSC Total) | ($347) | (--) |
| Special Indian programs | 6 | -- |

Note: Level of Indian legal services funding from Social Services block grant cannot be predicted.

Program Description

The Corporation funds free civil legal services for the poor through about 300 grantees nationwide. There are currently 8 special Native American programs and 20 regular programs with Indian components, receiving about $6 million on an essentially formula basis. LSC also finances about 20% ($250 thousand) of the Native Americans Rights Fund, a special interest and support group.

Proposed Change

The Corporation as a separate entity would be eliminating, but legal services would continue to be an authorized activity in programs embraced in the proposed $3.8 billion HHS Social Services block grant.

Justification

The change is part of the overall Administration goal to consolidate categorical grant programs into block grants to States.

- o States will have broad discretion to determine which social services best meet local needs and should be funded. Free of artificial formulas dictated by Washington, funding for legal services for Indians could increase under the Administration's proposal.

- o Coordination among various similar services would be enhanced, and overlap and administrative overhead would be reduced.

- o Legal services for Indians funded by States will better meet the specific needs of individual clients, and reduce current general "law reform" activities which may not be related to specific individual legal problems.

While actual funding decisions by States cannot be predicted, Indians would probably not be disproportionately affected by this proposal.

## Impact Aid (Maintenance and Operations)

BA ($ in millions)

| | 1981 | | | 1982 | | |
|---|---|---|---|---|---|---|
| | Carter | Reagan | % | Carter | Reagan | % |
| Impact Aid-Total | 592 | 674 | +14 | 337 | 337 | -- |
| Indian Portion | 102 | 132 | +30 | 114 | 114 | -- |

### Program Description

The Impact Aid program compensates school districts whose local revenues are adversely affected by Federal activities. Payments are made directly to local school districts and used for operating expenses and in some cases, for construction. Payments are currently made on behalf of children who reside and/or whose parents work on Federal property. Payments are being made in 1981 to approximately 3,900 school districts.

### Proposed Change

For 1981, the Administration proposes to:

- Reduce the funds currently available for the maintenance and operations portion of the Impact Aid program by $67 million.
- Make payments to all eligible school districts at 90 percent of their entitlement under the Continuing Resolution.
- Make payments on behalf of all children currently eligible for the program, those who live on Federal property and/or whose parents work on Federal property.

For 1982, the Administration proposes to:

- Pay school districts only for those children who live on Federal property and whose parents work on Federal property ("A" children).
- Make payments only to those school districts most heavily burdened by the presence of these children. The Impact Aid law defines such "Super A" districts as districts in which children who live and whose parents work on Federal property comprise 20 percent or more of the district's total enrollment.
- "Super A" districts will receive payments at the rate of 90 percent of their entitlement for their "A" children and at 20 percent of entitlement for the "A" children who live in low-rent housing.

## Impact of Change on Indians

Of the 90,000 Indian children currently in school districts receiving Impact Aid, 78,000 or 87 percent will still be eligible for this assistance in 1982. Of the 3,900 school districts that received funds in 1981, only 330 will still be getting money in 1982. Of the 330 school districts which will retain their eligibility for the program, 240 (73 percent) have Indian children.

# FACT SHEET ON GOVERNMENT-WIDE FUNDING FOR INDIAN PROGRAMS, 1980 - 1982

The following two tables provide information on the 1980 - 1982 buget authority and outlays for Federal Indian programs, as well as a comparison of the Carter and Reagan budget levels. "Indian programs" for these tables were defined as Federal programs which fund recipients because of their special status as Indian people or Indian organizations. The tables do not include Indian participation in Federal programs generally available to all U.S. citizens, and therefore exclude funding for such items as social security, food stamps, A.F.D.C., S.S.I., unemployment compensation, and home energy assistance.

