



BUDGET The United States
Department of the Interior
JUSTIFICATIONS

and Performance Information
Fiscal Year 2008

**OFFICE OF THE
SPECIAL TRUSTEE FOR
AMERICAN INDIANS**

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**DEPARTMENT OF THE INTERIOR
OFFICE OF THE SPECIAL TRUSTEE
FOR AMERICAN INDIANS
BUDGET JUSTIFICATION FOR FISCAL YEAR 2008**

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Total 2008 Budget Request

(Dollars in Thousands)

Budget Authority	2006 Enacted	2007 President's Budget	2007 CR	2008 Request	2008 Request Change From 2007
Discretionary	222,780	244,485	180,783	196,158	+15,375
Mandatory	131,481	188,015	188,015	197,754	+9,739
Total	354,261	432,500	368,798	393,912	+25,114
<i>FTE's</i>	<i>590</i>	<i>619</i>	<i>605</i>	<i>634</i>	<i>+29</i>

Note: Discretionary budget authority represents operating funds that are appropriated annually by Congress to the Office of the Special Trustee. Mandatory budget authority represents certain funds held by DOI on behalf of Indian tribes, some of which will be transferred to tribes provided certain conditions are satisfied, and are considered U.S. Government funds (see Trust Funds section/tab for more information).

GENERAL STATEMENT

In FY 2008, the Department will maintain its emphasis on improving services to the beneficiaries of the Indian trust. The Office of the Special Trustee for American Indians (OST) will continue its role in the oversight of the fiduciary responsibility by monitoring trust reform in accordance with the Comprehensive Trust Management Plan (CTM). All proposed funding supports the Department’s goal of Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities.

The United States Congress has designated the Secretary as the trustee delegate with the responsibility for approximately 56 million acres of land and \$3.3 billion that is owned by American Indians, Alaska Natives and federally recognized Indian Tribes. Trust Management of these assets includes conserving, maintaining, investing, disbursing, and reporting to individual Indians and federally recognized tribes on financial asset transactions generated from sales, leasing and other commercial activities on these lands. Through implementation of the CTM improvements in trust beneficiary services, ownership information, management of trust fund assets, and self-governance activities, the Department’s goal of Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities will be realized.



Ross Swimmer, Special Trustee for American Indians

Trust Management Reform

The CTM laid the ground work of the Fiduciary Trust Model (FTM) which was approved by the Secretary in August 2004. In FY 2007, the Department will achieve a major milestone in Trust Management Reform. FY 2007 includes the completion of the conversion of the Bureau of Indian Affairs (BIA) legacy leasing systems to the Trust Asset Accounting Management System (TAAMS) that will interface with the Trust Funds Accounting System (TFAS) and the TAAMS title system. This conversion will provide a single repository of ownership information for Interior-processed Indian Trust resource and financial transactions. Implementing the FTM includes major reengineering of trust processes. Trust data will be reconciled and validated within these systems marking the near completion of several data cleanup projects. This effort between BIA and OST, utilizing contractors to supplement staff, continues the nationwide implementation of the enhanced trust beneficiary services envisioned by the FTM. The FTM offers business processes that deliver improved services to the individual Indian and tribal beneficiaries by standardizing, streamlining, automating, and working in partnership with them.

The program administration and proactive project planning for implementation of the FTM has and will continue to allow OST and BIA to realize significant productivity efficiencies based on the standardized fiduciary trust policies and procedures to address Interior's fiduciary trust responsibilities.

Implementing the FTM thus far includes: developing handbooks and desk operating procedures that document standardization and streamlining of business processes; hiring twelve Bureau of Land Management (BLM) Indian Land Surveyors, located in each BIA regional office; and initiating the Certified Federal Surveyor program to certify licensed private surveyors to perform federal surveying activity with oversight by BLM; establishing the division of Indian Probate Hearings within the Office of Hearings and Appeals (OHA) to provide a single point of adjudication for Indian probates; hiring Fiduciary Trust Officers to serve as the primary point of contact for beneficiaries; opening the Trust Beneficiary Call Center; enhancing beneficiary performance statements with land asset and encumbrance information; implementing centralized commercial lockbox operations; establishing BIA lockbox liaison positions to expedite exception processing; enhancing OST appraisal functions through workload management by the National Business Center (NBC); identifying and implementing trust-related skills models for hiring and training fiduciary trust professionals; developing teams for updating federal regulations in support of the FTM; adding a minerals valuation unit to NBC's Appraisal Services Directorate; and creating a state of the art record management program including a record's repository now containing more than 350 million pages of records.

In FY 2008 and beyond, reengineering will be composed of continuous improvement teams to identify the need for further revised business processes, enhanced automated data systems, standard operating procedures, handbooks, validating metrics, desk operating manuals and new skills training. This continual process is essential to keeping processes streamlined and utilizing the most cost effective technology. In addition, software solutions remain to be developed for oil and gas accounting, and validation of title information for non-income producing land assets will continue through FY 2008.

Legislative Reform

The Administration's ongoing efforts to implement trust reform and improve services to beneficiaries include reviewing and revising trust regulations and submitting legislative proposals to Congress. In 2008, as part of FTM implementation, the Department hopes to have promulgated new regulations and have Congress adopt recommended legislative changes. The regulations and legislative proposals were developed to implement the FTM, comply with requirements of the new Probate Reform Act, and streamline trust business processes as well as address needed technical corrections and administrative improvements for implementing trust reform, which will continue to improve services to Indian trust beneficiaries.

Interior's legislative proposals focus on issues such as an expedited probate process to reduce probate backlogs; and the authority to create an unclaimed property fund and to close certain accounts with no current known address, small balances, and small special deposit accounts, thus reducing the accounting costs and creating efficiencies in management of the trust.

Historical Accounting

Congress passed the *American Indian Trust Fund Management Reform Act of 1994*, which requires the Secretary of the Interior to account for "the daily and annual balance of all funds held in trust by the United States for the benefit of an Indian Tribe or an individual Indian which are deposited or invested pursuant to the Act of June 24, 1938" (25 U.S.C. 4011(a)). The Department is now involved in lawsuits filed by or on behalf of over 300 tribes, including one class action tribal lawsuit on behalf of 250 tribes associated with the Department's management of Indian trust funds.

On January 6, 2003, as ordered by the court in the *Cobell* litigation, the Department filed *The Historical Accounting Plan for Individual Indian Money Accounts*. The Department's accounting plan provided for an historical accounting for 260,000 plus individual Indian money (IIM) accounts over a five-year period at an estimated cost of \$335 million using both the transaction-by-transaction and statistical sampling reconciliation techniques to develop assurances of the accuracy of the statements of accounts.

The Department expects to submit to the Court modifications to its January 6, 2003 accounting plan, based on the information now available from the work of the past three years, and a recent appellate court decision vacating the district court's structural injunction. The revision will incorporate lessons learned from work already completed, the removal of the structural injunction, statistical sampling parameters, and consideration of accounting costs and funding levels.

Indian Land Consolidation

Over time, the system of allotments established by the *General Allotment Act of 1887*, and subsequent inheritance by multiple generations of descendants has resulted in an exponential increase in fractionated ownership of Indian lands. As original allottees died, their heirs received an undivided interest in the allottees' lands. In 1934 the *Indian Reorganization Act* stopped the allotment program. In successive generations, smaller undivided beneficial interests descended to the next generation. Because of fractionation, the operation of the Indian trust on behalf of individual Indian beneficiaries became increasingly complex. The number of heirs to the original allotments ballooned and the size of the individual beneficial interests correspondingly decreased, resulting in hundreds of individuals owning those original allotments. As of March 2006, there were 3.6 million land interests including 1.2 million minerals-only interests in the approximate 10 to 13 million acres of individually owned trust lands. The magnitude of this situation makes management of trust assets extremely difficult and costly.

Purchase and consolidation of fractional interests reduces record keeping and large numbers of small dollar financial transactions, and decreases the number of interests subject to probate. The Indian Land Consolidation Office (ILCO) purchases and consolidates fractionated interests. ILCO is managed by BIA, but it significantly impacts both BIA and OST's operations and OST will continue to provide oversight of the program in FY 2008.

The Department demonstrated success over the past several years acquiring highly fractionated interests through the ILCP. Through September 30, 2006, the Department acquired 261,000 fractional interests in individual Indian allotted lands.

The Department determined that a more focused, tiered acquisition approach is needed to:

- Provide a long term strategy for acquisition of highly fractionated interests.
- Establish a tiered priority process to select which interests to acquire.
- Achieve the most efficient use of resources.
- Develop additional tools and alternative options on financing this program.

As part of the FY 2007 proposal, the Department implemented a tiered acquisition strategy, targeting selected highly fractionated tracts. More detail of this strategy is included in the Indian Land Consolidation budget section.

FY 2008 Budget Request

The FY 2008 request addresses trust management reform and historical accounting. The request also addresses the completion of certain trust reform tasks, increased self-determination and self-governance activity, use of the National Indian Program Training Center (NIPTC), litigation commitments, identified audit weaknesses, probate adjudication and Secretarial initiatives related to improving services to American Indians and Alaska Natives. These reform initiatives also support the Department's strategic goal for fulfilling the Indian fiduciary trust responsibility, and are implemented in a manner that promotes and supports the President's Management Agenda.

The FY 2008 budget request for OST totals \$196.2 million and reflects a net increase of \$15.4 million from the FY 2007 continuing resolution. The FY 2008 request for the Office of Historical Accounting (OHTA) is \$60 million, an increase of \$3.6 million over the FY 2007 President's budget. The ILCP request is \$10.0 million, a decrease of \$20.7 million from the FY 2007 continuing resolution.

The FY 2008 OST budget request program changes include a decrease of \$3.6 million for Trust Reform programs. The reduction is a result of efficiencies realized from trust reform initiatives, completion of certain tasks performed under contract and spreading the costs of some tasks over a longer period of time. The FY 2008 request also includes a reduction in Appraisal Services of \$1.2 million for mineral valuations that will be charged to ILCO on a reimbursable basis.

The FY 2008 request includes \$2.4 million for Fixed Costs and Related Changes discussed below under Base Budget Analysis and under the Fixed Costs and Related Changes table.

Base Budget Analysis

OST's FY 2008 base budget is compiled using estimated operational needs of each program. The budget staff composes budget estimates based on a compilation of estimated operating costs which are re-calculated on an annual basis in order to capture the most current initiatives and priorities.

As a result of this analysis, OST is proposing internal transfers of \$0.5 million from Field Operations savings to External Affairs for the increased 638 contract activity and \$1.0 million from Data Quality and Integrity project savings to fund the OST share of the National Indian Program Training Center. Additionally, the OST share of probate, \$1.062 million, is moved from Trust Accountability to Trust Services, where the work is being performed. Also, \$1.639 million is being moved from Trust Accountability to Field Operations where Whereabouts Unknown tasks will be performed. Trust Accountability and Field Operations are transferring 2 FTE each and \$0.211 million and \$0.183 million respectively to Trust Services to adjust for shifting workloads.

A base transfer of \$0.345 million from OST to BIA is related to electronic records function moving from the Office of Trust Records to the Information Technology function in BIA.

OST utilizes Activity-Based Cost Management (ABC/M) data to make organizational assessments and align work efforts with GPRA goals. ABC/M is being used to assist managers in cost estimating, cost forecasting and improving programs by identifying future cost avoidance and savings.

Section 405 Compliance

OST adheres to the requirements of Section 405 contained in the Department of the Interior, Environment and Related Agencies Appropriations Act, 2006, requiring agencies to present in their annual budget justification, any external and internal administrative costs, overhead charges, deductions, reserves, or holdbacks from programs, projects, and activities to support government-wide, Departmental and OST administrative functions or headquarters, regional or central office operations.

Methodology – Generally, OST budgets for these costs are in Budget, Finance and Administration's (BFA) line item within the Program Operations and Support activity. Details of these costs are included in the BFA section. The largest of these centralized costs include funding for BFA personnel, space and working capital fund activities.

OST plans to charge back 1 percent of OST's overall budget to the programs for other costs associated with contracts for Human Resources, Acquisition, Finance, communications, and security. These charges are allocated based on either the number of people in each program, the program's percentage of transactions or funds obligated.

Fixed Costs Justification

The fixed cost changes are to cover increases in pay, the agency share of health benefit costs, OST's share of DOI working capital fund, worker's compensation, unemployment compensation and rent. The FY 2008 budget contains an increase of \$2.445 million for these items. Although, many of these changes are somewhat out of the bureau's control, the increase is essential for programs and projects to be able to continue the trust reform effort at near current levels. This should be viewed in light of the effect of overall reductions on the programs.

The programs have made efficiencies that have saved as much as \$12.1 million from FY 2005-2007 budgets. For FY 2004-2006, OST absorbed \$2.153 million in pay increases alone. This does not take into account the across-the-board rescissions for the same period which total \$6.897 million. This adds up to a total of \$21.15 million of effective reductions including actual program decreases, absorption of costs (unfunded) and monies rescinded for deficit reduction.

Executive Order 13423

Executive Order (E.O.) 13423 was established to ensure the Federal government reduces petroleum consumption through fleet efficiency and use of alternative fuel vehicles. This will help promote markets for alternative fuels, encourage new technologies, enhance U.S. energy self-sufficiency and security, and a healthier environment.

OST did not fall under the April 2000, E.O., because of the small size of its fleet of a few vehicles at the time. However, in FY 2005, the Office of Appraisal Services (OAS) with its 25 vehicles was moved to OST's budget from BIA. Also in FY 2005, OST hired and equipped Fiduciary Trust Officers (FTO's) with vehicles (48). OST currently has a vehicle fleet totaling 79 vehicles.

The E.O. set goals of 20 percent reduction in annual petroleum consumption over five years (or 4% annually). Because of the recent and sizeable additions to OST's fleet, FY 2006 will establish our base fuel consumption. Because of the recent leasing of vehicles for FTO's, their vehicles tend to be newer and already have good gas mileage. Vehicles which have between 80,000 and 100,000 miles are often turned back in to be replaced with newer more reliable models. When DOI-owned vehicles (OAS) and leased vehicles age and reach these mileage points, OST will request GSA and/or other leased vehicles be replaced with alternative fuel vehicles (hybrids and E-85). The goal is to have 20 percent of the fleet or 16 vehicles replaced in this fashion over the next five years (or 3 per year).

2008 Performance Summary

The Department and OST are committed to fulfilling their trust responsibilities to American Indians and Alaska Natives effectively and efficiently and to providing accurate and timely service to the beneficiaries of the trust. The Department and OST have interwoven strategic plans, to guide the design and implementation of the trust reform efforts. The CTM/FTM is the strategic plan that defines and describes the vision, goals, and objectives of trust reform and operating the trust program, and interrelates to the Department's Strategic Plan "Serving Communities" mission/goal.

The CTM goals align to the intermediate outcomes and strategies in the Department's Strategic Plan. There is an end outcome relationship between the Strategic Plan and CTM. All the goals and strategies fall under the Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities end outcome goal. The end outcome and intermediate outcome goals have associated performance measures to gauge progress.

Achieving the goals that are at the heart of the CTM will enhance: (1) beneficiary services, (2) ownership information, (3) land and natural resources assets, (4) trust fund assets, (5) Indian self-governance and self-determination, and (6) administrative services. The objectives set forth in the CTM define the overarching methods to achieve these goals. The CTM also considers the trends that influence trust management, the role of relevant stakeholders, and the interaction of the Department's bureaus and offices. Through examination of the "big picture" of fiduciary trust management, the Department creates a coordinated and integrated system in which all pieces function as a coherent whole.

Fulfill Indian Fiduciary Trust Responsibilities

Considerable effort and dollars are devoted to managing Indian fiduciary assets and reforming processes and improving performance. The Department works to ensure that technical and economic assistance is provided to the tribes, and that organizational and process changes are introduced to address longstanding issues. However, these problems will not be solved immediately and require the Department to work in partnership with tribes to ensure the effective and efficient management of trust responsibilities.

