



National Congress of American Indians



**February 7, 2007
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President Bush Releases the FY 2008 Budget – President Bush released a \$2.9 trillion budget to Congress Monday. The following legislative update provides a preliminary overview of the President’s budget as it affects tribes in setting the nation’s fiscal course for the year. The entire budget is available on-line at www.whitehouse.gov/omb/budget/fy2008. NCAI will host a conference call for national, regional, and issue-specific Indian organizations on the President’s proposed budget on February 8, 2007 at 2 pm EST. If you have any questions, contact Amber Ebarb at aebarb@ncai.org or call 202-466-7767.

Budget Overview

The President laid out a plan that would cut non-defense discretionary funding in favor of tax cuts and military spending for FY 2008 as well as recommending policy changes to restrain Medicare and Medicaid. The Administration proposes to balance the budget in five years while calling for extending his 2001 and 2003 tax cuts, which are set to expire in 2010. Most increases sought for FY 2008 would target security-related spending. Discretionary spending, which appropriators control, would increase by \$57 billion or 6.5%, up to \$929.8 billion, with all but \$3.6 billion of the increases for security programs. The President would increase domestic discretionary funding by 1% over FY 2007 enacted levels, well below the rate of inflation. Once again, the Administration plans to eliminate or significantly reduce 141 programs. Like last year, the President proposes to eliminate quite a few Indian specific programs, such as the Urban Indian Health program in the Indian Health Service and the Housing Improvement Program and Johnson O’Malley Program in the Bureau of Indian Affairs. Several new initiatives included in the President’s budget will affect Indian Country and the rest of this broadcast will provide highlights of these proposals. Congress will next begin hearings to question agencies on their budget blueprints.

Below is a snapshot of proposed budget authority levels by agency for FY 2008, followed by analysis of the proposals for specific programs relevant to tribal governments and American Indians and Alaska Natives.

| Discretionary Budget Authority Agency (in billions of dollars) | 2006 | 2007 | | 2008 | % |
|---|--------|---------|-------------|---------|----------------|
| | Actual | Request | Current law | Request | Change from 06 |
| Agriculture | 21.1 | 19.7 | 19.6 | 20.2 | -4.3% |
| Commerce | 6.4 | 6.1 | 5.6 | 6.6 | 3.1% |
| Defense | 410.7 | 439.3 | 429.6 | 481.4 | 17.2% |
| Education | 56.5 | 54.4 | 56 | 56 | -0.9% |
| Energy | 23.6 | 23.6 | 22.8 | 24.3 | 3.0% |
| Health and Human Services | 69.1 | 67.6 | 69.1 | 69.3 | 0.3% |
| Homeland Security | 30.7 | 30.9 | 32 | 34.3 | 11.7% |
| Housing and Urban Development | 34.1 | 33.6 | 34.7 | 35.2 | 3.2% |
| Interior | 10.8 | 10.5 | 10.3 | 10.6 | -1.9% |

| Discretionary Budget Authority | 2006 | 2007 | | 2008 | % |
|--|---------------|----------------|--------------------|----------------|-----------------------|
| Agency (in billions of dollars) | Actual | Request | Current law | Request | Change from 06 |
| Justice | 21.1 | 19.5 | 19.4 | 20.2 | -4.3% |
| Labor | 11.3 | 10.9 | 11.7 | 10.6 | -6.2% |
| State | 30.2 | 33.9 | 28.7 | 35 | 15.9% |
| Transportation | 14.6 | 13.2 | 10.7 | 12.1 | -17.1% |
| Treasury | 11.4 | 11.6 | 11.4 | 12.1 | 6.1% |
| Veterans | 32.9 | 35.7 | 33.2 | 39.4 | 19.8% |
| Corps of Engineers | 5.3 | 4.7 | 4.7 | 4.9 | -7.5% |
| Environmental Protection Agency | 7.6 | 7.3 | 7.5 | 7.2 | -5.3% |
| Judicial | 5.3 | 5.9 | 5.3 | 6.1 | 15.1% |
| Legislative | 3.8 | 4.3 | 3.7 | 4.4 | 15.8% |
| NASA | 16.3 | 16.8 | 16.2 | 17.3 | 6.1% |
| SBA | 0.5 | 0.6 | 0.4 | 0.5 | 0.0% |
| Social Security | 7.4 | 7.9 | 7.6 | 7.9 | 6.8% |
| Other | 6.7 | 6.7 | 6.5 | 7.5 | 11.9% |
| Total, Discretionary Spending | 843.4 | 871 | 852.8 | 929.8 | |

Department of Interior

Of the four Secretarial initiatives for the Department of Interior, two focus on Indian Country. In a teleconference with NCAI tribal leaders February 5, 2006 Interior Secretary Kempthorne presented the two initiatives. The first is a \$16 million Safe Indian Communities Initiative to strengthen law enforcement capabilities on tribal lands, increase staff at Indian detention facilities, and provide specialized drug enforcement officers. The second is a \$15 million Indian Education Initiative for Bureau of Indian Education schools to improve academic achievement, targeting schools that have yet to achieve their Adequate Yearly Progress. Details of these initiatives and the rest of the proposed levels for the Bureau of Indian Affairs follow below and can be found at the Interior website at <http://www.doi.gov/budget/2008/08Hilites/toc.html>.