FACT SHEET

SUBJECT: Government-wide Funding for Indian Programs

Budget Authority ($ in millions)

| | 1980 Actual | 1981 Estimate | 1982 Carter Budget | 1982 Reagan Budget | 1982 Δ |
|---|---|---|---|---|---|
| Education..... | 484 | 528 | 536 | 492 | -44 |
| Interior..... | (270) | (274) | (282) | (266) | (-16) |
| Education..... | (214) | (254) | (254) | (226) | (-28) |
| Health Services/Nutrition | 583 | 652 | 708 | 680 | -28 |
| HHS..... | (547) | (607) | (655) | (627) | (-28) |
| USDA..... | (36) | (45) | (53) | (53) | (-) |
| Housing..... | 867 | 829 | 727 | 18 | -709 |
| Interior..... | (19) | (23) | (24) | (18) | (-6) |
| HUD..... | (848) | (806) | (703) | (0) | (-703) |
| Social Services..... | 121 | 124 | 130 | 118 | -12 |
| Interior..... | (87) | (90) | (96) | (90) | (-6) |
| HHS..... | (34) | (34) | (34) | (28) | (-6) |
| Employment..... | 250 | 203 | 249 | 136 | -113 |
| Interior..... | (52) | (46) | (46) | (34) | (-12) |
| Labor..... | (198) | (157) | (203) | (102) | (-101) |
| Economic Development..... | 88 | 84 | 92 | 62 | -30 |
| Interior..... | (26) | (28) | (29) | (28) | (-1) |
| Commerce..... | (26) | (19) | (26) | (0) | (-26) |
| HUD..... | (36) | (37) | (37) | (34) | (-3) |
| Natural Resources..... | 74 | 87 | 87 | 86 | -1 |
| Interior..... | (74) | (87) | (87) | (86) | (-1) |
| Trust Activities..... | 51 | 45 | 48 | 48 | - |
| Interior..... | (51) | (45) | (48) | (48) | (-) |
| Management & Facilities.. | 131 | 141 | 151 | 151 | - |
| Interior..... | (131) | (141) | (151) | (151) | (-) |
| Construction..... | 251 | 247 | 319 | 194 | -125 |
| Interior..... | (160) | (149) | (172) | (156) | (-16) |
| HHS..... | (74) | (76) | (117) | (8) | (-109) |
| Education..... | (17) | (22) | (30) | (30) | (-) |
| Other Interior Funds..... | 153 | 165 | 144 | 127 | (-17) |
| Revenue Sharing..... | 10 | 11 | 11 | 11 | - |
| TOTAL FEDERAL FUNDS..... | 3,063 | 3,116 | 3,202 | 2,123 | -1,079 |
| INTERIOR TRUST FUNDS..... | 969 | 511 | 465 | 465 | |
| TOTAL FEDERAL/TRUST..... | 4,032 | 3,627 | 3,667 | 2,588 | -1 |
| Est. Federal funds per capita ..... | $4,400 | $4,450 | $4,600 | $3,000 | |

FACT SHEET

SUBJECT: Government-wide Funding for Indian Programs

Outlays ($ in millions)