Progress in each of these areas significantly benefits the Department's efforts in the management of the fiduciary trust. With the implementation of the FTM, OST is developing additional performance measures indicative of work performed and results to be achieved.

To achieve the Secretary's Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities end outcome goal, OST ensures that account maintenance and financial transaction postings are performed accurately at least 98% of the time. OST has established a system of internal controls over transactions, including post-encoding reviews, to ensure that posted transactions are complete and accurate. Additionally, OST monitors processing times to provide assurance that transactions are posted within the targeted timeframes and continually evaluates and refines the system of internal controls. Performance metrics are established to identify opportunities for improvement in the efficiency of internal processing activities. OST's goal is to provide account "statements of performance," to beneficiaries with a valid address, on time, at least 99.5% of the time. Over 750,000 statements are expected to be printed and mailed during FY 2008.

OST's role and responsibilities encompass oversight of the above trust reform strategies, while actual program management is primarily for beneficiary services that are trusted, accurate and responsive and trust fund asset management that meets fiduciary standards. OST's role is primarily oversight, evaluation, and establishment of policies and procedures to ensure compliance with applicable laws and regulations which govern the Department's fiduciary trust responsibilities. A key component of the FY 2003 reorganization was the placement of Regional Trust Administrators (RTA) and Fiduciary Trust Officers (FTO) in field locations to provide oversight and guidance for adherence to laws and regulations that pertain to management of the trust and being an ombudsman to beneficiaries.

OST supports the Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities Strategic Plan end outcome through implementation of the following strategies in the CTM:

Beneficiary services that are trusted, accurate, and responsive: Routinely provide timely, accurate, understandable performance statements to beneficiaries; provide convenient access to trust account services and information; develop and maintain effective communications and facilitate beneficiary involvement in trust management; provide assistance to federally recognized tribes in the management of trust assets; and work to increase the number of tribes that participate in cooperative audit programs for mineral leases.

Tribal self-governance and self-determination that increase participation in managing assets: Foster expansion of self-governance compacts and self-determination contracts in a manner consistent with the Department's fiduciary responsibilities. As a continuing priority, the Office of External Affairs (OEA) dedicates the resources necessary to promote and support self-governance and self-determination opportunities for federally recognized tribes. OEA anticipates continuing to process 100% of the formal applications from tribes for the withdrawal of their trust funds in accordance with the Reform Act and within the regulatory timeframe. In FY 2008, OEA will continue to achieve its improved response rate to tribes seeking information on the management of OST programs through compacts and contracts. OEA also will continue to work proactively with tribes that may be interested in assuming OST functions or accessing Departmental IT systems to support their trust programs. OEA will continue to ensure that information is provided to the tribe in a timely manner so it can make an informed decision on its assumption of the program or to access the Department's IT systems.

Ownership information that is accurate, timely, and reliable: Distribute financial trust assets to heirs after OHA renders probate decisions; and ensure accuracy and integrity of data maintained in agency offices and trust accounting systems. In FY 2007, the BIA conversion to the TAAMS Leasing module will be complete allowing for the automatic distribution of trust funds to beneficiary accounts based on land title ownership information maintained in the TAAMS Title module. This will mark the completion of a large part of the DQ&I project. Moving forward, Trust Accountability will be conducting DQ&I on a sampling basis and continue to provide on-site support to Land Title Records Offices and BIA to address any remaining post conversion data issues as funding allows.

Trust fund assets management that meets fiduciary standards: Manage and invest funds held in accounts on behalf of individual Indians and tribes; collect, disburse, and account for funds timely and accurately. Trust Services continues to maintain a high rate of collections for oil and gas revenue recorded in TFAS within 24 hours of notification. The FY 2008 goal is for 99% of funds to be recorded in TFAS within 24 hours of notification.

Land and natural resources management that maximize return: Obtain appraisal information, as needed on trust and restricted lands for tribal and individual Indian owners; and oversee implementation of the Indian Land Consolidation program to reduce the number of fractionated interests in land. Determining the fair market value of trust assets is important for effective management of land and natural resources. Ensuring the availability of appraisal information to BIA officials and beneficiaries is critical for their decision making on leasing activities on trust lands. The appraisal services goal is to provide a valuation report 97% of the time within requester business requirements.

In FY 2007, the Office of Appraisal Services (OAS) will launch the Indian Trust Appraisal Request System (ITARS), a standardized electronic tracking system for appraisal requests that will enable regional appraisers to better manage their workloads and OAS management to better record both the direct and indirect costs associated with performing appraisal work.

OAS management has conducted a series of in-depth analysis of workload and workforce management throughout the program and has implemented some procedural changes based on its findings. As a result of these actions, the OAS backlog was reduced by 75 percent in FY 2006.

The Office of Minerals Evaluation (OME) has been created and is now performing mineral appraisals in support of Indian Land Consolidation Program (ILCP). In FY 2008, the OME will be funded through a Reimbursable Support Agreement with the Bureau of Indian Affairs.

All Regional Appraisers within OAS have obtained a designation from an organization which is endorsed by the Appraisal Institute, and have been meeting annual continuing education requirements. New requirements for staff appraisers include obtaining a state certification and annual continuing education requirements. The OAS has created a training curriculum in association with DOI University to enable all appraisers to easily meet their continuing education requirements.

Office of External Affairs

Self-Governance/Self-Determination: Percent of formal applications for the withdrawal of tribal trust funds processed within the regulatory timeframe. The American Indian Trust Fund Management Reform Act of 1994 authorizes tribes to withdraw certain funds held in trust from federal management. To withdraw its funds, a tribe must submit an application that includes certain data and information about how the tribe intends to manage those funds once withdrawn. Regulations in 25 CFR 1200 describe the application process and the information that must be provided to OST for an application to be considered and approved. OEA coordinates OST's activities relating to the development and approval of these requests.

An application from a tribe to withdraw its trust funds requires a significant amount of technical information and effort to complete. On average, OEA receives between 2 and 4 applications, or requests for information and technical assistance, each year. To encourage additional applicants, OEA developed a brochure for tribes that explains the process for the withdrawal of their funds and continues to provide information regarding this option at meetings with tribal organizations.

As requested, OEA assists tribes seeking technical assistance during the development of an application. When an application is submitted, OEA generally uses existing staff resources to coordinate its review. After OEA and appropriate OST staff determines that the application is complete, the regulations provide that OST has 90-days to consider the request. If OEA and the review team needs clarification from the tribe on information in its application during that time, the 90 day timeframe is tolled until the requested information is provided. At that time, the timeframe resumes. Because the regulations allow time for additional information to be received during the review process, OST can provide a final approval to each tribe on its application within the regulatory timeframe. In FY 2008, OEA anticipates that it will continue to meet this regulatory requirement 100% of the time.

Because OST responds to external drivers for the performance of this activity (tribes must submit an application or request to trigger action), it is difficult to determine a regular cost per unit. However, based on activity-based costing measurements, OEA can identify trends in the time and staff costs required throughout OST to evaluate an application and draw conclusions after more data has been gathered. In FY 2006, OEA entertained inquiries from tribes about the withdrawal process, but did not receive any complete applications to review. Therefore, OEA can only draw conclusions from FY 2005 data on the cost per tribal inquiry. To date in FY 2007, OEA is providing technical assistance to 3 tribes that are interested in developing an application and expects more cost data to be available based on this information.

OST primarily is responsible for assisting tribes with the performance of two programs – the real estate appraisals program and the beneficiary processes program (IIM account technician activities) – that are available for tribal assumption through self-determination contracts or self-governance compacts. In FY 2008, OEA also will assist tribes that are seeking access to the Department's TrustNet.

Federal regulations govern the process for tribes seeking to assume federal programs for the first time, and include timelines for the government to act on new tribal inquiries and proposals. OEA also includes the responses it makes to tribes in the course of transmitting funding (and includes the funds transferred to tribes for the beneficiary processes program as part of the cost for this activity) in support of contracts and compacts when measuring the cost for its overall responsiveness to tribal questions and concerns.

The addition of needed staff resources in FY 2007 has allowed for the improved response time to respond to and track tribal inquiries. OEA estimates that it will continue to respond to 90% of these inquiries within the required timeframe in FY 2008.

Technical Assistance: *Percent of technical assistance requests for tribal management of trust assets met in timeframe required.* OEA works closely with tribes to meet their requests for technical assistance for tribal management of OST programs. Requests for technical assistance are not restricted to new tribes working to assume OST programs, but occur year-round when a tribe requires additional information or expertise for the administration of its program. OEA responds to 100% of the written and verbal tribal requests for technical assistance, and works with the tribe to determine the timeframe and scope of the assistance to be provided. OEA coordinates with OST staff at agency offices to discuss program goals and performance with tribes, schedule conference calls with responsible officials, conduct research, calculate tribal share information, and take other appropriate action to ensure that assistance is provided to tribes managing or considering the management of trust programs.

This is another OST activity that is triggered by a tribe's initiative, and is funded through personnel costs. Because it is difficult to project the level of resources required to provide technical assistance, particularly as a per unit cost, OEA is working to more clearly define measures to capture the range of activities associated with the self-governance and self-determination program.

Office of Trust Review and Audit

Records Management – *Percent of BIA/OST regional/agency offices reviewed to identify improvements needed in their Records Management Programs.*

The Office of Trust Review and Audit (OTRA) performed, on average, full record management assessments for 45 of 180 BIA/OST regional and agency offices. Beginning in FY 2008, the total number of assessments is expected to increase to 54 of the offices. As a result of completing reviews of all offices, some of the future reviews will be summary in nature instead of full reviews, with the emphasis being on those offices that first appeared to have the most exceptions.

Trust Examinations – Number of trust examinations performed for internal and external entities performing trust functions.

OTRA expects to perform trust examinations for 38 of the approximately 187 BIA/OST locations where trust functions are performed in fiscal year 2008. Thirty-eight exams in 2008 will complete the initial examination for all 187 locations. In addition, OTRA expects to expand examinations to include other Departmental agencies performing trust functions. The long term goal of OTRA is to be performing at least 56 exams a year. These examinations will consist of summary reviews in addition to full reviews when necessary.

Correction Action Plans – Number of corrective action plans (CAP) received from entities performing trust functions to address identified deficiencies.

OTRA is working closely with the entities examined to ensure that findings in the examination reports are being timely addressed. This is being done in two steps. The first step is to request a management response to the draft report including corrective actions planned or taken to address findings and target dates for completion of any actions. For those entities that do not comment, follow-up telephone calls and/or other communications are initiated to obtain a response before issuance of the final report. During fiscal year 2008, OTRA hopes to raise the number of management responses received from entities that have had an examination to 80 percent, which is a 5 percent increase from FY 2007. OTRA has a long term goal of obtaining a 90 percent response rate on the exams performed.

Verifications of Corrective Action Plans – Number of verification reviews conducted to monitor progress of corrective actions.

OTRA performs follow-ups on corrective action plans received from examined entities to ensure that findings in the final report are being addressed as identified in the management response to the draft report. The fiscal year 2008 goal is 100 percent of all corrective action plans received are verified either through letter correspondence and/or follow-up visits. OTRA does not begin the verification process until at least six months after the final report is issued or according to identified target dates to allow the entity sufficient time to put the corrective actions in place.

Office of Trust Accountability:

In FY 2008, Trust Accountability expects to achieve a major milestone in the implementation of the FTM enabling Interior to attain significant accomplishments in Trust Management Reform. FY 2008 includes the stabilization and post conversion clean-up of the Bureau of Indian Affairs (BIA) legacy leasing systems to the TAAMS leasing module that interfaces with the TFAS and is integrated with the TAAMS Title module. This conversion will result in a single repository of ownership for Indian Trust land data. This implementation includes processes that have been significantly reengineered. Additionally, trust data will be corrected and/or validated within these systems marking the near completion of several data cleanup projects.

Implementing the FTM directly relates to our Risk Management Program performance measures. Our trust reform efforts are grounded in a risk-based approach. The Risk Management Program has been steadily moving from a reactive approach of trying to achieve an acceptable level of risk to a proactive approach that maintains the appropriate risk level. The implementation of a more risk-based management focus is inherent in our work breakdown structures and our program management and project planning. As we continue implementation, more OST programs related to the trust reform initiatives are conducting risk assessments to ensure they are mitigating their risks and moving towards the appropriate level of risk once the programs move to an operational and maintenance mode. OST intends to strengthen its risk management program by: increasing the frequency of the self-assessment review cycles; improving OST staff expertise based on the offering of risk management training; enhancing the existing risk management tool (RM-PLUS) based on the recommendations of an OST user group; and aligning RM-PLUS with regulatory and legislative requirements for all divisions, in particular, OMB Circular A-123.

The increase in review cycles will create a stronger emphasis on risk-based management approaches; stabilizing the program and information technology, which should lead to an increase in the number of DOI bureaus using the risk management tool (RM-PLUS), thereby increasing our ability to identify and mitigate risks in other DOI business lines and the tribes.

From a cost perspective, Trust Accountability does not directly link nor limit a budget line item for the Risk Management Program to the performance measure but ABC/M cost codes are utilized to track the expenditures. In addition, there is subjectivity in the Risk Management Program performance measure that addresses self-governance and self-determination. Trust Accountability can only offer the program and tools to the tribes. Due to the government to government relationship, it is not a mandatory implementation. Since we have only had informational interest in the program from the tribes thus far, there are no program costs directly related to this measure. When OST implements the program with a tribe, benchmark performance measures and associated costs will be defined.

The methodologies used for costing OST's programs, which incorporates the achievement of our performance measures, is based on the summing of all costs expended associated with a particular ABC/M code; projecting contractual obligations, as well as the estimated salaries of program staff and the President's budget request.

Risk Management – ABC/M 59BQ (Trust Fund Accountability and Self-Governance and Self-Determination performance measures)

Office of Field Operations:

Responsiveness

Trust-related inquiries are received at all OST field office locations nationwide, Trust Beneficiary Call Center (TBCC) as well as at Central Office – Albuquerque, New Mexico. The vast majority of the inquiries are received via telephone while many others are received through telefax, mail and walk-ins. Regardless of location or manner in which received, each inquiry is required to be captured in the TBCC “Service Center” tracking system.

Field Operations' responsiveness performance target for FY 2007 is set at 90%. This level of performance is not expected to change from FY 2007 to FY 2008, as reflected in the table below.

Responsiveness is defined as providing an acknowledgment of a beneficiary inquiry and/or a resolution, within two business days. An acknowledgment response involves providing a verification of the information being sought, any issues and considerations that may affect their inquiry, and a time estimate for providing a complete response.

The measurement methodology consists of dividing the number of trust inquiries that are provided a response within two business days by the total number of trust inquiries received. This percentage measure is reported each calendar quarter.

The complexities of new trust reform initiatives such as the American Indian Probate Reform Act of 2004 including the Indian Land Consolidation Act amendments, TAAMS leasing conversion, and lockbox income collection issues have required increasingly more time providing information and responses to trust related inquiries. For example, some inquiries require that OST staff obtain information from other agencies in the Department of the Interior which often is not provided within two business days. The FY 2008 target is therefore to be maintained at 90 percent.

Ownership Information

For FY 2008, the measure rate at which Whereabouts Unknown (WAU) accounts are resolved is expected to be 25 percent. Due to implementation of the FTM TAAMS conversion, IIM accounts are created for non-income producing asset owners in order to generate asset statements in order to comply with *The American Indian Trust Fund Management Reform Act of 1994*. Many of these owners do not have current addresses on file. As a result, the total number of WAUs is anticipated to increase. After the FTM conversion has been completed the size of the WAU population is expected to stabilize.

The measure rate is calculated by the number of WAU accounts "resolved" during the reporting period (i.e., for which a current valid address has been obtained) divided by the total number of WAU accounts at the beginning of the measurement year.