Bureau of Indian Affairs

The Indian Affairs budget request is \$2.2 billion, \$1.0 million below the FY 2007 Continuing Resolution, and \$7.0 million above the FY 2007 President’s Request. The Operation of Indian Programs account would receive \$2.0 billion, \$17.5 million above the Continuing Resolution and \$24.3 million above the FY2007 President’s request. Significant changes proposed in the BIA budget include increases to law enforcement, the elimination of the Johnson O’Malley program, elimination of the Housing Improvement Program, and reductions to education construction and rights protection implementation. The tables below outline funding levels, followed by highlights of key changes and initiatives.

Operation of Indian Programs

| (Dollars in Thousands) | FY 2006 Actual | FY 2007 CR | FY 2008 Request | Change from FY2007 |
|-----------------------------------|-----------------------|-------------------|------------------------|---------------------------|
| Tribal Government | | | | |
| Aid to Tribal Government | 36,699 | 36,256 | 33671 | -2,585 |
| Consolidated Tribal Gov't Program | 61,352 | 63,413 | 68229 | +4,816 |
| Self Governance Compacts | 138,079 | 142,761 | 139036 | -3,725 |
| Contract Support | 132,628 | 151,628 | 149628 | 2,000 |
| Indian Self-Determination Fund | 971 | 0 | 0 | 0 |
| New Tribes | 1,402 | 316 | 316 | 0 |

| Operation of Indian Programs (Dollars in Thousands) | FY 2006 Actual | FY 2007 CR | FY 2008 Request | Change from FY2007 |
|--|---------------------------|-----------------------|----------------------------|-----------------------------------|
| Tribal Gov't. Program Oversight | 3,558 | 7,364 | 6818 | -546 |
| Subtotal, Tribal Government | 374,689 | 401,738 | 397,698 | -4,040 |
| Human Services | | | | |
| Social Services | 30,989 | 31,802 | 32,414 | + 612 |
| Welfare Assistance | 85,190 | 74,179 | 74,164 | -15 |
| Indian Child Welfare Act | 10,909 | 10,167 | 9,974 | -193 |
| Housing Improvement Program | 18,830 | 18,849 | 0 | -18,849 |
| Human Services Tribal Design | 625 | 452 | 449 | -3 |
| Human Services Program Oversight | 3,873 | 3,936 | 3,702 | -234 |
| Subtotal, Human Services | 150,416 | 139,385 | 120,703 | -18,682 |

Operation of Indian Programs

Tribal Government – Decreases are proposed for the Consolidated Tribal Government Program that support Johnson O’Malley grants, Self-Governance Compacts that support Housing Improvement and Johnson O’Malley grants programs (-\$10,955,000), and contract support (-\$2,000,000).

Human Services – Decreases are proposed for the elimination of the Housing Improvement Program (-\$18,849,000).