| | 1980 Actual | 1981 Estimate | 1982 Carter Budget | 1982 Reagan Budget | 198 Δ |
|---|---|---|---|---|---|
| Education | 438 | 443 | 457 | 416 | -41 |
| Interior | (247) | (243) | (249) | (235) | (-1 |
| Education | (191) | (200) | (208) | (181) | (-27 |
| Health Services/Nutrition | 558 | 641 | 693 | 671 | -22 |
| HHS | (525) | (598) | (642) | (620) | (-22 |
| USDA | (33) | (43) | (51) | (51) | (- |
| Housing | 141 | 168 | 197 | 192 | - |
| Interior | (17) | (20) | (21) | (16) | (-9 |
| HUD | (124) | (148) | (176) | (176) | (- |
| Social Services | 106 | 107 | 113 | 103 | -1 |
| Interior | (78) | (79) | (85) | (79) | (-6 |
| HHS | (28) | (28) | (28) | (24) | (-4 |
| Employment | 237 | 192 | 237 | 128 | -109 |
| Interior | (45) | (40) | (40) | (29) | (-11 |
| Labor | (192) | (152) | (197) | (99) | (-98 |
| Economic Development | 91 | 89 | 97 | 87 | -10 |
| Interior | (31) | (33) | (34) | (33) | (-1 |
| Commerce | (24) | (19) | (26) | (19) | (-7 |
| HUD | (36) | (37) | (37) | (35) | (-2 |
| Natural Resources | 66 | 70 | 77 | 76 | -1 |
| Interior | (66) | (70) | (77) | (76) | (-1 |
| Trust Activities | 36 | 38 | 43 | 43 | - |
| Interior | (36) | (38) | (43) | (43) | (- |
| Management & Facilities | 121 | 131 | 133 | 133 | - |
| Interior | (121) | (131) | (133) | (133) | (- |
| Construction | 274 | 273 | 255 | 210 | -45 |
| Interior | (189) | (170) | (159) | (125) | (-14 |
| HHS | (73) | (88) | (98) | (67) | (-31 |
| Education | (12) | (15) | (18) | (18) | (- |
| Other Interior Funds | 142 | 153 | 134 | 117 | (-17 |
| Revenue Sharing | 10 | 11 | 11 | 11 | (- |
| TOTAL FEDERAL FUNDS | 2,220 | 2,316 | 2,447 | 2,187 | -260 |
| INTERIOR TRUST FUNDS | 794 | 406 | 324 | 324 | - |
| TOTAL FEDERAL/TRUST | 3,014 | 2,722 | 2,771 | 2,511 | -260 |
| Est. Federal funds per capita | $3,200 | $3,300 | $3,800 | $3,100 | - |
| Est. Federal funds per [illegible] | 12,800 | 13,200 | 14,000 | 12,400 | - |

## Education

BA
($ in millions)

| | 1982 Carter Budget | 1982 Reagan Budget | 1982 Δ |
|---|---|---|---|
| Interior | 282 | 266 | -16 |
| Dept. of Ed. | 254 | 226 | -28 |
| Total | 536 | 492 | -44 |

### Interior

#### Program Description

The BIA offers a wide range of education programs including: elementary and secondary school operations, college student assistance, adult education, tribally controlled community colleges, and Johnson-O'Malley supplementary assistance.

#### Proposed Cuts

The $16 million reduction reflects the prorated share of the 25 percent overall reduction attributable to the three education programs proposed for consolidation into the Consolidated Tribal Government Program. These programs are Johnson-O'Malley, Adult Education, and College Student Assistance. The combined FY 1982 Carter Budget level for the three programs was $64 million, with the 25 percent reduction the Reagan level could result in a $16 million cut, depending on tribal priorities among the ten programs.

#### Justification

Although the Consolidated Tribal Government Program proposed by the Administration results in a 25 percent overall reduction in the ten programs being consolidated this approach:

- gives tribal governments maximum flexibility in determining the final allocation of the overall reduction among the ten programs; and

- will be partially cushioned by reducing overhead and personnel costs in the BIA.

### Department of Education

#### Program Description

The Department of Education figures include: the Indian Education Act Programs (Titles IV A, B, and C), Impact Aid, and the aggregation of the funds from major Indian set asides

in other education programs, such as: Title I of the Elementary and Secondary Education Act, Vocational Education, and Handicapped Education.

Proposed Cuts

The Reagan Budget proposes to reduce the Indian Education Act programs by $20 million to the 1981 level. The remaining $8 million reduction is attributable to decreases in the Indian set asides in other education programs due to the proposed decreases in the programs as a whole.

Justification

The reduction in the Indian Education Act program reflects the Administration's effort to stem the growth of this program because:

- of overlaps with other programs such as BIA's Johnson-O'Malley, and Title I; and

- there is no data available at this time to document the program's impact.