Office of Appraisal Services:

The Office of Appraisal Services (OAS) provides impartial opinions of fair market value for a variety of specific real property interests on land owned in trust or restricted status. While performing these duties during FY 2008 it is anticipated that OAS will expend \$1,168,000 performing evaluations of sub-surface mineral interests on land associated with the Indian Land Consolidation Program (ILCP). Starting in FY 2008 the OAS will enter into a Reimbursable Support Agreement with the BIA to be fully reimbursed for performing these activities.

The OAS records the costs of performing its work through Activity-Based Cost Management (ABC/M). Approximately 56 percent of the FY 2005 budget was charged directly to appraisal work – conducting appraisals, conducting appraisal reviews, and providing real property consultation. The remainder of the OAS costing was charged to activities in support of the appraisal function, and training. A significant portion of the FY 2006 budget expenditures for direct appraisal activity were spent on contracted appraisal services. The appraisal review function is an inherently Federal function and is performed strictly by OAS employees. The increased use of contractors to perform the initial appraisal work, contributed to a 75 percent reduction in appraisal backlog from FY 2005 to FY 2006.

OAS currently uses a combination of ABC/M data elements and budget object class reporting to determine the costs of achieving performance measures. OAS is a new organization, created in FY 2005, and analysis of the historical activities of the program under OST and BIA commenced throughout most of FY 2005 and FY 2006. The development of ITARS is a result of in-depth analysis of the OAS workflow and staffing levels, and will enable the OAS management to more accurately track and project costs and achieve performance goals.

OAS relies on historical source data from financial reports generated through FFS, analyzed by budget object class, along with ABC/M reporting, for budget formulation. Mid-year budget projections are also developed through the use of these reports. Beginning with the FY 2007 mid-year budget review, data collected through the ITARS system will also be used.

OAS is focusing on improved processes for workflow and workforce management. These improvements will result in increased productivity and lower cost per appraisal in FY 2007 and FY 2008. In addition, OAS will encourage the use of historical data contained in existing databases as a way to reduce the number of field visits, and reduce indirect costs associated with appraisal work.

Office of Trust Services:

The planned FY 2008 total costs for Trust Services will be \$10,553,000. No program changes are being proposed. This sustained level of funding is not expected to impact Trust Services' performance measures. The increased cost of performing each of Trust Services' outcome measures will be offset by the savings realized by the completion of the decentralization of certain data entry functions, streamlining of certain manually intensive processes, automation improvements, decreased reliance on contract services, and decreased encoding requirements anticipated in the conversion to the TAAMS. Costs have been allocated to the following Trust Services' measures:

- Percent of financial information accurately processed in Trust beneficiary accounts. The unit cost of a transaction is derived by dividing the total cost of processing transactions by the number of transactions for the year (denominator). Increases in the total cost of processing reflect a 3 percent cost of living adjustment from year to year. The increases in the total number of transactions per year (denominator) are estimated based on data from previous years.
- Percent timeliness of financial account information provided to trust beneficiaries. The unit cost of providing timely financial account information to trust beneficiaries is arrived at by dividing the cost of printing and mailing the account statements by the number of statements mailed per year. In FY 2006 the cost of printing and mailing statements was the cost of the printing contract with AdSac for six months worth of service. For the remainder of FY 2006 and forward, the cost is the in-house cost of providing these services. The increase in the denominator for each year is an estimate based on the increase from 2005 to 2006 and may fluctuate based upon the conversion to TAAMS (i.e. increasing the number of beneficiaries eligible for statements).
- Percent of revenue recorded in the TFAS within 24 hours of receipt. The unit cost for recording revenue in the TFAS consists of the portion of the employee's time devoted to this duty divided by 250 business days on which this function is performed. The increases in the total amount of revenue recorded per year (denominator) are estimated based upon the availability of data from 2006 and forward.

Indian Land Consolidation:

The FY 2008 request of \$10,000,000 provides for acquisition of approximately 4,135 small fractionated interests prior to proposed changes in associated costs. This level of funding will maintain the acquisition program at the current reservations but will not provide for expansion to other reservations.

The FY 2008 program changes affects important performance measures and outputs. Additional annual costs for the Office of Minerals Evaluation (OME) from the ILCP budget will be approximately \$1.168 million. The focus of ILCP in FY 2008 will be to acquire interests in the most highly fractionated tract (tracts having 200 or more interests), obtaining tribal majority or 100% ownership. This focus may decrease the average cost per interest thereby allowing more interests to be acquired for less funding.

The American Indian Probate Reform Act should allow the program more opportunities to acquire targeted interests at probate. By FY 2008, both the Office of Appraisal Services and the OME should have established updated or new values in order for the program to acquire interests in targeted tracts and *Youpee* interests. The opportunity for the program to acquire interests should grow over time with the full implementation of TAAMS and completion of LTRO backlogs.

Associated variable costs, or costs not directly attributable to the acquisition of fractionated interests, decreases the amount of funds available for acquisition, and thereby affects output. Associated program costs in FY 2006 and FY 2007 are estimated at \$1,423,800. Associated costs decrease to a net amount of \$1,250,000 in FY 2008. LCTS will need to be maintained through FY 2008 until it is replaced by TAAMS. The program will continue to fund LTRO activities.

Data Verification and Validation

The OST data verification and validation (V&V) procedures utilize a three prong approach using the '*Data Validation and Verification Assessment Matrix*' guidance issued by the Assistant Secretary for Policy, Management and Budget on January 16, 2003. The approach includes: (1) a self-assessment by program managers conducted periodically for all performance measures utilizing the Risk Management Assessment/Evaluation tool (RM-Plus), (2) periodic rating coordinated by the Office of Trust Review and Audit, and (3) audits by the Office of the Inspector General, Government Accountability Office and independent certified public accounting firms.

Primary responsibility for data quality resides with the designated senior manager for the performance measure. The responsible manager has designated a program official as the data point of contact. The data point of contact is responsible for the collection of data, reporting of data, and conducting an annual assessment based upon Department's Data V&V assessment guidance. The senior manager has ultimate responsibility for data quality, the quarterly performance reports are certified as per the DOI Data V&V Assessment Matrix and an annual certification is submitted.

Data for measuring program accomplishments comes primarily from TFAS – a commercial trust application, the Status Reports to the Court, and work logs maintained by offices.

2008 Budget Request by Interior Mission Area*(Dollars in Thousands)*

Mission Area	2006 Enacted	2007 CR	2008 Request	2008 Request Change From 2007
Resource Projection				
Resource Use				
Recreation				
Serving Communities	222,780	244,485	196,158	-48,327
Total	222,780	244,485	196,158	-48,327
Impact of the CR		-63,702		
Adjusted Total	222,780	180,783	196,158	-48,327

President's Management Agenda – Management Excellence

OST supports the President's Management Agenda by improving government performance towards fulfilling the Nation's trust and other special responsibilities to American Indians and Alaska Natives. OST is involved in the five mutually reinforcing initiatives, each addressing a key element in management performance with a significant opportunity for improvement by promoting better integration of budget and performance, incorporating the workforce plan to ensure a skilled workforce in the future, proper accounting for financial resources, competitive sourcing of non-inherently federal functions and securing greater services at lower cost through electronic government (E-Government).

OST has made significant progress implementing the Department's various information technology initiatives. For its wide-area network, OST relies on Trust Net. Trust Net provides services shared by both OST and BIA. OST worked with the Department to implement active directory and messaging. OST has installed card readers in its facility and obtained replacement security cards to make the system fully operational upon the Department's finalization of policy/procedures for Homeland Security Presidential Directive (HSPD12).

Budget Performance Integration

In preparing the FY 2008 budget submission, OST personnel worked closely to link resource requests to the Department's Strategic Plan end outcome goals. The Department's performance data is integrated with detailed program budget requests and established targets for FY 2008. The current suite of performance measures were developed as part of the Department's Strategic Plan revision in alignment with the CTM. The measures went into effect in FY 2004, the first year covered by the FY 2003 – FY 2008 Strategic Plan. As performance information was gathered in FY 2004 through FY 2007 and continues in FY 2008, OST will be better able to factor this data into future budgetary decisions. The FY 2008 funding request levels are based upon management knowledge of programs, costing data from activities and a detailed analysis of existing conditions and operations. This data analysis was used to realign funds as demonstrated in the base budget analysis.

During FY 2008, OST will continue to implement and improve an Activity-Based Cost Management (ABC/M) system that is closely integrated with the Department's ABC/M system. Implementation and improvement of ABC/M provides managers with cost information to assist in determining effective performance goals, and an indication of how best to effectively deliver products and services to beneficiaries. This information is invaluable in the development of future budget requests and increasing efficiency of operations.

Strategic Management of Human Capital

The OST workforce planning group developed the OST Workforce Plan, a road map for integrating human capital initiatives with program goals and objectives. The OST Workforce Plan was guided by the Department's Strategic Human Capital Management Plan for FY 2003-2007, the CTM, and by the staff of the Assistant Secretary for Policy, Management and Budget (PMB). As part of the overall Department initiative to respond to cross-cutting workforce

initiatives, the plan captures the analysis of workforce supply, demand, gaps based on historical trends, future projections, expected work demands and reflects the goals and objectives in the CTM to increase critical skills to carry out the mission in support of the Department's Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities end outcome goal.

The Workforce Plan is a tool for identifying human capital needs, developing and implementing solutions, evaluating progress and determining the need for revised or new strategies. The plan is updated annually and used in conjunction with the performance plan to ensure that OST is strategically managing its human capital to meet its mission, vision, and goals.

Improved Financial Performance

The American Indian Trust Fund Management Reform Act of 1994 requires “an annual audit on a fiscal year basis of all funds held in trust by the United States for the benefit of an Indian tribe or an individual Indian....” The most recent audit of the Indian Trust Funds was completed in FY 2006 by an independent certified public accounting firm. KPMG's audit report on the Trust Funds Financial Statements were qualified because it was not practicable to extend auditing procedures sufficiently to satisfy the fairness of trust fund balances in the Trust Funds Financial Statements as of September 30, 2006 and 2005. This is due to certain parties for whom OST holds assets in trust having filed a class action lawsuit for an accounting of the individuals' trust funds which may or may not lead to claims against the United States Government and other parties for whom OST holds assets in trust disagreeing with the balances recorded by OST and/or having requested an accounting of their trust funds, and certain of these parties have filed, or are expected to file, claims against the United States Government. There are also inadequacies in certain Department of the Interior trust-related systems and processes, which provide required trust financial information to OST. Trust fund balances enter into the determination of financial position and changes in trust fund balances. KPMG reports also state that the Trust Funds Financial Statements are prepared in accordance with a basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. The results of KPMG's tests of compliance with certain provisions of laws, regulations, and contracts disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, issued by the Comptroller General of the United States. While the audit opinion was qualified, no new material weaknesses were cited by the auditor. OST continues to make progress in addressing the long-standing historical material weakness: Reliance on Processing of Trust Transactions at the Bureau of Indian Affairs and Unresolved Financial Reporting Matters from Prior Periods. The corrective action plan for this financial statement material weakness has been revised to reflect updated milestones and completion dates.

The Department of the Interior instituted a reporting practice in FY 2006, consistent with the December 2004 revision of OMB Circular A-123 and OMB Circular A-136, to report only Department-level Financial Managers' Financial Integrity Act (FMFIA) material weaknesses. Acknowledging the number of actions that have been taken to significantly improve internal control activities and systems for Indian Trust Funds, the Department downgraded the “Controls over the Indian Trust Funds” FMFIA material weakness to a reportable condition in the FY 2006 Performance and Accountability Report. The Department believes that based on results of

extensive internal controls testing, there is a high degree of accuracy in the Trust Fund account balances, the accounting and asset management resource systems are reliable, and monies are being properly and timely accounted for.

OST completed the implementation of a centralized lockbox process that was initiated in FY 2005. Under this financial industry best practice, companies or individuals who remit payments for the use of Indian Trust resources, forward payments to a designated United States Post Office in Arizona, instead of to various agencies and offices throughout the country. Upon receipt, payments are deposited to Treasury the same day; payments are then processed and recorded in TFAS. As a result of the new lockbox system, trust payments and disbursements are faster, safer, and more efficient.

OST is distributing expanded account statements of performance to account holders at BIA agencies that have implemented new technology systems for title and leasing information. Beneficiaries serviced by the agencies that have converted to the TAAMS leasing module are receiving quarterly performance statements that provide information regarding source of funds, encumbrance information (i.e., leases), and a listing of trust property they have a beneficial or title interest in whether or not it is an income generating property.

In response to the expanded requirements of Circular A-123, OST has completed the following actions:

- Identified Significant Financial Reports to be addressed in accordance with OMB Circular A-123. A management control plan, a testing work plan, and the sample selection were also drafted.
- Reviewed Risk Management Assessment/evaluation tool (RM-PLUS) content to ensure compliance with expanded requirements for documentation, monitoring, and reporting.
- Commenced periodic testing.
- Worked collaboratively with the Department to update the Internal Control and Audit Follow-up Handbook to include Indian Trust Funds guidance.

Competitive Sourcing

While not conducting specific A-76 studies, OST continues to contract work where it is identified to be more cost effective to have the work performed by an external source rather than federal personnel. Much of the organization's administrative functions (i.e., personnel, finance, acquisition, etc.) are performed by contract with other federal organizations. In FY 2006, OST sent selected employees to A-76 training. OST is utilizing these employees to identify areas which may merit formal A-76 studies; thus allowing OST to explore opportunities for further contracting of non-inherently federal work.

In addition, during FY 2007, OST will maintain self-governance and self-determination contract and compact agreements with some 40 tribes for the real estate appraisal and beneficiary

processes programs. Those contracts and compacts are expected to be continued through FY 2008. OST will continue to work with tribes that express an interest in contracting or compacting the work OST performs.

Electronic Government

OST's implementation of information technology solutions to provide products and services has been limited due to the court ordered disconnection from the Internet. Despite this limitation, OST has sought to use technology internally to improve operating efficiency and effectiveness. A Trust Portal for all DOI agencies performing Trust business was developed. With the implementation of Active Directory in FY 2007, all of the "trust" offices/bureaus were able to access the portal. The portal provides access to electronic staff/phone directories, a wide range of departmental manuals, directives, policies, procedures, IT requests, trust funds receivable application including images received from the lockbox, electronic forms and standardized queries that seek information from the various trust applications such as TFAS.

Bureau budget requests for information technology investments are included in the Department-wide Exhibit 53, which has been submitted electronically to OMB consistent with OMB Circular A-11 requirements. Capital Asset Plan and Business Case Exhibit 300s supporting the bureau's major investments are also electronically transmitted to OMB.

OST contributes \$33,200 to support the President's E-Government initiatives. This amount is paid into the Department's Working Capital Fund Account, and costs are distributed based upon relative benefits received by each bureau. The Departmental Management budget justification includes amounts for each initiative and describes the benefits received from each E-Government activity.

Capital Asset Justifications for the bureau's major IT investments can be viewed at <http://www.doi.gov/ocio/cp/index.html>.

The Department is embracing a Department-wide enterprise approach to managing information technology. A significant number of investments in information technology that benefit OST are described in the Department's summary FY 2008 budget. OST has one major IT investment, the Trust Funds Accounting System (TFAS). TFAS supports the Department's mission of Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities by providing a Commercial-Off-The-Shelf (COTS) trust accounting system that incorporates private sector system standards. OST supports the Strategy to "Manage Trust Fund Assets for Timely and Productive Use" to ensure that 99.5% of beneficiaries who have valid addresses on TFAS receive a timely statement of performance which will include a listing of the real property assets associated with the beneficiary. TFAS is currently being used to account for approximately \$3.3 billion in trust funds in approximately 323,000 open IIM accounts and approximately 1,450 tribal accounts.

The Department requires that bureaus conduct Certification and Accreditation (C&A) on their IT systems using a risk-based approach on its most critical systems. OST's TFAS was re-certified on March 28, 2005 and re-accredited on March 29, 2005 in accordance with the Department's

C&A guidelines. The remaining OST major system, the General Support Systems (GSS), was C&A'd in June 2004 and was re-accredited in FY 2007.

