

**STATEMENT OF
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PRINCIPAL DEPUTY SPECIAL TRUSTEE FOR AMERICAN INDIANS
BEFORE THE
HOUSE SUBCOMMITTEE ON INDIAN AND ALASKA NATIVE AFFAIRS
ON THE FISCAL YEAR 2012 PRESIDENT'S BUDGET REQUEST FOR
THE OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**

March 8, 2011

Good morning, Chairman Young, Ranking Member Boren and Members of the Subcommittee. My name is Ray Joseph, and I am the Principal Deputy Special Trustee for American Indians.

I am pleased to be before the Subcommittee today to discuss Interior's fiscal year (FY) 2012 budget for the Office of the Special Trustee for American Indians. I have submitted my full statement to the Subcommittee, which I ask be made part of the hearing record.

OST's FY 2012 budget request is consistent with the President's goal to reduce the deficit, but remains sufficient to meet our fiduciary responsibilities and provide quality services to Indian beneficiaries.

OST Purpose

OST was initially tasked by Congress with Department-wide oversight for the reform of Indian trust management and implementation of new fiduciary accounting systems. OST's oversight role expanded in 1996 to include operational responsibility for financial trust fund management, including receipt, investment and disbursement of beneficiary funds. The Office of Appraisal Services, which appraises Indian trust lands, was moved to OST in 2002. The Office of Historical Trust Accounting was realigned in 2007 to report directly to the Special Trustee.

FY 2012 Budget Request

The President's fiscal year 2012 budget request for the Department of the Interior's Office of the Special Trustee for American Indians (OST) is **\$152.3 million**, reflecting a \$24.7 million net decrease from the 2010 Enacted/2011 CR. OST's 2012 budget request reflects program reductions of \$22.6 million and \$3.3 million in administrative savings from the 2010 Enacted/2011 CR level. The only proposed increase is in funding for fixed costs — space, utilities, and other overhead expenses — which increased by \$1.2 million.

I would like to highlight five areas in OST's FY 2012 budget:

OHTA

The OST request also includes \$31.2 million for the Office of Historical Trust Accounting (OHTA), a reduction of \$16.0 million from the FY 2010 base level. The 2012 budget reflects the enactment of a settlement for the *Cobell v. Salazar* lawsuit and assumes court approval of the settlement in 2011. The settlement does not address pending tribal cases. A total of \$27.2 million will be used to support analysis of tribal claims in coordination with the U.S. Department of Justice. There are currently 96 tribal cases pending involving 114 Tribes. A total of \$4.0 million will be used to resolve the proper ownership of residual balances in special deposit accounts and distribute account balances to Tribes, individual Indians, and non-trust entities.

Reengineering

OST's FY 2012 request eliminates the Office of Reengineering, a savings of \$2.1 million. This office worked to consolidate prior fiduciary trust reform plans. The bulk of the trust reform projects that the Reengineering staff impacted are currently in production — therefore this office's operations are now deemed a lower priority. The program will be eliminated through attrition and reassignment.

OTR

This budget also requests a reduction of \$1.9 million for the Office of Trust Records. In FY 2009, OTR completed the indexing of trust records collected in previous fiscal years from BIA. In future years OTR will continue to use in-house staff, rather than contractors, to maintain and update the database as records are retired. OTR will be using less federal personnel than the base contract personnel and there should be minimal impact on workload and performance.

DQ&I

The FY 2012 budget requests a \$1 million reduction in the Data Quality and Integrity (DQ&I) program. This is a Trust Asset and Accounting Management System (TAAMS) data cleanup project that validates or corrects Critical Data Elements. TAAMS Leasing Module post-conversion cleanup efforts are projected to be completed by FY 2011 — therefore in FY 2012 DQ&I will have a decreased workload.

Administrative Cost Savings and Management Efficiencies

In support of the President's commitment to fiscal discipline and spending restraint, OST is participating in an aggressive Department-wide effort to curb non-essential administrative spending. The staff of OST should be commended for the efficient management of operations which accounts for \$3.3 million in administrative savings in this budget request.

The 2012 budget request includes reductions that reflect the Accountable Government Initiative to curb non-essential administrative spending in support of the President's commitment on fiscal discipline and spending restraint. In accordance with this initiative, the OST budget includes \$3.0 million in savings in 2012 against actual 2010 expenditures in the following activities: \$267,111 for travel and transportation of persons, \$25,270 for transportation of things, \$20,940 for printing

and reproduction, \$2.5 million for advisory and assistance services, and \$147,010 for supplies and materials. Actions to address the Accountable Government Initiative and reduce these expenses build upon management efficiency efforts proposed in 2011 totaling \$332,000 in travel and relocation, information technology, and strategic sourcing and bureau-specific efficiencies totaling \$2.6 million.

The staff has also implemented a dynamic accounting process that ensures today's Indian trust financial operations are transparent and efficient. Our beneficiaries can be assured OST will continue to manage their funds with proficiency and care.

Conclusion

Mr. Chairman, once again, I would like to thank you for the opportunity to appear before you today, and I will be happy to answer any questions you may have.