Comparison: Indian Education Cuts and General Education Cuts

Under the proposed Education Block Grant the Reagan funding level proposed for 1981 is 25 percent below the Carter 1981 level, and the Reagan level for 1982 is a 20 percent reduction below the Carter level. Indians are sharing proprotionately in this cut with the rest of the population.

($ in millions)

| | 1981 Carter | 1981 Reagan | 1982 Carter | 1982 Reagan |
|---|---|---|---|---|
| Total Block Grant Program | 5,400 | 4,060 | 5,837 | 4,356 |
| Percent Cut | -25% | | -25% | |
| Indian Set Aside | 35 | 26.3 | 38 | 28.5 |
| Percent Cut | -25% | | -25% | |

Indians, however, are faring much better than the general population, as the Indian Education Act programs (Title A, B, and C) were not included in the Block Grant. The proposed reduction in this program, although 20 percent below the 1982 Carter level, remains constant at the 1981 level.

| | 1981 Carter | 1981 Reagan | 1982 Carter | 1982 Reagan |
|---|---|---|---|---|
| Indian Education Act | 82 | 82 | 102 | 82 |

## Health Services/Nutrition

| | BA | | |
|---|---|---|---|
| | 1982 Carter Budget | 1982 Reagan Budget | 1982 Δ |
| HHS (IHS) | 655 | 627 | -28 |
| USDA | 53 | 53 | -- |
| Total | 708 | 680 | -28 |

### Program Description

IHS health services program: delivers clinical and preventive services; has urban health programs; and funds training of Indians for health professions.

### Proposed Cuts

Reagan budget cuts funding 4.3% from Carter FY'82 level. Small cuts are proposed for clinical and preventive services and for management. Urban health programs are to be phased out over 2 years. No new awards are to be made for Indian health manpower.

### Justification

Cuts in clinical and preventive services for Indians on or near reservations are small in relation to those elsewhere in HSA. Previous management funding has been excessive. Urban health projects are largely referral activities in large cities, like Chicago and New York, and are not covered by treaty obligations. Policy of no new starts for Indian health scholarships is identical to that for the NHSC and reflects present or anticipated oversupply of health care professionals.

### Comparison - Indian Health and General Health Cuts

BA ($ in millions)

| | 1981 | | | 1982 | | | |
|---|---|---|---|---|---|---|---|
| | Carter | Reagan | Δ | Carter | Reagan | Δ | % |
| **All Services** | | | | | | | |
| Health Services..... | 1,457 | 1,389 | -68 | 1,529 | 1,023 | -506 | -33 |
| Indian Health Services | 607 | 606 | -1 | 655 | 627 | -28 | -4 |
| (IHS Clinical and Preventive Services.).... | 537 | 536 | -1 | 581 | 563 | -18 | -3 |
| **Health Education** | | | | | | | |
| Health Professions Education..... | 356 | 291 | -64 | 326 | 193 | -133 | -41 |
| NHSC Scholarships..... | 79 | 63 | -16 | 70 | 38 | -32 | -46 |
| Indian Health Manpower | 6 | 6 | 0 | 7 | 4 | -3 | -43 |

In Health Services the Indians have been cut only 4% as compared with 33% cut from the non Indian population. In Health Education Indians

## Housing

| | BA | | |
|---|---|---|---|
| | 1982 Carter Budget | 1982 Reagan Budget | 1982 Δ |
| Interior | 24 | 18 | -6 |
| HUD | 703 | 0 | -703 |
| Total | 727 | 18 | -709 |

### Interior

Reduction reflects prorated share of the 25% overall reduction attributable to the fact that BIA's housing program is proposed for consolidation into the Consolidated Tribal Government Program.

### HUD

#### Program Description

Indian housing is a set-aside within the public housing portion of the HUD subsidized housing programs. As in the case of the regular public housing program, the program is administered by a local housing authority which supervises the construction of the housing units and is responsible for operating them once they are completed. HUD commits the Federal Government to pay off the local housing authority's borrowing to finance the construction costs and does this by making regular debt service payments over a 28-year period.