Unified Trust Budget

The Department has responsibility for the largest land trust in the world. The Indian trust encompasses approximately 56 million acres of land. Over ten million acres belong to individual Indians and nearly 45 million acres are held in trust for Indian Tribes. Leasing, use permits, sales revenues, and interest of approximately \$302 million per year are collected for 300,000 open individual Indian money accounts, and about \$518 million per year is collected for 1,450 tribal accounts. In addition, the trust manages approximately \$2.9 billion in tribal funds and \$400 million in individual Indian funds. Key trust reform efforts that are cornerstones to providing services to beneficiaries, historical accounting and land consolidation efforts are: modernizing the trust business process; bringing probate data current; maintaining accurate title data; and establishing a viable trained trust organization that is beneficiary centered, and utilizing modern fiduciary trust business practices.

Unified Trust Budget – BIA Programs

In addition to the funding requested in the OST budget, Unified Trust funding included in the BIA budget is integral to trust reform and the management of trust assets. The BIA budget proposes a net increase of \$2.2 million to continue trust reform initiatives.

The FY 2008 request includes reductions of -\$1.0 million to Forestry Projects, -\$2.0 million to Real Estate Services Projects (Cadastral Surveys), and -\$1.0 million to Environmental Quality Projects. Reduced funding levels for these programs are proposed in order to ensure a number of core responsibilities to American Indians are met within a constrained budgetary environment. The reduction in Forestry funding is expected to decrease timber sales by approximately 30 million board-feet (or 5 percent) from the FY 2007 level. The reduced funding level for Cadastral Surveys is expected to yield approximately 34 (or 21 percent) fewer surveys than in FY 2007. For Environmental Quality Projects, the reduction will eliminate funding for the lowest priority projects planned for FY 2008 based on potential or actual environmental risk.

The FY 2008 budget includes an increase of \$300,000 to provide three additional BIA field probate staff. While the Bureau is on target to complete the probate backlog in FY 2008, the new positions will be critical to satisfy the on-going demand for probate services projected for FY 2008 and beyond.

A reduction of -\$750,000 to Land Records Improvement is proposed due to rescheduling of the Departmental Land and Resource Management project. Funding will be utilized to support high priorities elsewhere in the Indian Affairs FY 2008 budget.

Unified Trust Budget – OST Programs

The FY 2008 request for OST addresses trust management reform, historical accounting and Indian land consolidation. The request also addresses the completion of certain trust reform tasks, increased self-determination and self-governance activity, use of the National Indian Program Training Center (NIPTC), litigation commitments, identified audit weaknesses, probate adjudication and Secretarial initiatives related to improving services to American Indians and Alaska Natives.

The FY 2008 budget request for OST totals \$196.2 million and reflects a net increase of \$15.4 million from the FY 2007 continuing resolution. The FY 2008 request for the Office of Historical Accounting (OHTA) is \$60 million, an increase of \$3.6 million over the FY 2007 President's budget. The ILCP request is \$10.0 million, a decrease of \$28.7 million from the FY 2007 continuing resolution.

The FY 2008 OST budget request program changes include a decrease of \$3.6 million for Trust Reform programs. The reduction is a result of efficiencies realized from trust reform initiatives, completion of certain tasks done under contract and spreading the costs of some tasks over a longer period of time. The FY 2008 request also includes a reduction in Appraisal Services of \$1.2 million for mineral valuations that will be charged to ILCO on a reimbursable basis.

The FY 2008 request includes \$2.4 million for Fixed Costs and Related Changes.

A base transfer of \$0.345 million from OST to BIA is related to electronic records function moving from the Office of Trust Records to the Information Technology function in BIA.

FY 2008 UNIFIED TRUST BUDGET						
(in thousands of dollars)						
	FY 2006 Enacted	FY 2007 PB	Fixed Costs and Transfers	Program Changes	Total Changes	FY 2008 PB
Beneficiary Services & Ownership Information						
BIA Trust Services General (TPA)	11,069	10,492	150	0	150	10,642
BIA Probate (TPA)	7,826	8,193	508	300	808	9,001
BIA Probate backlog	7,882	10,882	0	0	0	10,882
BIA Land Titles & Records	13,436	13,835	819	0	819	14,654
BIA General Program (TPA)	30,761	31,249	2,233	0	2,233	33,482
BIA Reservation Projects	9,817	16,398	84	-2,000	-1,916	14,482
BIA Real Estate Services	40,578	47,647	2,317	-2,000	317	47,964
BIA Land Records Improvement Central	5,882	14,777	3	-750	-747	14,030
BIA Land Records Improvement Regional	2,009	2,024	11	0	11	2,035
BIA Land Records Improvement	7,891	16,801	14	-750	-736	16,065
BIA General Program (TPA)	2,498	2,446	96	0	96	2,542
BIA Envir. Quality Projects	9,490	9,554	134	-1,000	-866	8,688
BIA Environmental Quality	11,988	12,000	230	-1,000	-770	11,230
BIA Central Office Real Estate Services	13,006	4,290	75	0	75	4,365
BIA Central Office Oversight Trust & Real Estate Serv.	13,006	4,290	75	0	75	4,365
BIA Regional Office Real Estate Services	11,362	12,001	-768	0	-768	11,233
BIA Regional Oversight Trust-Real Estate Serv.	11,362	12,001	-768	0	-768	11,233
BIA Trust-Real Estate Services Oversight	24,368	16,291	-693	0	-693	15,598
OST Indian Land Consolidation	34,006	59,449	0	-49,449	-49,449	10,000
OST TMPC- Probate Cleanup	10,535	10,537	-1,059	-1,100	-2,159	8,378
Total Beneficiary Services & Ownership Information	169,579	206,127	2,286	-53,999	-51,713	154,414
Land & Natural Resource Assets						
BIA Real Estate Appraisals (TPA)		0				
BIA Central Office Real Estate Appraisals		0				
BIA Natural Resources (TPA)	4,925	4,158	177	0	177	4,335
BIA Endangered Species	1,192	230	17	0	17	247
BIA Indian Integ. Res. Info Prog	1,250	1,250	0	0	0	1,250
BIA General Program (TPA)	22,236	22,566	798	0	798	23,364
BIA Noxious Weed Eradication	2,036	988	43	0	43	1,031
BIA Agriculture & Range	24,272	23,554	841	0	841	24,395
BIA General Program (TPA)	23,706	24,529	1,063	0	1,063	25,592
BIA Forestry Projects	18,431	18,565	248	-1,000	-752	17,813
BIA Forestry	42,137	43,094	1,311	-1,000	311	43,405
BIA Water Resources General Program (TPA)	4,066	4,136	106	0	106	4,242
BIA General Program (TPA)	4,738	4,914	66	0	66	4,980
BIA Fish Wildlife & Parks Projects	1,787	1,592	19	0	19	1,611
BIA Fish Wildlife & Parks	6,525	6,506	85	0	85	6,591
BIA General Program (TPA)	2,548	2,976	171	0	171	3,147
BIA Mineral & Mining Projects	5,631	7,038	4	0	4	7,042
BIA Mining & Minerals Oversight	0	1,450	39	0	39	1,489

FY 2008 UNIFIED TRUST BUDGET						
(in thousands of dollars)						
	FY 2006 Enacted	FY 2007 PB	Fixed Costs and Transfers	Program Changes	Total Changes	FY 2008 PB
BIA Mineral & Mining	8,179	11,464	175	0	175	10,189
BIA Central Office Oversight Resources Mgmt.	3,000	2,200	45	0	45	2,245
BIA Regional Oversight Resources Mgmt.	5,322	5,398	177	0	177	5,575
BIA Resources Mgmt. Program Oversight	8,322	7,598	222	0	222	7,820
Total Land & Natural Resource Assets	100,868	101,990	2,973	-1,000	1,973	103,963
Trust Fund Assets						
OST Trust Services	8,989	8,751	1,802	0	1,802	10,553
OST Field Operations	30,575	32,173	1,853	-1,168	685	32,858
Total Trust Fund Assets	39,563	40,924	3,655	-1,168	2,487	43,411
Administrative Services						
<i>DOI Trust Organization</i>						
OST Executive Direction	2,199	2,150	40	0	40	2,190
OST Budget Finance & Adm	12,316	12,409	719	143	862	13,271
OST External Affairs	536	747	520	0	520	1,267
OST Trust Review & Audit	5,465	5,207	69	0	69	5,276
OST Trust Accountability-Trust Regulations	1,542	1,561	-57	0	-57	1,504
OST Trust Accountability-TPMC Data Projects	8,643	8,655	-2,624	-2,000	-4,624	4,031
Total DOI Trust Organization	30,701	30,729	-1,333	-1,857	-3,190	27,539
<i>Historical Accounting</i>						
OHTA	56,354	56,353	0	3,647	3,647	60,000
<i>Historical Accounting</i>	56,354	56,353	0	3,647	3,647	60,000
<i>Human Resources</i>						
OST Trust Accountability-Training	4,506	3,115	1,014	0	1,014	4,129
<i>Human Resources</i>	4,506	3,115	1,014	0	1,014	4,129
<i>Information Technology</i>						
OST - CIO IT Services	21,164	20,349	94	0	94	20,443
BIA Information Technology	57,431	53,365	494	-155	339	53,704
Total Information Technology	78,595	73,714	588	-155	433	74,147
Business Practices						
OST TPMC- Re-Engineering	4,893	3,864	-97	-500	-597	3,267
OST TPMC- Risk Management	1,517	644	17	0	17	661
<i>Business Practices</i>	6,410	4,508	-80	-500	-580	3,928
<i>Records Management</i>						
OST CIO -Trust Records	19,541	18,521	154	-345	-191	18,330
<i>Records Management</i>	19,541	18,521	154	-345	-191	18,330
Total Administrative Services	196,107	186,941	343	790	1,133	188,074
Unified Budget	506,117	535,981	9,257	-55,377	-46,120	489,861

Numbers may not add due to rounding.

Unified Trust Summary	FY 2006 Enacted	FY 2007 PB	Fixed Costs and Transfers	Program Changes	Total Changes	FY 2008 PB
BIA - OIP Programs	283,337	291,496	6,812	-4,605	2,207	293,703
OST-Land Consolidation	34,006	59,449	0	-49,449	-49,449	10,000
OST Federal Trust Programs	188,774	185,036	2,445	-1,323	1,122	186,158
TOTAL	506,117	535,981	9,257	-55,377	-46,120	489,861

OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS GOALS PERFORMANCE TABLE – FY 2007 – 2012										
End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 Plan to 2008	Long-term Target 2012
SERVING COMMUNITIES MEASURES										
End Outcome Goal: Fulfill Indian Fiduciary Trust Responsibilities										
Beneficiary Services: Percent of financial information accurately processed in Trust beneficiary accounts. (SP)	A	18%	100%	98%	100%	98%	98%	98%	0	98%
<i>Total Actual /Projected Cost (\$000)</i>		N/A	\$3,952	\$4,071	\$4,071	\$4,193	\$4,193	\$4,319	+\$126 +3%	\$5,007
<i>Actual/Projected Cost per Transaction</i>		N/A	\$3.15	\$3.13	\$3.13	\$3.08	\$3.08	\$3.04	+3%	\$3.01
Beneficiary Services: Percent timeliness of financial account information provided to trust beneficiaries. (SP)	A	97%	99.1%	99.5%	100%	99.5%	99.5%	99.5%	0	99.5%
<i>Total Actual /Projected Cost (\$000)</i>		N/A	\$447	\$252	\$252	\$260	\$260	\$267	+\$8	\$310
<i>Actual/Projected Cost per Statement</i>		N/A	\$0.67	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	0	\$0.38
Trust Fund Accountability: Percent of risk mitigated on corrective action plans based on Federal Managers Financial Integrity Act control plans (SP) ¹	A	91%	97%	95%	100%	97%	97%	97%	0	100%
<i>Total Actual /Projected Cost (\$000)</i>		\$1,633	\$1,429	\$1,456	\$1,456	\$644	\$644	\$644	0	0
<i>Actual/Projected Cost per Corrective Action Plan (whole dollars)</i>		\$46,666	\$38,632	\$40,445	\$40,445	\$17,405	\$17,405	\$17,405	0	0
<i>Comments:</i> The target for 2006 was exceeded due to the continued emphasis on risk management through the implementation of new requirements of A-123 as well as the existing requirements of FMFIA and the completion of two reviews during 2006. Costs have decreased from FY 2006 due to increased focus on key internal controls as a result of OMB's Circular A123, Appendix A Trust effort. Contract support and staff mix may be modified which could impact cost projections.										

¹ The Risk Management program that supports this measure is currently being modified to incorporate the changes to A-123, as well as a re-scoping for OST and other DOI bureaus and the tribes.

OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS GOALS PERFORMANCE TABLE – FY 2007 – 2012										
End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 Plan to 2008	Long-term Target 2012
SERVING COMMUNITIES MEASURES										
Strategy 1: Ownership information that is accurate, timely, and reliable										
Ownership Information: Percent of Whereabouts Unknown accounts resolved. (SP) ²	A	51%	36%	20%	32.86%	20%	25%	25%	0	20%
Total Actual /Projected Cost (\$000)		\$1,421	\$1,658	\$1,309	\$1,309	\$1,639	\$1,639	\$1,639	0	\$1,639
Actual/Projected Cost per Account resolved		\$50.77	\$85.38	\$100.23	\$85.41	\$121.64	\$121.64	\$121.64	0	\$152.05
<i>Comments:</i> The downward trend from 32.86% to 25% is due to the fairly aggressive search methods and tools that OST has applied in recent years. As of 09/30/03, the number of WAU accounts was 67,716; at 09/30/04, the number was 54,760; and at 09/30/05, the number was 46,630. The projected cost per account resolved will increase from \$85.41 for FY 2006 to \$121.64 for FY 2007. The change is reflective of the budget amounts, allocated for the WAU project effort, now being consolidated or reported under one task — Percent of missing ownership information (accounts) recovered.										
Land Acquisitions: Number of fractionated interests acquired. (SP), (PART)	A	40,170 Interests; 41,775 acres	72,547 Interests; 114,529 acres	46,000 acquisitions 41,000 acres	77,577 Interests 160,049 acres	80,000 Interests 95,000 acres	37,800 Interests 57,900 acres	4,135 Interests 6,330 acres	-33,665 Interests -89% -51,570 acres -89%	4,135 Interests 6,330 acres
Total Actual /Projected Cost (\$000)		\$22,207	\$35,465	\$28,166	\$25,020	\$48,984	\$26,538	\$2,532	-\$24,006	\$2,532
Actual/Projected Cost per interest.		\$458	\$488	\$612	\$323	\$612	\$702	\$612	0	\$612
<i>Comments:</i> The implementation of program specific systems has allowed the Indian Land Consolidation Office to reduce administrative costs, thereby increasing the number of acquisitions. This greatly reduces the "cost per interest", "cost per acre", and "cost per IIM account". The cost per interest may change over time due to fluctuations in land and mineral values; however the increased efficiency in the ILCP should continue to keep administrative costs low until the maximum threshold of number of acquisitions is reached.										
Strategy 2: Land and natural resources management that obtains a reasonable return										
Ensure Timeliness of Mineral Revenue Payments to American Indians: Percent of revenue recorded in the Trust Financial Accounting System within 24 hours of receipt (SP)	A	99%	100%	98.5%	99.8%	98.5%	98.5%	99%	+0.5%	99%
Total Actual /Projected Cost (\$000)		N/A	\$4,334	\$4,464	\$4,464	\$4,598	\$4,598	\$4,736	+\$138 +3%	\$5,489
Actual/Projected Cost per Revenue Recorded.		N/A	\$17.34	\$17.86	\$17.86	\$18.39	\$18.39	\$18.39	+3%	\$21.95

² The Whereabouts Unknown program was transferred to Field Operations in May, 2006.

OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS GOALS PERFORMANCE TABLE – FY 2007 – 2012										
End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 Plan to 2008	Long-term Target 2012
SERVING COMMUNITIES MEASURES										
BUREAU MEASURES										
Self-Governance/Self-Determination: Percent of formal applications for the withdrawal of tribal trust funds processed within the regulatory timeframe. (BUR)	A	New Measure in 2005	100%	100%	0%	100%	100%	100%	0	100%
Total Actual /Projected Cost (\$000)		N/A	\$59	\$60	\$60	\$60	\$60	\$60	0	\$60
Actual/Projected Cost per Unit		N/A	\$30	\$20	N/A	\$20	\$20	\$20	0	\$20
<i>Comments:</i> Although no formal applications for the withdrawal of tribal trust funds were submitted in FY 2006, OEA staff worked with several tribes to provide informational and technical assistance on the process. This included significant time spent with tribal representatives and travel to make presentations. We are hopeful that the assistance provided during FY 2006 will result in formal applications submitted during FY 2007.										
Responsiveness: Responsiveness of OST to tribal and individual trust concerns and needs. (BUR)	A	79%	85%	85%	86.9%	90%	90%	90%	0	90%
<i>Comments:</i> The application of direct and indirect cost activities to this measure would not be efficient or cost-effective due to the varying numbers and types of (ABC/M) activities that would be required to be allocated to any one trust inquiry and its response. OST presently uses over one hundred ABC/M activity codes which include: 14 to Beneficiary Services, 30 to Business Processes; and 39 to Organization management.										
Records Management: Percent of BIA/OST regional/agency offices reviewed to identify improvements needed in their Records Management Programs. (BUR)	C	Establish Baseline 4%	28%	28%	34%	25%	25%	25%	0	30%
Total Actual /Projected Cost (\$000)		N/A	N/A	\$190	\$230	175	175	175	0	175
Actual/Projected Cost per Unit		N/A	N/A	\$3,800	\$3,766	\$3,700	\$3,700	\$3,700	0	\$3,700
<i>Comments:</i> The target was exceeded in 2006 due to a stronger emphasis on records enhancement and the effective use of budgetary resources.										
Appraisals: Percent of appraisal reports completed within requestor business requirements. (BUR)	A	94%	79%	95%	89%	96%	96%	96%	0	96%
Total Actual /Projected Cost (\$000)		UKN	\$6,017	\$5,430	\$5,495	\$5,495	\$5,495	\$5,495	0	\$5,495
Actual/Projected Cost Per unit		UKN	\$1,320 (est.)	\$609	\$609	\$617	\$617	\$613	-\$4	\$613
<i>Comments:</i> FY 2006 actuals were not met due to an increase in highly complex appraisal assignments which required additional time to complete. Unfilled vacancies in the Northwest, Eastern and Eastern Oklahoma Regions during the first half of FY 2006 also contributed to the decrease in production.										
Percent of responses to tribes within the required timeframe for management of eligible OST programs. (BUR)	A	Establish Baseline	80%	80%	100%	90%	90%	90%	0	90%
Total Actual /Projected Cost (\$000)		N/A	\$151	\$150	\$150	\$225	\$225	\$225	0	\$225
Actual/Projected Cost per Unit		N/A	\$2,360	\$2,360	\$2,240	\$3,220	\$3,220	\$3,220	0	\$3,220
<i>Comments:</i> In FY 2007, additional staff was hired to assist with the performance of OST's self-governance responsibilities. This resulted in an addition to the projected costs for the performance of this activity in FY 2007. Because the frequency of OEA staff performing this responsibility is driven by programmatic timeframes (for instance, renewal dates for self-governance and self-determination agreements) and tribal requests, the cost of responding to these requests is included in OEA personnel costs. The anticipated increase in tribal requests is expected to impact response times.										

End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 Plan to 2008	Long-term Target 2012
SERVING COMMUNITIES MEASURES										
BUREAU MEASURES										
Technical Assistance: Percent of technical assistance requests for tribal management of trust assets met in timeframe requested.(BUR)	A	100%	100%	100%	100%	100%	100%	100%	0	100%
Total Actual /Projected Cost (\$000)		N/A	\$186	\$186	\$186	\$186	\$186	\$186	0	\$186
Actual/Projected Cost per Unit		N/A	\$31	\$31	\$12	\$12	\$12	\$12	0	\$12
<i>Comments:</i> In FY 2005, OEA provided and coordinated the provision of technical assistance for 6 requests by tribes regarding the management of their assets. In FY 2006, OEA provided and coordinated the provision of technical assistance for 16 tribal requests. The frequency of OEA staff performing this responsibility is driven by tribal requests and the cost of responding to tribal requests is included in OEA personnel costs.										
Cooperative Programs: Percent of risk management / internal control programs cooperatively implemented by OST and Self-Governance and Self-Determination. (BUR) ³	A	N/A	90%	100%	100%	100%	100%	100%	0	100%

³The implementation of these programs is based on interest from the Tribes and we have had no interest generated since 2005. Please note that if OST coordinates and implements even one Tribe based on their interest in the program, the metric goal of 100% would be achieved. (This metric will be eliminated in 2008 since OST has no ability to control the level of interest).

End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 Plan to 2008	Long-term Target 2012
SERVING COMMUNITIES MEASURES										
ILCA: Reduce the number of open IIM accounts through acquisition. (IIM accounts eligible for closure) (PART)	A	Was not a measure in FY2004: Actual: 2,408	606	500	1,019	800	800	27	-773	27
<i>Total Actual /Projected Cost (\$000)</i>		\$22,207	\$35,465	\$28,166	\$25,020	\$48,984	\$26,538	\$2,532	-\$24,006	\$2,532
<i>Actual/Projected Cost per Unit</i>		\$26,853	\$58,523	\$56,332	\$24,553	\$61,230	\$33,173	\$49,333	+17,660	\$49,333
<i>Comments:</i> The reduction of open IIM accounts corresponds to the number of interests acquired dependent upon the tracts purchased.										
OTHER										
Judgment Accounts	A	13,321	16,919	16,500	15,541	16,423	9,000	7,591	-1,409	N/A
<i>Comments:</i> Completed in 2008.										
Per Capita Transactions	A	4,636	6,667	6,500	5,422	611	1,000	661	-339	N/A
<i>Comments:</i> Completed in 2008.										
SDA Dollars (\$000)	A	\$12,700	\$10,000	\$2,500	\$4,700	\$3,500	\$2,000	\$2,500	+\$500	\$2,500
<i>Total Actual /Projected Cost (\$000)</i>			\$14,000	\$6,500	\$6,500	\$7,000	\$4,000	\$4,000	0	\$4,000
<i>Actual/Projected Cost/Unit</i>			\$1.4	\$2.6	\$1.4	\$2	\$2	\$2	0	\$2

OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS GOALS PERFORMANCE TABLE – FY 2007 – 2012										
End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure	Type	2004 Actual	2005 Actual	2006 Plan	2006 Actual	2007 President's Budget	2007 Plan	2008 Plan	Change from 2007 Plan to 2008	Long-term Target 2012
SERVING COMMUNITIES MEASURES										
<u>IIM Transactions</u>	A	4,706	4,000	300	603	1,000	200	1,000	+800	0
<i>Total Actual /Projected Cost (\$000)</i>		N/A	\$18,275	\$1,809	\$1,809	\$700	\$700	\$3,750	+\$3,050	0
<i>Actual/Projected Cost per Unit</i>		N/A	\$4,569	\$6,030	\$3,000	\$700	\$3,500	\$3,750	+\$3,813	0
<u>Analysis and Resolution of Tribal Claims</u>	A	0	0	4	18	5	5	15	+10	11
<i>Total Actual /Projected Cost (\$000)</i>		N/A	N/A	\$10,000	\$10,000	\$10,000	\$17,400	\$20,000	+\$2,600	\$12,000
<i>Actual/Projected Cost per Unit</i>		N/A	N/A	\$2,500	\$555	\$2,000	\$3,480	\$1,333	-\$2,147	\$1,091

2008 Funding by Strategic Plan Goals

(Dollars in Thousands)

	Serving Communities					Total
	4.1	4.2	4.3	4.4	4.5	
Account/Budget Activity	Protect Lives and Property	Advance Knowledge through Scientific Leadership	Fulfill Trust Responsibilities	Advance Quality Communities for Tribes	Advance Quality Communities for Islands	
Federal Trust Programs	-	-	186,158	-	-	186,158
Indian Land Consolidation	-	-	10,000	-	-	10,000
Total OST	-	-	196,158	-	-	196,158

2008 Budget at a Glance
(Dollars in Thousands)

	FTE	2006 Enacted	2007 CR	Fixed Cost & Related Changes	Internal Transfers	Program Changes	2008 President's Budget
FEDERAL TRUST PROGRAMS							
EXECUTIVE DIRECTION							
Immediate Office of the Special Trustee	14	2,199	2,150	40			2,190
EXECUTIVE DIRECTION TOTAL	14	2,199	2,150	40	-	-	2,190
Impact of the CR - Executive Direction			[-407]			[+407]	
PROGRAM OPERATIONS AND SUPPORT							
PROGRAM OPERATIONS							
Information Technology							
Information Technology Services	33	21,164	20,349	94			20,443
Trust Records	54	19,540	18,521	154		-345	18,330
INFORMATION TECHNOLOGY TOTAL	87	40,704	38,870	248	-	-345	38,773
Budget, Finance & Administration	30	12,318	12,409	719		143	13,271
External Affairs	7	536	747	20	500		1,267
Trust Review & Audit	24	5,465	5,207	69			5,276
PROGRAM OPERATIONS TOTAL	148	59,023	57,233	1056	500	-202	58,587
TRUST ACCOUNTABILITY							
Trust Training	5	4,506	3,115	14	1,000		4,129
Trust Regulations, Policies, and Procedures	9	1,542	1,561	26	-83		1,504
TPMC							
Risk Management	7	1,517	644	17			661
Reengineering	11	4,893	3,864	31	-128	-500	3,267
Probate Clean Up	0	10,535	10,537	3	-1,062	-1,100	8,378
Special Projects - SDA's	2	3,272	3,278	6	-1,639	-500	1,145
Data Quality and Integrity	3	5,371	5,377	9	-1,000	-1,500	2,886
TPMC Total	23	25,588	23,700	66	-3,829	-3,600	16,337
TRUST ACCOUNTABILITY TOTAL	37	31,636	28,376	106	-2,912	-3,600	21,970
FIELD OPERATIONS							
Field Operations	251	20,877	22,361	717	956		24,034
Appraisal Services	63	9,697	9,812	180		-1,168	8,824
FIELD OPERATIONS TOTAL	314	30,574	32,173	897	956	-1,168	32,858
TRUST SERVICES	121	8,989	8,751	346	1,456	-	10,553
HISTORICAL ACCOUNTING	-	56,353	56,353	-	-	3,647	60,000
PROGRAM OPERATIONS AND SUPPORT	620	186,575	182,886	2,405	-	-1,323	183,968
Impact of the CR - Program Operations and Support			[-34,593]			[+34,593]	
SUBTOTAL FEDERAL TRUST PROGRAMS	634	188,774	185,036	2,445	-	-1,323	186,158
Impact of the CR			-35,000			35,000	
Total, Federal Trust Programs			150,036	2,445		33,677	186,158
SUBTOTAL INDIAN LAND CONSOLIDATION	-	34,006	59,449		-	-49,449	10,000
Impact of the CR			-28,702			28,702	
Total , Indian Land Consolidation			30,747			-20,747	10,000
TOTAL OST	634	222,780	180,783	2,445	-	12,930	196,158

Summary of Program Changes

(Dollars in Thousands)

Request Component	(\$000)	FTE
Financial Business Management System	+143	0
Office of Trust Records	-345	0
Trust Reform Task Completions	-3,600	0
Appraisal Services	-1,168	0
Office of Historical Trust Accounting	+3,647	0
Total, Federal Trust Program Changes	-1,323	0
Total, Indian Land Consolidation Program Changes	-49,449	0
Total, Program Changes	-50,772	0

Summary of Requirements*(Dollars in Thousands)*

	2006 Enacted	2007 CR	Fixed Cost & Related Changes	Program Changes	2008 Request	Change From 2007 (+/-)
Executive Direction	2,199	2,150	+40	-	2,190	+40
Impact of CR		[-407]		[+407]		
Program Operations and Support	186,575	182,886	+2,405	-1,323	183,968	+1,082
Impact of CR		[-34,593]		[+34,593]		
Federal Trust Programs	188,774	185,036	+2,445	-1,323	186,158	+1,122
Impact of CR		[-35,000]		[+35,000]		
Indian Land Consolidation Program	34,006	59,449	-	-49,449	10,000	-49,449
Impact of CR		[-28,702]		[+28,702]		
Office of the Special Trustee for American Indians	222,780	244,485	+2,445	-50,772	196,158	-48,327
Impact of CR		[-63,702]		[+63,702]		
<i>Total FTE</i>	<i>590</i>	<i>619</i>	<i>+15</i>	<i>0</i>	<i>634</i>	<i>+15</i>
<i>Impact of the CR</i>		<i>[0]</i>		<i>[0]</i>		

Justification of Fixed Costs and Related Changes
(Dollars in Thousands)

Justification of Fixed Costs and Related Changes	2007 Budget	2007 Revised	2008 Fixed Cost Changes
<u>Additional Operational Costs from 2007 and 2008 January Pay Raises</u>			
1. 2007 Pay Raise, 3 Quarters in 2007 Budget	683	683	N/A
<i>Amount of pay raise absorbed (assuming enactment at 2.2%)</i>	<i>[164]</i>	<i>[164]</i>	N/A
2. 2007 Pay Raise, 1 Quarter (Assumed 2.2%)	N/A	N/A	+230
2. 2008 Pay Raise, (Assumed 3.1%)	N/A	N/A	+1,072

<u>Other Fixed Costs Changes</u>			
Two More Pay Days			+365
Employer Share of Federal Health Benefit Plans	220	220	+144
Workers Compensation Payments	-9	-9	+17
Unemployment Compensation Payments	-	-	-
Rental Payments to GSA and Others	5,415	5,846	+178
<p>The adjustment is for changes in the costs payable to GSA and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to DHS. Costs of mandatory office relocations, i.e., relocations in cases where due to external events, there in not an alternative but to vacate the occupied space, are also included.</p>			
Departmental Working Capital Fund	-571	-571	+439
<p>The amount reflects expected changes in the charges for Departmental services and other services through the Working Capital Fund. These charges are displayed in the Budget Justification for the Department Management.</p>			

<u>Related Changes - Internal Transfers and Other Non-Policy/Program Changes</u>			
Internal Transfer from Field Operations to External Affairs			+/- 500
Internal Transfer within Trust Accountability Programs			+/- 1,000
Internal Transfer from Field Operations to Trust Services			+/- 183
Internal Transfer from Trust Accountability to Trust Services			+/- 211
Program change for the implementation of FBMS			+143

Appropriation Language Sheet**Office of the Special Trustee for American Indians**

Federal Trust Program

For the operation of trust programs by direct expenditure, contracts, cooperative agreements, compacts, and grants \$186,158,000, to remain available until expended, of which not to exceed \$60,000,000 from this or any other Act, shall be available for historical accounting: Provided, That funds for trust management improvements and litigation support may, as needed, be transferred to or merged with the Bureau of Indian Affairs, "Operation of Indian Programs" account; the Office of the Solicitor, "Salaries and Expenses" account; and the Departmental Management, "Salaries and Expenses" account: Provided further, That funds made available through contracts or grants obligated during fiscal year 2008, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee: Provided further, That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least 18 months and has a balance of \$15.00 or less: Provided further, That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder: Provided further, That not to exceed \$50,000 is available for the Secretary to make payments to correct administrative errors of either disbursements from or deposits to Individual Indian Money or Tribal accounts after September 30, 2002: Provided further, That erroneous payments that are recovered shall be credited to and remain available in this account for this purpose.