| Operation of Indian Programs (Dollars in Thousands) | FY 2006 Actual | FY 2007 CR | FY 2008 Request | Change from FY 2007 |
|--|---------------------------|-----------------------|----------------------------|------------------------------------|
| Trust - Natural Resources Management | | | | |
| Natural Resources, General | 4,925 | 4,158 | 4335 | + 177 |
| Irrigation Ops. and Maintenance | 13,042 | 12,480 | 11,062 | -1,418 |
| Rights Protection Implementation | 21,262 | 18,148 | 16,615 | -1,533 |
| Tribal Mgmt./Development Program | 10,146 | 4,315 | 4,373 | + 58 |
| Unresolved Hunting & Fishing Rights | 0 | 0 | 0 | 0 |
| Endangered Species | 1,192 | 230 | 247 | + 17 |
| Integrated Resource Information Prog | 1,250 | 1,250 | 1,250 | 0 |
| Agriculture and Range | 24,272 | 23,554 | 24,395 | + 841 |
| Forestry | 42,137 | 43,094 | 43,405 | + 311 |
| Water Resources | 11,502 | 9,713 | 9,913 | + 200 |
| Fish, Wildlife and Parks | 6,525 | 6,506 | 6,591 | + 85 |
| Minerals and Mining | 8,179 | 11,464 | 11,678 | + 214 |
| Resource Mgmt Program Oversight | 8,322 | 7,598 | 7,820 | + 222 |
| Subtotal, Trust-NR Management | 152,754 | 142,510 | 141,684 | -826 |
| Trust - Real Estate Services | | | | |
| Trust Services, General | 11,069 | 10,492 | 10,642 | + 150 |
| Navajo-Hopi Settlement Program | 1,139 | 1,162 | 1,196 | + 34 |
| Probate | 15,708 | 19,075 | 19,883 | + 808 |
| Land Title and Records Offices | 13,436 | 13,835 | 14,654 | + 819 |
| Real Estate Services | 40,578 | 47,647 | 47,964 | + 317 |
| Land Records Improvement | 7,891 | 16,801 | 16,065 | -736 |
| Environmental Quality | 11,988 | 12,000 | 11,230 | -770 |
| Alaskan Native Programs | 1,391 | 1,001 | 1,022 | + 21 |
| Rights Protection | 14,274 | 14,345 | 12,468 | -1,877 |
| Real Estate Services Oversight | 24,368 | 16,291 | 15,598 | -693 |
| Subtotal, Trust-Real Estate Services | 141,842 | 152,649 | 150,722 | -1,927 |

Trust – In Trust Natural Resources Management, decreases are proposed for irrigation operations and maintenance (-\$1,492,000), Rights Protection Implementation (-\$1,800,000) and non-TPA forestry projects (-\$1,000,000).

In Trust Real Estate Services, an increase of \$300,000 is proposed to address probate cases. Decreases are proposed for Cadastral Surveys (-\$2,000,000), non-TPA environmental quality projects (-\$1,000,000), water rights negotiations and litigation (-\$1,000,000), the cancellation of the Departmental land and Resource Management system (-\$750,000) and litigation support (-\$1,000,000).

| Operation of Indian Programs (Dollars in Thousands) | FY 2006 Actual | FY 2007 CR | FY 2008 Request | Change from FY 2007 |
|--|---------------------------|-----------------------|----------------------------|------------------------------------|
| Education | | | | |
| Elementary and Secondary Programs - Forward Funded | 457,750 | 457,352 | 476,500 | + 19,148 |
| Elementary and Secondary Programs | 75,887 | 60800 | 61,803 | + 1,003 |
| Post Secondary Programs | 104,010 | 103,161 | 98,520 | -4,641 |
| Education Management | 8,783 | 17,842 | 23,717 | + 5,875 |
| Subtotal, Education Programs | 646,430 | 639,155 | 660,540 | + 21,385 |
| Public Safety and Justice | | | | |
| Law Enforcement | 193,377 | 201,620 | 221,753 | + 20,133 |
| Tribal Courts | 17,621 | 12,109 | 12,065 | -44 |
| Fire Protection | 1,144 | 0 | 0 | 0 |
| Subtotal, Public Safety and Justice | 212,142 | 213,729 | 233,818 | + 20,089 |
| Community And Economic Development | | | | |
| Job Placement and Training | 8,396 | 8,467 | 8,051 | -416 |
| Economic Development | 4,407 | 4,401 | 4,203 | -198 |
| Road Maintenance | 27,386 | 25,336 | 25,981 | + 645 |
| Community Development | 10,148 | 0 | 0 | 0 |
| Community Development Oversight | 1,445 | 971 | 826 | -145 |
| Subtotal, Comm. & Economic Dev. | 51,782 | 39,175 | 39,061 | -114 |
| Executive Direction & Admin. Services | 232,135 | 238,253 | 246,692 | + 8,439 |
| TOTAL APPROPRIATION | 1,962,190 | 1,973,403 | 1,990,918 | + 17,515 |

Education – The Improving Indian Education initiative consists of increases of \$5,300,000 for education program enhancement, \$4,250,000 for student transportation, \$3,600,000 for education program management, and \$1,850,000 for the Native American Student Information System. A decrease is proposed for post-secondary scholarships (-\$5,000,000).