The unique feature of the Indian housing program is that--in the past, at least--it has made heavy usage (70% of units occupied) of homeownership rather than rental housing as the delivery mechanism. Under this arrangement, the household contributes its labor to the construction and is responsible for all maintenance and operating costs. To the extent that 25% of income exceeds these costs, the household is required to contribute to the mortgage debt service, thereby reducing HUD outlays. The intent, of course, is that the family will ultimately repay the mortgage, but this has rarely happened since the HUD Indian housing program began in 1961.

#### Proposed Cuts

For FY 1981, the Reagan budget revisions reduced the Indian housing program set-aside from 6,000 units earmarked by congressional appropriation committees to 5,000--a rescission of budget authority is proposed for the difference. The House HUD appropriation subcommittee has proposed a further reduction in this figure to 2,400 units. For FY 1982, the Carter budget proposed to cut the program by one-third to 4,000 units, the Reagan budget proposes no further funding of this program.

Justification

-- Indian housing is too expensive relative to other HUD public housing construction. This is largely because:

1. Units are single-family detached rather than apartments.
2. Remote locations, Davis-Bacon requirements, high insurance premiums raise construction costs.

-- Indian housing authorities have, in some cases, mismanaged the program, paying household's share of costs out of HUD funding, allowing units to become rapidly substandard.

-- Indian Health Service water and sewer support is being suspended pending assessment of the effectiveness of this program. Given a pipeline of 15,000 unfinished units (a portion of which may be deobligated) supported out of FY 1980 and prior year funds, it makes no sense to request further appropriations until present concerns about IHS and HUD program effectiveness and workability are addressed by the new Administration and possible alternative delivery mechanisms explored.

-- Information about the housing needs of Indians has come largely from a BIA survey which amounts to a self-assessment by the tribes. Even if the alleged need for 61,000 housing units is accepted, the rate at which Indians have been receiving HUD assistance has been well in excess of the rate at which the Federal Government has been attempting to eliminate an estimated 5 to 6 million units of substandard housing nationwide.

Probable Indian Retorts

-- The nature of Indian housing--remote location, single-family detached structures--explains the higher costs. Indeed, if Alaskan native and Navajo housing is disregarded, the data show Indian housing per unit costs to be comparable to regular public housing costs.

-- Since 5,000 units in the pipeline are expected to be completed this year and some of the remaining pipeline units may ultimately be deobligated, the Administration is really cutting out this program while offering up nothing to replace it.

-- The Federal responsibility to the tribes involves a trust relationship, the incidence of substandard housing among Indians is much greater than that in the general U.S. population, and the prospect that a substantial portion of the problem will be alleviated by the private sector without Federal assistance is much less.

-- Indian housing authorities have been making steady improvements in their ability to administer this complicated HUD program, and HUD has realigned its field offer structure to further help with the administrative problems encountered by Indian housing authorities.

These assertions for the most part are correct.

Comparison: HUD Subsidized Housing and Indian Housing Cuts

| | 1981 | | 1982 | |
|---|---|---|---|---|
| | Carter | Reagan | Carter | Reagan |
| Total Subsidy Commitments (Units) | 255,000 | 210,000 | 260,000 | 175,000 |
| Percent Cut (Reagan vs. Carter) | 17.6% | | 32.7% | |
| Indian Set-Aside within Total (units) | 6,000 | 5,000 | 4,000 | 0 |
| Percent Cut (Reagan vs. Carter) | 16.7% | | 100% | |

The Administration plans to conduct a thorough review of the HUD subsidized housing programs (a Presidential Commission is about to be established) and the rate of new commitment activity is being sharply curtailed in the meantime. With contract commitments totalling almost $240 billion already in place requiring Federal outlays for up to 40 years, there is a strong need to review the effectiveness, efficiency and equity problems associated with the current program structure before adding to the 3.2 million households currently benefitting from HUD subsidies. The Indian housing program will presumably be included in this or a similar review.