Note. – A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Justification of Proposed Language Change

1. Deletion of the following wording:

[Provided further, That notwithstanding any other provision of law, the statute of limitations shall not commence to run on any claim, including any claim in litigation pending on the date of the enactment of this Act, concerning losses to or mismanagement of trust funds, until the affected Tribe or individual Indian has been furnished with an accounting of such funds from which the beneficiary can determine whether there has been a loss:]

OST Statute of Limitations The FY 2008 President's Budget proposes to eliminate language in the Office of the Special Trustee for American Indians that extends the time when the statute of limitations can begin regarding tribal and individual Indian mismanagement claims. The relevant beneficiaries have already filed suit at this point, so the provision is no longer necessary. Moreover, recent court opinions can be read to interpret the provision as having the unintended effect of reviving previously barred lawsuits, in addition to extending the time limit for filing such lawsuits indefinitely. This could result in large potential U.S. liability over an unknown period of time into the future.

2. Change: Provided further, That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity (other than interest postings) for at least 18 months and has a balance of [~~\$1.00~~] *\$15.00* or less:

The proposed language would raise the account balance threshold for mailing statements to Indian trust account holders from \$1.00 to \$15.00 where the account has not had activity in the preceding 18 months. This would save postage and other costs associated with the generation of statements.

As directed by Congress, currently the Secretary is not required to provide a quarterly statement of performance for any Indian trust account that has not had activity (other than interest postings) for at least 18 months and has a balance of \$1.00 or less. Annual statements still must be sent to these account holders.

As of November 30, 2005, there were 48,244 accounts with a balance less than \$15.00 with no activity (other than interest postings) for the preceding 18 months. Of these there are 18,107 accounts that already receive only an annual statement. There are also 6,240 whereabouts unknown to whom OST does not send statements. That leaves an additional 23,897 accounts that would be affected by the change. The approximate cost of generating each statement is \$0.46. For the three quarterly statements OST would not have to send that would save \$1.38 for each account. The additional cost avoidance from not having to mail statements for accounts with a balance of \$15.00 or less is approximately \$32,978.

Appropriation Language and Citations

1. For operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants,
 - **25 U.S.C. 450(f)(a) and 450h(a)** directs the Secretary, upon the request of any Indian tribe, to enter into a contract or contracts to plan, conduct, and administer programs which the Secretary is otherwise authorized to administer (P. L. 93-638, as amended).
 - **31 U.S.C. Chapter 63** provides procedures to be followed in the preparation of Federal contracts, grants, and cooperative agreements.
 - **25 U.S.C. 458(cc)** provides procedures to be followed to establish and implement tribal self-governance compacts.
 - **25 U.S.C. 162a** authorizes the deposit and investment of Indian trust funds.
 - **25 U.S.C. 4001 et seq.** provides procedures to be followed for tribal withdrawal of trust funds, and authorizes the Office of the Special Trustee for American Indians.
 - **25 U.S.C. 459 et seq.** includes numerous provisions affecting specific tribes related to distribution of claims, settlements, and judgments.
2. To remain available until expended
 - **25 U.S.C. 13a** authorizes the carryover of funds, which were not obligated and expended prior to the beginning of the fiscal year succeeding the fiscal year for which such sums were appropriated.
3. That funds for trust management improvements and litigation support may be transferred, as needed, to the Bureau of Indian Affairs ...and to the Departmental Management...
 - **25 U.S.C. 4043(b)(1)** authorizes the Special Trustee to oversee all reform efforts within the Bureau (of Indian Affairs)... and to ensure the establishment of policies, procedures, systems and practices to allow the Secretary to discharge his trust responsibilities in compliance with this chapter. This language also provides the authority for OST to transfer funds to the Office of Hearing and Appeals to address probate backlog reductions as part of trust reform efforts and to the Office of the Solicitor for litigation support.

4. That funds made available to tribes and tribal organizations through contracts or grants obligated during fiscal year 2007, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee:
 - **25 U.S.C. 450(I)(c)** authorizes funds obligated for tribal contracts to remain available until expended.
5. That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least eighteen months and has a balance of \$1.00 or less:
 - **25 U.S.C. 4043(b)(1)** authorizes the Special Trustee to oversee all reform efforts within the Bureau (of Indian Affairs)... and to ensure the establishment of policies, procedures, systems and practices to allow the Secretary to discharge her trust responsibilities in compliance with this chapter.
 - **25 U.S.C. 404 (et seq)** requires the reform of trust practices to promote the effective discharge of the Secretary's trust responsibilities.
6. That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder.
 - **25 U.S.C. 404 (et seq)** requires the reform of trust practices to promote the effective discharge of the Secretary's trust responsibilities.
7. That not to exceed \$50,000 is available for the Secretary to make payments to correct administrative errors of either disbursements from or deposits to Individual Indian Money or tribal accounts after September 30, 2002: Provided further, That erroneous payments that are recovered shall be credited to and remain available in this account for this purpose.
 - Interior and Related Agencies Appropriation Act, FY 2002. Annual Appropriations Acts have continued this provision each year since FY 2002.

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Activity: Executive Direction

Subactivity: Immediate Office of the Special Trustee

	2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	2008 Request	Inc (+) Dec (-) from 2007
\$(000)	2,199	2,150	+40	0	2,190	+40
FTE	12	14	0	0	14	0
Impact of the CR		[-407]		[+407]		

Summary of 2008 Program Changes for the Immediate Office of the Special Trustee

Request Component	(\$000)	FTE
<ul style="list-style-type: none"> Program Changes 	0	0
TOTAL, Program Changes	0	0

Justification of 2008 Program Changes

The 2008 request for Executive Direction is \$2,190,000 and 14 FTE, and does not include any program or FTE changes from the 2007 President’s Budget.

Program Overview

The Special Trustee is charged with general oversight of Indian trust asset reform efforts Department-wide to ensure proper and efficient discharge of the Secretary’s fiduciary trust responsibilities to federally recognized Indian tribes, Alaska Natives and individual Indians. The Office of the Special Trustee for American Indians (OST) was created to ensure that the Department establishes appropriate policies and procedures, develops necessary systems, and takes affirmative actions to reform the management of Indian trust funds. In carrying out the management and oversight of the Indian trust funds, the Secretary has a responsibility to ensure that trust accounts are properly maintained, invested and reported in accordance with the *American Indian Trust Fund Management Reform Act of 1994*, Congressional action, and other applicable laws. Funds provided for OST directly contribute to the appropriate oversight needed to further the Department’s Strategic Plan goal – Fulfill Indian Fiduciary Trust Responsibilities.

The Office of the Special Trustee for American Indians (OST) supports legislative proposals addressing needed technical corrections and administrative improvements for implementing trust reform, which will continue to improve services to Indian trust beneficiaries.

Legislative proposals, to be addressed in consultation with the tribes, will focus on issues such as an expedited probate process to reduce probate backlogs; the authority to create an unclaimed property fund and to close certain accounts with no known address, small balances and special deposit accounts, thus reducing the accounting costs and creating efficiencies in management of the trust.

Executive leadership and guidance provided by the immediate office affects performance at all levels of OST, including the delivery of beneficiary services, promoting tribal self-governance and self-determination, managing financial trust assets and monitoring all efforts to reform and improve the manner in which the Department conducts out its Indian fiduciary trust responsibilities. In addition, OST continues to support the President's Management Agenda by encouraging contracting of non-inherently federal functions, promoting better integration of budget and performance, developing a workforce plan that ensures a skilled workforce in the future, and properly accounting for financial resources. The Special Trustee has been able to implement only partially the President's E-government initiative due to the continued court ordered disconnection from the Internet.

2008 Program Performance

- Identify, initiate, prioritize, evaluate and monitor reform activities.
- Ensure Quarterly Reports to the Court are done timely and accurately.
- Oversee trust activities throughout the Department – current managers are expected to advise the Office on a number of complex and sensitive issues relating to organization, reengineering, ongoing litigation and other trust activities.
- Fully develop and implement a comprehensive Risk Management program based on OMB A-123, FMFIA, and OTRA reviews throughout the Departmental bureau's having Indian Trust responsibilities.
- Support the work of the Special Trustee's Advisory Board.
- Create informed partnerships with other bureau and office directors in the Department to achieve trust reform outcomes.
- Implement integration of new oil and gas management software with other TAAMS and TFAS systems.

Activity: Program Operations and Support

Subactivity: Program Operations

		2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	2008 Request	Inc (+) Dec (-) from 2007
Information Technology	\$(000)	21,164	20,349	+94	0	20,443	+94
	FTE	30	33	0	0	33	0
Office of Trust Records	\$(000)	19,540	18,521	+154	-345	18,330	-191
	FTE	66	54	0	0	54	0
Budget Finance and Administration	\$(000)	12,318	12,409	+719	+143	13,271	+862
	FTE	25	30	0	0	30	0
Office of External Affairs	\$(000)	536	747	+520	0	1,267	+520
	FTE	5	7	0	0	7	0
Office of Trust Review and Audit	\$(000)	5,465	5,207	+69	0	5,276	+69
	FTE	20	24	0	0	24	0
Program Operations	\$(000)	59,023	57,233	1,556	-202	58,587	+1,354
	FTE	146	148	0	0	148	0
Impact of the CR			[0]		[0]		

Note: The 2008 decrease for Information Technology includes a \$345,000 transfer to BIA. The 2008 funding for the Office of External Affairs reflects an internal realignment of \$500,000 from Field Operations.

Summary of 2008 Program Changes for Program Operations

Request Component	(\$000)	FTE
• Office of Trust Records	-345	0
• Office of Budget, Finance, and Administration	+143	0
TOTAL, Program Changes	-202	0

Justification of 2008 Program Changes

The 2008 budget request for Program Operations is \$58,587,000 and 148 FTE, and includes a program reduction of \$202,000 and 0 FTE from the 2007 President’s Budget.

The Office of Trust Records is transferring \$345,000 to BIA to support non-trust records assessments. The increase in funding for the Office of Budget, Finance, and Administration is requested to support the implementation of the Department of the Interior’s Financial Business Management System. All bureaus will be required to transfer to the new system.

Financial and Business Management System (+\$143,000)

The 2008 budget request includes an increase of \$143,000 for implementation of a Department-wide Financial and Business Management System (FBMS), to support the Bureau's share of the 2008 charge from the Centralized Billing Working Capital fund. Department-wide, the 2008 budget includes \$40.4 million in appropriated funding for implementation of FBMS. The 2008 request supports implementation of new modules for property and initial budget formulation. Core financials and eGrants were implemented in the first bureaus in 2006, and the acquisition module is scheduled for 2007. The Department is implementing the system in phases by Bureaus, with the all bureaus scheduled to be implemented by the end of 2011. The 2008 request will support implementation of the new modules for the Office of Surface Mining and Minerals Management Service, and all modules for the Bureau of Land Management. The 2008 request represents the peak funding year for the project, as it involves the implementation of the remaining modules, and would allow the Department to retire eleven additional legacy systems.

The Department-wide Programs budget justification includes additional materials supporting this Department-wide request for FBMS under the Working Capital Fund.

Program Overview

Program Operations provides organization-wide administration and information technology support for OST in carrying out the fiduciary trust responsibilities to tribal and individual Indian beneficiaries. The Offices that encompass Program Operations help further accomplishment of the Fulfill Indian Trust goal by ensuring the necessary infrastructure is in place to provide administrative services that enable and empower the organization and workforce to be an effective fiduciary trustee. It will also provide modern, appropriate systems and tools to manage the fiduciary trust responsibilities. The program elements include the Office of Information Technology (IT), Office of Trust Records (OTR), Office of Budget Finance and Administration (BFA), Office of External Affairs (OEA), and Office of Trust Review and Audit (OTRA).

Information Technology (\$38,773,000/87 FTE)

The Office of the Chief Information Officer (OCIO): The Office of Information Technology Services (ITS) through the OCIO provides organization-wide information technology support for OST in carrying out the fiduciary trust responsibilities to tribal and individual Indian beneficiaries; develops, maintains, and operates the trust enterprise architecture; provides day-to-day computer support to OST personnel nation-wide; and implements the trust records management program.

The OCIO oversees and directs IT support services including technical support, capital planning and procurement of IT equipment, security management (system and site certification and accreditation, logical access control, policies, procedures, guidelines and compliance) and electronic and hard records management activities. The OCIO facilitates the development and maintenance of cost-effective, supportable, and sustainable information management and technology solutions to advance the mission of OST consistent with the Department's Strategic Plan end outcome goal – Fulfill Indian Fiduciary Trust Responsibilities. These technology

solutions enhance OST's ability to serve the beneficiaries through efficient business and resource management systems.

The OCIO interfaces with the other Departmental CIO offices and develops strategic plans to support OST business processes and manages OST's IT services which provides the daily OST data systems' support, testing and implementation of automated trust funds financial and other support systems, and ensures necessary interfaces with other trust systems in the BIA, Minerals Management Service (MMS), OHA, OHTA and other related offices in the Department.

Trust Funds Accounting System – In order to comply with the provisions of the *American Indian Trust Fund Management Reform Act of 1994*, (Pub. L. 103-412, title IV, Sec. 401, Oct. 25, 1994, 108 Stat. 4249), OST uses the TFAS. TFAS is a commercial off-the-shelf (COTS) system owned and operated by a third party vendor. The existing contract will end during this fiscal year and a new contract will be awarded in FY 2007. Some of the costs associated with the existing TFAS contract are based upon the number of accounts on the system (open + closed). In FY 2007 the baseline number of accounts was 340,000. Accounts in FY 2007 that exceed the base are charged at the rate of \$2.81/account/month. The government exercised an option to add additional accounts to the base during FY 2006 increasing the baseline to 380,000 from the 340,000 level in anticipation of additional non-income producing accounts being added to TFAS. These non-income accounts are part of a project that allows TFAS to produce a Statement of Performance for accounts which includes real property assets in addition to the beneficiary's financial transactions in TFAS. In addition to normal processing, items included in the core price are the daily pricing of securities; software licenses that allow access for tribes via the Internet (when authorized) using StrataWeb; software licenses for the Computer Output to Laser Disk (C.O.L.D.) report manager, StrataVision; and software licenses for the electronic work ticket product, Customer Strata Station (CSS).

Records Management - The OCIO, through the Office of Trust Records, is responsible for the fiduciary and general trust records management within the BIA and OST. The OCIO provides guidance and support on records management to all BIA and OST program offices. It is responsible for development of, and obtaining approval from the Archivist of the United States, for BIA and OST records schedules; supporting computer-based records management training; providing technical guidance and advice on records management at BIA and OST field locations; disposition and safeguarding of inactive records; retrieval of records for authorized users; and working with the Department on the development of requirements for an electronic records management system and will provide training and assistance to OST and BIA during the implementation of a Departmental Electronic Records Management System (ERMS). In FY 2005, assessments of trust records management programs at BIA and OST offices was transferred from OTR to the Office of Trust Review and Audit with appropriate

The Office of Trust Records uses cost and performance information in tracking costs associated with OTR projects like safeguarding, storing and retrieving records, and providing records management training and technical assistance to OST, BIA and Tribes. Cost and performance information is reviewed to: ensure that performance measurements are being accomplished; prioritize projects, and ensure funds are available to accomplish work. OTR tracks all associated costs with each major project using ABC/M.

funding. Funding in the amount of \$345,000 will be transferred to the BIA in FY 2008. Assessments of non-trust records will be completed by the Office of Information Policy within the BIA. Transferred funds will cover the pay for the salaries and administrative costs of the employees performing the assessments.