Public Safety – The Safe Indian Communities initiative consists of increases of \$11,000,000 for law enforcement staffing, training, and equipment, and \$5,000,000 for detention center staffing. A decrease is proposed for law enforcement program management (-\$250,000).

| BIA Construction (Dollars in Thousands) | 2006 Actual | 2007 CR | 2008 Request | Change from 2007 |
|--|------------------------|--------------------|-------------------------|-----------------------------|
| Education | 206,787 | 157,441 | 139844 | -17597 |
| Public Safety and Justice | 11,603 | 11,611 | 11621 | + 10 |
| Resources Management | 45,099 | 37,810 | 37916 | + 106 |
| General Administration | 2,105 | 2,111 | 2114 | + 3 |

| | | | | |
|----------------------------|----------------|----------------|---------------|---------------|
| Construction Management | 5,988 | 6,076 | 6132 | + 56 |
| TOTAL APPROPRIATION | 271,582 | 215,049 | 197327 | -17422 |

Office of Special Trustee for American Indians

The FY 2008 request for OST totals \$196.2 million, \$186.2 million for Federal Trust Programs, and \$10 million for Indian Land Consolidation. The request reflects a net \$15.4 million increase above the FY 2007 CR level.

| Office of Special Trustee (\$ in thousands) | FY 2007 CR | FY 2008 Request | Change from 2007 Amount |
|---|-----------------------------|----------------------------------|--|
| Office of Special Trustee | 150,036 | 186,158 | + 36,122 |
| Indian Land Consolidation Program | 30,747 | 10,000 | -20,747 |

Within the OST request is \$60.0 million for the Office of Historical Trust Accounting, an increase of \$3.6 million. This amount will provide approximately \$40.0 million for IIM accounting, and \$20.0 million for tribal accounting. This amount may be revised depending on the outcome of any further court rulings in *Cobell v. Kempthorne* or congressional action.

Indian Land Consolidation – The FY 2008 budget proposes funding of \$10.0 million for Indian land consolidation, which is \$20.7 million below the 2007 CR level, and \$49.4 million below the FY07 President’s budget.

Department of Interior Overall Major Changes to Indian Funding

President’s FY08 Budget Compared to FY07 Request
(Current Budget Authority in Millions of Dollars)

| | |
|---------------------------------------|--------|
| Safe Indian Communities Initiative | + 16.0 |
| Improving Indian Education Initiative | + 15.0 |
| Tribal Education Assistance | -12.7 |
| Education Construction | -18.4 |
| Housing Improvement Program | -23.4 |
| Indian Land Consolidation | -49.4 |

Indian Health Service

The 2008 budget request for IHS is \$4.1 billion, a net increase of \$212 million over the FY 2007 Continuing Resolution levels and an increase of \$101 million over the FY 2007 President’s budget. The Administration’s budget proposes to decrease the amount of funding for Health Care Facilities Construction by \$25 million and to cut all funding to Urban Indian Health Programs.

| IHS Funding Table (\$ in millions) | FY 2006 Actual | FY 2007 Request | FY 2007 CR | FY 2008 Request | +/- FY07 CR |
|--|---------------------------------|----------------------------------|-----------------------------|----------------------------------|------------------------------|
| Indian Health Service: | | | | | |
| Clinical Services | 2,857 | 3,023 | 2,879 | 3,125 | + 246 |
| Contract Health Services (Non-Add) | 517 | 554 | 521 | 570 | + 49 |
| Preventive Health | 117 | 125 | 117 | 130 | + 13 |
| Contract Support Costs | 265 | 270 | 265 | 272 | + 7 |

| | | | | | |
|--|--------------|--------------|--------------|--------------|-------------|
| Tribal Management/Self-Governance | 8 | 8 | 8 | 8 | - |
| Urban Health | 33 | - | 33 | - | -33 |
| Indian Health Professions | 31 | 32 | 31 | 32 | +1 |
| Direct Operations | 62 | 64 | 62 | 65 | +3 |
| Diabetes Grants | 150 | 150 | 150 | 150 | - |
| Subtotal - Services Program Level | 3,523 | 3,672 | 3,545 | 3,782 | +237 |
| Indian Health Facilities: | | | | | |
| Health Care Facilities Construction | 38 | 18 | 37 | 13 | -24 |
| Sanitation Construction | 92 | 94 | 93 | 89 | -4 |
| Facilities & Env. Health Support | 151 | 161 | 160 | 165 | +5 |
| Maintenance & Improvement | 58 | 59 | 59 | 58 | -1 |
| Medical Equipment | 21 | 22 | 21 | 21 | - |
| Subtotal - Facilities Program Level | 360 | 354 | 370 | 345 | -25 |
| Total - Program Level | 3,883 | 4,026 | 3,915 | 4,127 | +212 |

Health and Human Services

Highlighted below are some of the programs affecting tribes within HHS.