Give the particularly troublesome problems found in the Indian program (cost, management) and the units which will be going into construction and occupancy in the next few years, it was felt that this particular component of the HUD programs should be halted completely at this time pending the review. There is, however, no intention on the part of this Administration to single Indians out as the only group without access to a subsidized housing program. The current proposed budget situation will by no means be permanent.

## Social Services

| | BA | | |
|---|---|---|---|
| | 1982 Carter Budget | 1982 Reagan Budget | 1982 Δ |
| Interior | 96 | 90 | -6 |
| HHS (ANA) | 34 | 28 | -6 |
| Total | 130 | 118 | -12 |

Interior

Reduction is attributable to the proposal to discontinue the BIA General Assistance program (i.e., welfare) in Alaska. Due to the State's large budget surplus they should have this responsibility.

HHS

Reduction reflects a 15% across the board cut in the Administration for Native American Programs. These funds were basically used for any project or program a tribe asserted would help to make it economically or socially self sufficient.

Employment

| | BA | | |
|---|---|---|---|
| | 1982 Carter Budget | 1982 Reagan Budget | 1982 Δ |
| Interior | 46 | 34 | -12 |
| Labor | 203 | 102 | -101 |
| Total | 249 | 136 | -113 |

Interior

The $12 million reduction reflects the prorated share of the 25% overall reduction attributable to the three BIA employment programs proposed for consolidation into the Consolidated Tribal Government Program. These programs are: Indian Action Teams; Adult Vocational Training; and Direct Employment.

Labor (Comprehensive Employment and Training Act - CETA)

Proposals for CETA

- Phase out public sector employment (PSE) in all Indian and non-Indian program sites.
- Consolidate youth training (title IV-A) with training programs in title II-B.

Current Indian Programs

- Decisions on employment and training policy were made on the basis of overall program performance. Indian programs were not considered separately since the Comprehensive Employment and Training Act (CETA) provides resources to Indians through statutory or administrative set-asides in all titles of the act.
- Set asides are usually 2% of funds available for a title. If a title's resource level is changed, the Indians' share changes proportionately.

Impact of Changes in CETA on Indians

- The major 1982 reduction ($79M) is due to the phase out of public service employment (PSE) nationwide.
- The other reduction is due to the consolidation of title IV-A youth employment and training authorities with the basic title II-B training programs. (Indians lose a statutory set-aside.)
- The section 302 training and employment program for Indians was increased by $700K to $81.6M in 1982. No changes to the budget for Summer Youth Employment or Private Sector Initiative were made.

- The reduction in the amount of funds available for Indians in 1982 (50%) is proportionately less than the reduction in availability for CETA in total (55%).

- Contracts with tribes and others for Indian training and employment programs would continue to be administered nationally.

Details of Proposed Cuts

| CETA Title | Budget Authority ($ in 000's) 1981 Carter | 1981 Reagan | 1982 Carter | 1982 Reagan |
|---|---|---|---|---|
| II-D transitional public service employment | $45,556 | $28,446 | $56,272 | $ --- |
| III - Sec. 302 Indian programs | 80,975 | 80,975 | 80,975 | 81,643 |
| IV - Youth | 17,500 | 17,500 | 22,500 | --- |
| Summer Youth Employment | 13,942 | 13,942 | 13,942 | 13,942 |
| VI - Counter-cyclical public service employment | 17,885 | 13,196 | 22,838 | --- |
| VII - Private Sector Initiative | 2,720 | 2,720 | 6,194 | 6,194 |
| Total | 178,578 | 156,779 | 202,721 | 101,779 |

Indian concerns

- o Tribes were using CETA to pay Tribal Government Employees. There is no alternative funding for the tribal administrative funcitions they performed -- (This was actually an abuse of the CETA program which was supposed to train people to get private sector jobs).