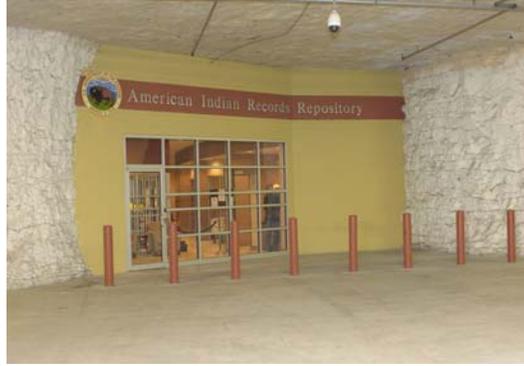
OCIO support for inactive records includes: maintaining and updating the central electronic database of retired records (Box Index Search System); ensuring that the necessary security safeguards remain in place at the American Indian Records Repository (AIRR) and prohibiting the withdrawal of original records from AIRR; preserving and providing remedial services for inactive records received at and/or housed within AIRR; limiting access for research purposes to authorized users of the records; and supporting the Department’s bureaus and offices in retirement of Indian Affairs records to AIRR on a regularly scheduled basis.

OCIO supports records management programs for active records by: organizing all the Department agencies’ Indian records into a single record group in order to assure appropriate retention and preservation of Indian Fiduciary Trust Records; safeguarding active records by providing necessary fireproof filing equipment; providing training, technical guidance and assistance to BIA, MMS, BLM, OHA and OST; and providing assistance to those tribes with contracted/compacted programs that request such assistance; and developing and revising records disposition schedules. In prior fiscal years, training for BIA and OST designated records management contacts was completed. In FY 2007 and 2008, only newly identified contacts will be trained.

Records Management Performance Data	2006 Actual	2007 Estimate	2008 Estimate
Number of Personnel Trained	924	250	250
Number of Boxes Indexed	23,300	20,000	10,000

OCIO is responsible for funding the AIRR in Lenexa, Kansas, pursuant to an agreement between the Department and the National Archives and Records Administration. This state-of-the-art facility stores all inactive Indian records from BIA, OST and other federal offices that create and maintain Indian Affairs records offices across the United States. The AIRR located in Lenexa, Kansas, currently holds more than 200,000 boxes collectively containing about 250 million pages of records stored in accordance with the highest standards for the preservation of archival records.

All research of BIA and OST inactive records takes place in AIRR. No original records are allowed to be taken from the facility. Under the same agreement, OCIO funds a records management certificate program at Haskell Indian Nations University and hires students at the AIRR for internships. The records management program and work experience will provide a cadre of individuals trained in records management who can work for federal and tribal governments to implement records management.



Entrance to the American Indian Records Repository

In order to provide services directly to the field offices of BIA and OST, at least one records liaison is located in each BIA region and additional liaisons are located in those regions that have greater numbers of programs to manage. Adherence to records management requirements is emphasized for all BIA and OST employees. Additionally, all OST Senior Executive Service members have performance plans that include a mandatory records management measure.

OCIO developed an electronic index of all Indian records in AIRR. The database is searchable through use of a search engine. This electronic database contains information on all boxes of inactive records retired at AIRR. Previously paper inventories, spreadsheets and databases that contained partial information on inactive boxes of retired records had to be searched manually before a box of records could be located.

2008 Program Performance

The performance target in FY 2008 is to continue to provide statements to beneficiaries with a valid address in TFAS on a timely basis 99.5% of the time. Performance statements are produced monthly for the tribes and quarterly for the majority of IIM account holders. The ability to report on the real property and associated encumbrances is expected to be available during the first quarter of FY 2008 for all IIM beneficiaries. This activity is in support of Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities and Trust Fund accountability and the CTM section Administrative Services that includes “provide modern, appropriate systems and tools to manage the fiduciary trust.”

Estimated FY07 TFAS Total Accounts		Estimated FY08 TFAS Total Accounts	
Open	300,000	Open	320,000
Closed (no activity)	20,000	Closed (no activity)	30,000
Non-Income	20,000	Non-Income	30,000
Total	340,000	Total	380,000
Cost/account/month above the base	\$2.81	Cost/account/month above the base	Pending new contract

Other support contracts to operate TFAS include: tax lot reconciliation and adjustments to the IIM pool account; specialized investment account services related to the IIM pool account; asset performance calculations and reporting services for 200 selected tribal accounts; secure telecommunication services between both the primary OST location and the OST Continuity of Operations location; participation in the vendor’s user group which allows the government to obtain a copy of the annual SAS 70 audit report; and investment accounting services.

OCIO operates the Trust Portal to fulfill the Department’s fiduciary responsibility to beneficiaries and to provide the right information to the right people in a timely manner. The Portal provides transparent access to existing data sources, which are separate databases with different owners and on different technical platforms. In essence, the system enables integrated access to varied data sources, providing many of the benefits of a single centralized database, while retaining the flexibility of separate (and separately controlled) data repositories. This translates to minimal impact on existing operational systems. The Portal acts as a virtual data warehouse records hub, allowing access to the corporate information stored in heterogeneous reporting sources such as TFAS, TAAMS and ProTrack. Portal technology provides direct connections between disparate applications. The Portal approach also requires less time and expense to develop, and entails less risk of data being lost or out-of-date. The current applications will remain as the systems of record against which all functional transaction activity takes place.

Budget, Finance and Administration (\$13,271,000/30 FTE)

The Office of Budget, Finance and Administration (BFA) provides budget, planning and analysis support; oversees the administration of personnel, acquisition, finance, and space. BFA also provides administrative support services (i.e. property, safety, check disbursement, and mail service) for OST, in carrying out the fiduciary trust responsibilities to federally recognized American Indian tribes, individual Indians, and Alaska Natives efficiently and effectively. BFA coordinates required reporting to the Department, the Office of Management and Budget (OMB), and to the United States Congress.

BFA manages its responsibilities through four components: (1) Budget and Finance, (2) Planning and Analysis, (3) Facilities Support and (4) Trust Support. Support functions include: formulation, execution, and presentation of the OST budget; development and implementation of activity-based cost management; development of performance plan documents and performance measures; processing and mailing of Individual Indian Money (IIM) account holder checks and explanation of payments (EOP), and other beneficiary related documents; and oversight of contracts for general support to other programs and offices within OST, such as acquisition, personnel and finance.

In addition, the Office coordinates the implementation of four of the President's Management Agenda (PMA) initiatives — budget and performance integration, competitive sourcing, human capital and financial management. Prior year accomplishments implementing the PMA include: alignment of the fiscal year budget request with the Department's Strategic Plan structure; integration of the annual performance plan with the budget request; expanded use of Activity Based-Cost Management (ABC/M); planned use of contract resources to leverage private industry knowledge and expertise and improved financial performance.

The Budget, Finance and Administration program includes coordination of government-wide, Departmental and other agency services that support OST's programs such as: personnel, EEO, rent, telephone, and working capital fund activities. Estimates of these costs are reflected in the following table:

BFA Budget by Category*(Dollars in Thousands)*

Services	FY 2006 Actual	FY 2007 Estimate	FY 2008 Request	Change 2008 from 2007
HR Support	1,254	1,350	1,446	+96
EEO Support	86	89	92	+3
Space Rental	4,218	4,328	4,506	+178
Communications	327	327	327	0
Working Capital Fund	3,701	3,443	3,882	439
Workers Compensation	14	5	22	+17
Financial Business Mgmt System	0	0	143	+143
BFA Offices	4,769	5,105	5,229	+124
Chargeback Estimate	-2,051	-2,238	-2,376	-138
Funding Total	12,318	12,409	13,271	862

Note: Working Capital direct figures include estimates for acquisition and financial systems and services. The Chargeback Estimate is a negative amount since BFA charges other OST programs proportionately for centralized costs associated with contracts and Working Capital Fund agreements for HR, Acquisitions, Financial Management, Communications, Building Security, etc. The Chargeback Estimate basis is discussed in the overview under Section 405 compliance.

2008 Program Performance

- Evaluate, assess and update administrative functions and procedures, and establish a Most Efficient Organization (MEO) through improved organizational structure and process design.
- Reduce the OST vehicle fleet fuel consumption by 5% through the use of alternative fuel vehicles.
- Continue the unification of budget performance integration by conducting quarterly management meetings to discuss performance accomplishments and budget resources necessary for improvements and realignment of funds as required.
- Continue mailing EOP statements and advice notices to beneficiaries.
- Continue mailing beneficiary checks.
- Continue mailing tribal and individual statements of performance for accounts and tax forms.

Office of External Affairs (\$1,267,000/7 FTE)

The Office of External Affairs (OEA) has two primary areas of responsibility in supporting the Special Trustee's statutorily-required reform and oversight activities: (1) communications with a diverse group of stakeholders about the Department's trust reform initiatives; and (2) administration of OST's tribal self-governance and self-determination program.

In the area of communications, OEA works to provide tribal and individual Indian trust beneficiaries, Department personnel, the media, the U.S. Congress, other government agencies, the public and other interested organizations with a wide range of information on the status of trust reform priorities, current initiatives and benefits through personal contacts and printed materials.

In the area of self-governance and self-determination, staff members provide information to tribes on self-governance and self-determination opportunities, and technical assistance to encourage new contracting and compacting activities and to address tribal needs. Staff members actively negotiate program standards with these tribes to ensure fulfillment of the Secretary's fiduciary trust responsibilities. Additionally, staff provide information to tribes on withdrawing trust funds for management outside of the Federal government pursuant to the *American Indian Trust Fund Management Reform Act of 1994 (Reform Act)* and coordinate OST's activities in response to tribal requests to withdraw funds.

OEA supports the Department's mission goal of Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities. The Office helps the Department accomplish its trust mission through the development and maintenance of a comprehensive communications program to fulfill business objectives identified in the CTM including:

- **Expand Self-Governance Compacts and Self Determination Contracts:** Foster expansion of self-governance compacts and self-determination contracts in a manner consistent with the Department's fiduciary responsibilities.
- **Technical Assistance:** Coordinate and provide tribes with technical assistance to develop proposals for the withdrawal of tribal trust funds from federal management in accordance with the Reform Act.

- **Beneficiary Communications:** Develop and maintain effective communications with beneficiaries to facilitate their involvement in improving trust management, acquisition and disposal, and conveyances of trust assets, consistent with the Department's fiduciary duties.

OEA provides timely information on the status of trust reform activities to beneficiaries and establishes effective avenues of communication with stakeholders. Further, OEA promotes the President's e-government initiative to use technology to streamline the delivery of products and services to the American people.

A significant portion of OEA's operating budget is used to support the administration of Indian self-governance and self-determination activities as authorized by Public Law 93-638. In FY 2006, OEA worked with over 40 tribes that performed or sought to perform OST programs and functions on behalf of their members, and worked to ensure that 75% of those tribes had program standards for the performance of OST functions in place. In FY 2007, OEA began working with the BIA to initiate a pilot project for tribes with P.L. 93-638 Agreements for trust programs to provide access to trust IT applications on Interior's TrustNet at their tribal facilities. In FY 2008, the number of tribes interested in performing trust programs or seeking authority to utilize the TrustNet applications in support of their trust programs is expected to increase. OEA will utilize its additional resources to address this increase in workload, and will continue to work toward inclusion of performance standards for 75% of these tribes.

2008 Program Performance

In FY 2008, with its additional resources, OEA will expand its self-governance and self-determination focus to support tribal implementation of the reforms contained within the FTM. Toward this end, OEA will implement the process approved in FY 2007 by the Department's leadership to assist those tribes with trust program responsibilities in accessing trust applications on the Department's TrustNet at their tribal facility. This effort includes leading negotiations on a Memorandum of Understanding and Tribal Use Agreement between the Department and interested tribes to ensure that appropriate security requirements and processes are in place prior to systems access, and securing Departmental review and approval for each TrustNet use agreement.

In addition to performing OEA existing responsibilities in support of the tribes that currently manage OST programs, the OEA staff expects to do the following for tribes that express an interest in accessing TrustNet:

- Travel to meet with interested tribes at their locations to identify any security requirements or modifications needed for the tribal facility prior to accessing the new systems.
- Determine costs for TrustNet access.
- Negotiate annual funding agreements, memoranda of understanding and tribal use agreements that contain security requirements and program standards for the new functions.
- Facilitate the Departmental review process for all tribes seeking access to TrustNet.
- Secure approval by the required Departmental boards for the connectivity agreement and ensure the connection occurs.
- Coordinate activities with BIA and OST to provide trust systems training.

- Coordinate oversight activities to ensure compliance with the program standards and access agreements.
- Articulate and market the continued goals, objectives and benefits of the FTM to stakeholders.
- Continue implementation of a broad-based informational initiative to describe the purposes and benefits of the trust reforms to Indian Affairs employees and beneficiaries.
- Continue the proactive development of communications and media materials.
- Participate in national Indian conferences and meetings to provide information to beneficiaries on the progress of trust reform and to develop materials in response to beneficiary concerns.
- Continue to administer the full range of self-governance and self-determination activities with tribes to include: promoting new opportunities; providing technical assistance; negotiating proposals and program standards; coordinating the allocation of funds; and overseeing the conduct of appropriate review and evaluation activities.
- Execute the Department-approved approach to provide access to TrustNet at tribal facilities by working with interested tribes to secure the agreement of program standards and access requirements.
- Continue regular communications with Members of Congress and their staff to discuss trust reform initiatives and potential legislative solutions.
- Provide regular updates to Congress and Tribal Leaders on the status of trust reforms.
- Coordinate and review applications from tribes to withdraw their funds from trust, and encourage additional tribal involvement in this program.

Office of Trust Review and Audit (\$5,276,000/ 24 FTE)

The Office of Trust Review and Audit (OTRA) reports directly to the Special Trustee, who in turn reports to the Secretary of the Interior. OTRA administers and manages the trust compliance and rating system and conducts examinations of Indian trust asset management activities Department-wide. OTRA also provides guidance to program officials on best practices to improve trust program performance. In addition, OTRA conducts records management assessments to ensure the responsibilities and recordkeeping activities involving the life cycle management of Indian fiduciary trust program records are in compliance with established guidelines and procedures.

OTRA conducts examinations, coordinates findings, generates reports, and monitors corrective actions for trust programs and records management assessments, including the evaluation of tribally-managed trust programs compacted or contracted under annual funding agreements with the Department of the Interior. OTRA also conducts special reviews at the request of Department officials, beneficiaries, or the public.

The Office of Trust Review and Audit provides independent reviews of Indian fiduciary trust programs administered by the Department of the Interior and Indian Tribes to ensure that the Secretary of Interior's responsibilities are being carried out.

OTRA is responsible for oversight of the delivery of trust products and services to beneficiaries, and supports senior management in the execution of its duties to carry out the Department’s fiduciary responsibilities. OTRA serves as a quality control for the proper management of trust assets. Through implementation of an oversight and examination program of trust activities, OTRA supports the Department’s outcome goal – Fulfill Indian Fiduciary Trust Responsibilities.

Work activities support the underlying trust reform goals in the CTM to improve beneficiary services, Indian trust ownership, management of land and natural resources, management of trust fund assets, and support Indian self-governance and self-determination. Streamlining of processes and improvement of the efficiency of operations is supported through monitoring the reviews performed of Indian trust asset management activities Department-wide and providing timely reports and recommendations to Departmental senior management on efficiency, and effectiveness of operations and compliance with applicable laws and regulations at the program and/or field office level.

The Indian Trust Rating System (rating system) was developed to provide a method for assessing the operational effectiveness of trust asset management activities Department-wide. The successful implementation of the rating system provides a management tool to allow a timely identification and correction of weaknesses in trust function performance. It also helps OTRA identify those agencies that need full reviews rather than summary reviews. This rating system is comprehensive and is being applied in a uniform manner. It provides a methodology for rating the overall effectiveness of an Agency or Tribe based on: (1) Management - the capabilities and quality of management, (2) Asset Management - management of Indian trust assets, (3) Compliance - compliance with applicable laws, regulations, policies, procedures and accepted standards of fiduciary conduct, and (4) Operations - effectiveness and efficiency of operations, including the adequacy and effectiveness of internal controls.