| HHS Funding Table (\$ in millions) | FY 2006 Actual | FY 2007 Request | FY 2007 CR | FY 2008 Request | +/- FY07 CR |
|---|---------------------------------|----------------------------------|-----------------------------|----------------------------------|------------------------------|
| Administration on Aging | | | | | |
| Aging Grants for Native Americans | 26 | | 26 | | 0 |
| Administration for Children & Families | | | | | |
| Head Start | 6,782 | 6,786 | 6,789 | 6,789 | 0 |
| Promoting Safe and Stable Families | 89 | 89 | 89 | 89 | 0 |
| Administration for Native Americans | 44 | 44 | 44 | 44 | 0 |
| Health Resources & Services Admin. | | | | | |
| Community Health Centers | 1,785 | 1963 | 1,765 | 1,988 | +224 |
| Ryan White AIDS | 2,061 | 2158 | 2,063 | 2,158 | +95 |
| SAMHSA | 3,203 | 3,134 | 3,205 | 3046 | -159 |

SAMHSA

Access to Recovery: The SAMHSA budget includes \$98 million for grants administered by states and tribal organizations for the Access to Recovery initiative. \$25 million will support treatment for clients using methamphetamine within Access to Recovery.

Suicide Prevention: Also, \$34 million was proposed for suicide prevention including activities authorized by the Garrett Lee Smith Memorial Act, suicide prevention for American Indian and Alaska Native youth, a 24 hour hotline, and a Suicide Prevention Resource Center.

Administration for Children and Families

Head Start – The budget request remained constant with FY 2007 at \$6.8 billion. Tribes receive a 2.8% set-aside of Head Start funds.

Housing and Urban Development

The President proposed essentially flat funding for Indian programs in the Department of Housing and Urban Development.

HUD Funding Table

| (\$ in millions) | FY 2006 Enacted | FY 2007 Request | FY 2008 Request |
|--|--------------------|--------------------|--------------------|
| Indian Housing Block Grant | 624 | 626 | 627 |
| Title VI Loans Program Account | 2 | 2 | 2 |
| Loan Guarantee Limitation | 18 | 15 | 17 |
| Indian Housing Loan Guarantee Fund | 4 | 6 | 7 |
| Indian Community Development Block Grant | 59 | 57 | 57 |

Department of Education

| (\$ in millions) | FY 2007 CR | FY 2008 Request | Change from FY07 to FY08 |
|---|---------------|--------------------|-----------------------------|
| Impact Aid | 1,257 | 1,228 | -29 |
| Indian Education Act, Title VII | 118.7 | 118.7 | 0 |
| Education for Native Hawaiians | 33.9 | 0 | -33.9 |
| Alaska Native Education Equity Assistance Program | 33.9 | 0 | -33.9 |
| Strengthening AN, Native HA-Serving Institutions | 11.8 | 0 | -11.8 |
| Strengthening Tribal Colleges | 23.6 | 18.6 | -5 |
| Even Start | 111.6 | 0 | -111.6 |
| Tribally Controlled Postsecondary Institutions | 7.4 | 7.4 | 0 |

Impact Aid was cut from FY07 levels by \$29 million. The decrease would be completely out of construction dollars – from \$46.6 million to \$17.8 million.

Strengthening Tribally Controlled Colleges and Universities was cut from FY07 levels by \$5 million.

The President proposed the elimination of the following programs:

The Alaska Native Education Equity Program - \$33.9 million eliminated.

This funded supplemental educational programs and services to Alaska Native children. The rationale for this elimination is that these programs can use funds from other programs, such as Title I grants, Special Education grants and Indian Education grants.

Education for Native Hawaiians - \$33.9 million eliminated

This funded competitive grants for supplemental education services and activities for Native Hawaiians. The rationale for this elimination is that funds can be found under other grants, such as Title I grants, Special Ed grants and TRIO program (TRIO is a college prep and student support program).

Even Start - \$111.6 million eliminated.

Even Start is a family literacy program to improve educational opportunities for low-income areas. The program integrated early childhood education, adult education and parent education. Even Start is the only comprehensive educational technique that involved the family as well. Even Start also helped to address literacy rates in the older population by providing adult and parent education. The rationale for eliminating this program was that Reading First and Early Reading First are better structured to address literacy rates.

Strengthening AN/NH-Serving Institutions - \$11.8 million eliminated.

This funding helped Alaska Native/Native Hawaiian institutions improve their capacity to serve AN/NH students. The rationale for eliminating this program is that the activities can be carried out under the Higher Education Act Title III Strengthening Institutions program.

NCAI will provide further analysis of the President's budget proposals for the Departments of Agriculture, Justice, Homeland Security and others as budget documents become available. Updated versions of this broadcast will be posted on the NCAI website at www.ncai.org. NCAI has also posted the FY2008 Tribal Budget Request at www.ncai.org.