- o Tribal Employees who lose their CETA jobs have no other alternatives for employment -- (CETA workers who set laid off as a result of these budget cuts are however eligible for unemployment benefits).

- o The loss of over 7,000 CETA PSE jobs nationwide will result in an increased number of people needing public assistance. There are not any current budget revisions which address the need for additional welfare funds in the BIA budget -- (This is correct).

## Economic Development

| | 1982 Carter Budget | 1982 Reagan Budget | 1982 Δ |
|---|---|---|---|
| Interior | 29 | 28 | -1 |
| Commerce (EDA) | 26 | 0 | -26 |
| HUD | 37 | 34 | -3 |
| Total | 92 | 62 | -30 |

### Commerce

The cut reflects the administration proposal to dismantle the Economic Development Administration. Once again, the Indian component of a larger program has been zeroed due to the zeroing of the entire program.

### HUD

Reflects overall reduction in the Secretary's discretionary fund of the Community Development Block Grant Program. This is prorated share of an overall reduction to Indian set aside.

## Construction

| | 1982 Carter Budget | 1982 Reagan Budget | 1982 Δ |
|---|---|---|---|
| Interior | 172 | 156 | -16 |
| HHS | 117 | 8 | -109 |
| Education | 30 | 30 | -- |
| Total | 319 | 194 | -125 |

### Interior

Cut reflects postponable nature of construction projects and includes a $3.0 million reduction in road construction and a $13 million reduction in the facility repair and improvement program.

*Note: The Grass rope irrigation project on the Lower Bruel Sioux Reservation is in the Budget.

### HHS

1. Sanitation facilities construction: IHS builds water and sewer facilities for HUD-and BIA-built and existing Indian homes. Reagan budget withdraws FY'81 supplemental and zeroes FY'82 request.

### Justification

a. administration policy to slow/stop construction.
b. other funds available: community Development block grants or deobligable HUD housing money.

c. pending OMB request that IHS assess health impact of programs, including sanitation facilities construction.
d. high unit cost of housing/sanitation.
e. preferential funding of Indian housing and health programs.

f. fewer than 1,000 homes under construction without earmarked sanitation funds.

### Indian Retorts

a. homes already in pipeline--inconsistent policy.
b. poor health of Indians; including dierrhea.
c. treaty obligations to take care of Indian health.

2. Hospital/clinic/personnel quarters construction: IHS builds health facilities, according to priority ranking system. Reagan budget would rescind FY '81 congressional add-ons for 3 hospitals, 3 clinics and 1 set of personnel quarters.

Justification

a. bed need for Crownpoint (NM) hospital not yet defined.
b. other 2 hospitals would replace underused existing hospitals.
c. projects are Congressional add-ons, unrequested by Carter.
d. Administration policy is to slow/stop construction.
e. Federal policy is to lease, not build, personnel quarters.

Indian Retorts

a. poor health of Indians.
b. desire to support priority ranking system.
c. present Facilities are outdated.

THE WHITE HOUSE

WASHINGTON

May 3, 1983

MEMORANDUM FOR BILL KESSNER
MILITARY OFFICE

FROM: RICK NEAL
INTERGOVERNMENTAL AFFAIRS

SUBJECT: ATTACHED LETTER FROM RICHARD SCHIFTER RE AMERICAN INDIANS

---

Please have the Department of Defense prepare a draft response for my signature to the attached letter from Richard Schifter concerning the Domenici Amendment to the Department of Defense Appropriations Act for FY '82.

Attachment

THE WHITE HOUSE
WASHINGTON

MEMORANDUM

TO: Rick Neal DATE: 5-3-83
FROM: Faith Whittlesey FW
RE: Richard Schifter, P.C.

Attached, please find letter from Richard Schifter, counsel to Indian tribes requesting discussion re: Dominici Amendment.

Mr. Schifter was telephoned on 5-2-83 to inform him that his letter was being forwarded to your attention and that you would be contact him shortly.

Thank you for your attention in this matter.

FRIED, FRANK, HARRIS, SHRIVER & KAMPELMAN
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handled by
RICK NEAL
INTERGOVERNMENTAL
APPAIRS
& FORWARD
IT

OUR REFERENCE

RICHARD SCHIFTER, P.C.
202-342-3526

April 29, 1983

Hon. Faith Ryan Whittlesey
Assistant to the President for
Public Liaison
The White House
Washington, D.C. 20500

Dear Faith:

I am addressing this letter to you in your capacity as the person in the White House responsible for liaison with American Indians and in my capacity as counsel to a number of Indian tribes. My subject is the "DoD Buy-Indian Act."

Let me, first of all, explain the term. Since 1908 there has been a law on the books which authorizes the Secretary of the Interior to purchase goods and services for the Bureau of Indian Affairs from Indians without going through the normal procurement process. Administrative safeguards exist to assure that such purchases are made at competitive prices.

The total volume of purchases made under this "Buy-Indian Act" is not very great. But the contracts which have been entered into under it have made a contribution to alleviating the serious unemployment problem on Indian reservations.

As you probably know, chronic, large-scale unemployment is indeed the most serious problem on our Indian reservations. It was in recognition of that fact that Senator Domenici, about a year and a half ago, drafted a text which tracked the Interior Department's Buy-Indian Act word for word except that it substituted the Secretary of Defense for the Secretary of the Interior. With the support of Senator Stevens, Senator Domenici succeeded in adding that

text to the Department of Defense Appropriations Act for Fiscal Year 1982, Pub. L. 97-114, Sec. 789. It was re-enacted in Pub. L. 97-377, Sec. 771.

Sixteen months have now passed and very little has been done so far to carry out the provisions of the Domenici Amendment. At our urging and after a number of conferences, some people at DoD agreed to begin the regulation writing process, but at the present pace it will take years before anything gets done.

One reason for the slowness of movement at DoD is that the officials involved in the SBA minority set-aside program contend that their program can do the job and that the Domenici Amendment is not needed. They happen to be wrong. The SBA program gives preference to enterprises whose managers or entrepreneurs are minority persons. Indians who would qualify as skilled managers or entrepreneurs are persons who have left their reservations. The very fact that they lack qualified entrepreneurs is one of the important reasons why Indian reservations are economically disadvantaged. What the Domenici Amendment would accomplish is bring jobs to the Indian country even if the managers during the train-up period are non-Indian. The SBA approach is, for Indians, a Catch 22.

The President's Indian Policy Statement of January 24, 1983 points out that "the economies of American Indian reservations are extremely depressed, with unemployment rates among the highest in the country," and pledges the Administration to find "ways for the private sector, both Indian and non-Indian, to participate in the development and growth of reservation economies." Having worked in this field for more than thirty years, I believe I know something about the obstacles that stand in the way of realizing this goal. The idea of providing jobs for Indians in the private sector rather than through government-sponsored work programs is an excellent one. However, many private entrepreneurs are hesitant about going to the Indian country. Some special inducement is needed to cause them to overcome that hesitancy.

I firmly believe that the Domenici Amendment, if well administered, could provide innducements for private enterprise to establish itself on Indian reservations. The Defense Department procurement effort is large. The population of our Indian reservations is small. A very small

set-aside of contracting authority under the Domenici Amendment could have the effect of turning the economies of a great many Indian reservations around.

What is needed now? A word from the White House to DoD that (a) implementation of the Domenici Amendment should play an important role in carrying out the economic development pledge in the President's statement on Indian policy, and (b) the program authorized by the Amendment should become operational in not to exceed 120 days (which would be 20 months from the day it became law).

Could we discuss this issue in some detail? It could be one of the most effective ways of carrying out the President's pledge, requires no legislation and no additional appropriations. If you need further information on this subject, I would be very happy to respond to any questions.

Sincerely,

Dick

Richard Schifter, P.C.

RS/rmc