To comply with the mandates of the 1994 Trust Reform Act and the Court, OST has revised the evaluation process to be more thorough and more useful to the Department and the participating tribes as part of the trust reform initiative. These more intense examinations have increased oversight and provided information to managers of trust programs at the tribal and Federal levels that should result in improved overall management of the programs. Due to the comprehensive nature of these examinations, and the much larger universe of trust programs that must be evaluated, examinations are based on a determination of where there is the highest risk. This process is fully operational and is subject to continuing refinement.

Records Management Assessments (180 sites)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Number of sites reviewed	20	45	54

Trust Examinations (187 sites)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Number of sites reviewed	20	38	38

2008 Program Performance

- Apply the comprehensive Indian trust rating system to all entities being evaluated.
- Track and perform follow-up on examination findings and recommendations, and provide guidance on best practices to improve performance.
- Advise senior managers when examination findings are not timely resolved, and follow-up until findings are addressed satisfactorily.
- Perform quarterly follow-up on corrective action plans for records management assessments.
- Continue to perform verification reviews to determine whether sufficient actions have been taken to implement the recommendations in our reports. With the assistance of Department managers, OTRA strives to close-out reports within six months.
- Expand the scope of trust examinations to all Department offices performing trust functions, such as Minerals Management Service and Bureau of Land Management.
- Continue efforts to improve efficiency by continually seeking ways to streamline the trust examination process, while mindful of the need to ensure all trust programs and functions are thoroughly examined and tested.
- Coordinate findings as a means to validate and/or leverage management control reviews performed under the control framework outlined in Office of Management and Budget Circular A-123 and process improvement functions carried out by other OST and/or Departmental organizations for internal and external trust activities.
- Ensure all examinations are performed in accordance with the “Quality Standards for Inspections” issued by the President’s Council on Integrity and Efficiency.
- Start all special investigations/projects within 10 business days of being notified of the circumstances.
- Prepare final report on all trust examinations/evaluations and records management assessments within 120 business days of starting the engagement.
- Ensure all OTRA employees complete, every two years, at least 80 hours of continuing professional education that enhance their professional proficiency to perform examinations or are related to the specific or unique environment in which the entity operates.

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Activity: Program Operations and Support

Subactivity: Trust Accountability

		2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	2008 Request	Inc (+) Dec (-) from 2007
Trust Training	\$(000) FTE	4,506 6	3,115 5	+1,014 0	0 0	4,129 5	+1,014 0
Trust Regulations Policies and Procedures	\$(000) FTE	1,542 10	1,561 10	-57 -1	0 0	1,504 9	-57 -1
Trust Program Management Center	\$(000) FTE	25,588 30	23,700 26	-3,763 -3	-3,600 0	16,337 23	-7,363 -3
Trust Accountability	\$(000) FTE	31,636 46	28,376 41	-2,806 -4	-3,600 0	21,970 37	-6,406 -4
Impact of the CR			[0]		[0]		

Summary of 2008 Program Changes for Program Operations

Request Component	(\$000)	FTE
<ul style="list-style-type: none"> Program Changes - Trust Reform Task Completions 	-3,600	0
TOTAL, Program Changes	-3,600	0

Justification of 2008 Program Changes

The 2008 budget request for Trust Accountability is \$21, 970,000 and 37 FTE, a program change of -\$3,600,000 from the 2007 President’s Budget.

Trust Reform Task Completions (-\$3,600,000)

Reengineering (-\$500,000)

The Reengineering Program is a comprehensive, collaborative approach to trust reform between all DOI bureaus with fiduciary trust responsibility. The targeted outcome of the Program is the implementation of the FTM. The FTM, when fully implemented, will transform the current diverse trust business processes and associated policies and procedures into an integrated, standardized and efficient program. The Program will enhance beneficiary services for Tribes and individual Indians, ownership information, trust land and natural resources assets, trust funds assets, Indian self-governance and self-determination, and administrative services while building highly effective fiduciary trust services organization.

The program administration and proactive project planning for further implementation of the FTM will allow all DOI bureaus with Indian trust responsibilities to begin to realize significant productivity efficiencies based on the standardized fiduciary trust policies and procedures to address all DOI bureaus' Indian trust responsibilities.

During FY 2006 and 2007, the Reengineering teams worked extensively to re-align all DOI bureau business processes with the implementation of the FTM. This implementation resulted in the significant reengineering of trust processes. Moving forward, Reengineering will be composed of continuous improvement teams to review processes and identify the need for any further revised business processes, standard operating procedures, handbooks, validating metrics, desk operating manuals and new skills training. As a result, there will be a reduced need for contract support in Reengineering in FY 2008.

Special Deposit Accounts SDA (-\$500,000):

In FY 2008, due to reengineered processes and the conversion by the BIA to the TAAMS Leasing module, the majority of SDAs are expected to be eliminated. As these accounts are reduced, current OST staff will begin to address the accounts, eventually moving to an "exception-based" program that requires little or no contractor resources to be kept current and up-to-date.

In FY 2008, OST will have resources available for limited consultation and on-site support to BIA to address outstanding SDA issues in accordance with the limited use of SDAs as the need for contractor resources to support this effort will be significantly reduced or eliminated.

Data Quality & Integrity DQ&I (-\$1,500,000):

In FY 2008, the BIA conversion to the TAAMS Leasing module will be complete allowing for the automatic distribution of trust funds to beneficiary accounts based on land title ownership information maintained in the TAAMS Title module. The DQ&I project to address differences in ownership information is expected to be completed and the program efforts will be redirected to conduct samplings of DQ&I.

The Program has few OST resources and employs a large constituency of contractor resources concurrently to support BIA regions'/offices'/agencies' clean-up efforts prior to, during and post-conversion. Due to the completion of the TAAMS conversion, DQ&I will be able to reduce contractor resources by 50% in FY 2008.

Probate (-\$1,100,000)

The Office of Hearings and Appeals (OHA) will continue its work in FY 2008 to implement the Department's FTM with respect to Indian probate. Under that model, OHA divided its Hearings Division into three separate units, focusing most of its adjudication resources on the probate of Indian trust estates; opened new offices to better align its field structure with the BIA regional offices; and hired additional staff to handle a significant increase in case referrals from BIA. Probate referrals have risen nearly four-fold over the last 4 years, from about 1,900 in FY 2002 to about 7,500 projected in FY 2006.

FY 2007 will be the first full year of implementation of the American Indian Probate Reform Act of 2004. Implementation of the Act will be a significant challenge for OHA's Probate Hearings Division, as judges and attorneys apply its provisions to the newest estates, while applying prior law to older estates being referred by BIA from its backlog. Over time, however, as the older cases are concluded, the Act should help make the probate adjudication process more uniform and flexible.

At the FY 2008 request level of \$8.4 million, OHA will reduce the number of Probate Hearings Division field offices from 11 to 10 and eliminate 14 FTEs.

As BIA eliminates its backlog over the next few years, the number of new referrals will decrease, allowing OHA to begin reducing its staffing to the level needed to keep up with referrals on current deaths.

Program Overview:

The CTM lays the groundwork for the development of the FTM, which was approved by the Secretary in August 2004. By FY 2008, the department will achieve a major milestone in Trust Management Reform through the completion of the conversion of the BIA legacy leasing systems to the TAAMS leasing module that will interface with the TFAS and is integrated with the TAAMS title system. This conversion will provide a single repository of ownership for Interior processed Indian Trust land data. FY 2008 includes completing the validation of BIA title plants for owners of non-income producing conditions. Trust data will be reconciled and validated within these systems marking the near completion of several data cleanup projects. This effort between BIA and OST, utilizing contractors to supplement staff, is the nation-wide implementation of the enhanced trust beneficiary services envisioned by the FTM. The FTM offers business processes that deliver improved services to the individual Indian and tribal beneficiaries by standardizing, streamlining, automating, and working in partnership with them.

Trust Training (\$4,129,000/5 FTE): The Trust Training program provides oversight, development and coordination of training efforts for Interior and tribal staff. Training supports trust management reform by ensuring current and future personnel with trust responsibility have the necessary skills and knowledge to effectively carry out their duties. The \$1 million increase provides the funding for the National Indian Program Training Center.

Trust Regulations, Policies and Procedures (\$1,504,000/9 FTE): The Office of Trust Regulations, Policies and Procedures (OTP) oversees, coordinates, and facilitates the adoption and implementation by Interior of consistent written policies and procedures governing the performance of the Secretary’s fiduciary trust responsibilities. OTP is responsible for ensuring organizational knowledge, access, and compliance with applicable trust regulations, policies, procedures, and practices. OTP assists in and tracks the development of appropriate trust regulations, policies, procedures, manuals, and training materials. OTP ensures that fiduciary principles consistent with the Secretary’s fiduciary trust responsibilities and the Reform Act are integrated into the trust regulations, policies, procedures, manuals and training materials that guide Interior’s discharge of those responsibilities.

Trust Program Management Center (\$16,337,000/23 FTE):

(Dollars in Thousands)

Programs		2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	Changes from 2007 (+/-)
Risk Management	\$(000)	1,517	644	+17	0	661	+17
	FTE	7	7	0	0	7	0
Reengineering	\$(000)	4,893	3,864	-97	-500	3,267	-597
	FTE	13	12	-1	0	11	-1
Probate Clean Up	\$(000)	10,535	10,537	-1,059	-1,100	8,378	-2,159
	FTE	1	1	-1	0	0	-1
Special Projects	\$(000)	3,272	3,278	-1,633	-500	1,145	-2,133
	FTE	4	3	-1	0	2	-1
Data Quality and Integrity	\$(000)	5,371	5,377	-991	-1,500	2,886	-2,491
	FTE	4	3	0	0	3	0
Trust Program Management Center Total	\$(000)	25,588	23,700	-3,763	-3,600	16,337	-7,363
	FTE	29	26	-3	0	23	-3

The Trust Program Management Center (TPMC) provides the project development and coordination to accomplish and continuously improve OST trust reform program administration and project management efforts. TPMC provides guidance and support necessary to successfully implement trust reform activities outlined in the CTM as well as monitor and report on progress made and resources expended toward overall trust program objectives. The work carried out by the TPMC supports creation of an Interior trust organization with the structure, policies, and procedures that fulfill Interior’s trust responsibilities, all with a beneficiary focus.

Risk Management: The Trust Risk Management program was established for developing and implementing an internal control and risk management program that Interior will provide to its bureaus and offices that perform Indian fiduciary trust functions. The Trust Risk Management program is defined as the actions taken by senior leadership, management, and other personnel designed to provide reasonable assurance regarding the achievement of Indian trust objectives related to effectiveness and efficiency of operations, the reliability of financial reporting, compliance with applicable laws and regulations and safeguarding of Indian trust assets.

In addition, the Risk Management program provides oversight to ensure that the DOI bureaus and offices integrate risk management activities into their normal business process cycles; complete their annual risk self-assessments correctly; and integrate the FTM trust reform activities associated with risk management into their daily operations.

Reengineering: The Reengineering effort is currently implementing the policies, procedures, systems, processes and guidance of the FTM that will create a highly effective, beneficiary-centric fiduciary trust services organization. Continuous review of the Department's Strategic Plan, the CTM, DOI's business environment and other trust-related activities is provided by Reengineering staff to ensure the FTM continues to align with the Department's responsibilities for trust reform, as well as enhance beneficiary services.

Probate Cleanup: The responsibility for directing overall probate cleanup efforts rests with BIA. OST oversees backlog elimination efforts; ensures coordination of policies, practices and systems; and provides guidance in identifying problems and potential solutions in the process of eliminating probate backlogs. The immediate goal of the OST work with the BIA to identify, reconcile, and align the probate information contained in TAAMS, the TFAS and the BIA's Probate Tracking System. By accomplishing this, Interior's probate processing activity will be better monitored to help ensure probate work is completed and probate order backlog processing is timely identified and minimized.

Special Projects: The Special Projects program provides support to new and reengineered processes, establishes policies, tests procedures and stabilizes processes prior to release to the program operations.

Data Quality and Integrity (DQ&I): The DQ&I project is a trust data cleanup project where Critical Data Elements (CDE) are validated and/or corrected and Post-Quality Assurance reviews of system entries made into the BIA TAAMS are established and ongoing to help ensure updates to CDE are accurate. CDE's are validated/corrected on a land tract by land tract basis with the validation/correction timeframe being the last title status report certification date or 15 years, whichever is earlier.

2008 Program Performance

There are no changes in the performance measures for the Trust Fund Accountability and Cooperative Programs measures relating to Risk Management from FY 2007 to FY 2008. This is due to the fact that in FY 2005 and forward, OST developed a stronger emphasis on risk-based management approaches; stabilizing the program and information technology, thereby increasing our ability to identify and mitigate risks. Periodic self-assessment reviews are taking place and a pro-active approach to risk strategies is maintaining an acceptable level of risk.

Note that the 100% measure for implementation of a risk management program implemented by OST and self-governance and self-determination is based on an offer to all tribes, not implementation of the program with all tribes. Again, the decision to implement and use OST's program is with the tribes due to the unique government to government relationship.

The program administration and proactive project planning for implementation of the FTM has and will continue to allow DOI to realize significant productivity efficiencies based on the standardized fiduciary trust policies and procedures to address Interior's trust responsibilities.

Moving forward, Reengineering will be composed of continuous improvement teams to identify the need for further revised business processes, enhanced automated data systems, standard operating procedures, handbooks, validating metrics, desk operating manuals and new skills training.

Activity: Program Operations and Support

Subactivity: Field Operations

		2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	2008 Request	Inc (+) Dec (-) from 2007
Field Operations	\$(000) FTE	20,877 241	22,361 244	+1,673 +7	0 0	24,034 251	+1,673 +7
Office of Appraisal Services	\$(000) FTE	9,697 55	9,812 63	+180 0	-1,168 0	8,824 63	-988 0
Field Operations	\$(000) FTE	30,574 296	32,173 307	+1,853 +7	-1,168 0	32,858 314	+685 +7
Impact of the CR			0		0		

Note: FY 2008 funding for Field Operations reflects an internal realignment of \$500,000 to the Office of External Affairs.

Summary of 2008 Program Changes for Program Operations

Request Component	(\$000)	FTE
• Office of Appraisal Services	-1,168	0
TOTAL, Program Changes	-1,168	0

Justification of 2008 Program Changes

The 2008 budget request for Field Operations (excluding Office of Appraisal Services program) is \$24,034,000 and 251 FTE, and does not include any program changes from the 2007 President’s Budget. The 2008 budget request for the Appraisal Services program is \$8,824,000 and 63 FTE, a program decrease of \$1,168,000 and 0 FTE from the 2007 President’s Budget.

Appraisal Services

(-\$1,168,000/0 FTE Positions)

The Office of Appraisal Services provides impartial opinions of value for a variety of specific real property interests on land owned in trust or restricted status. While performing these duties during FY 2008 it is anticipated that the Office will expend \$1,168,000 performing mineral appraisals on land associated with the Indian Land Consolidation Program (ILCP). Starting in FY 2008 the OAS intends to enter into a Reimbursable Support Agreement (RSA) with the ILCO and be fully reimbursed for performing these activities. No performance changes are expected as a result of the reduction in funding.

Field Operations (\$24,034,000/251 FTE)

Field Operations continues to serve as the primary point of contact for Tribal, individual Indian and Alaska Native beneficiaries to receive information regarding various trust beneficiary services. Field staffs interact with beneficiaries on a daily basis at regional, agency, and urban locations regarding account statements, account balance(s), other account attributes, receipts, disbursements, leases and leasing, probate processing, and other trust activities. With the establishment of Regional Trust Administrators and the presence of FTOs in selected locations, Field Operations provides responsive and proactive beneficiary services at the local level in cooperation and collaboration with BIA.



Regional Trust Administrator being recognized by tribes for work done for Indian beneficiaries.

RTAs provide technical assistance on trust matters to their subordinates, BIA and other related government agencies and provide direct line authority to agency level FTOs. FTOs and support staff provide beneficiaries with convenient access to trust account information and other trust products and services. FTOs, like the RTAs are also vested with inherently federal disbursement approval authority and oversight responsibility. The goal is to provide services to beneficiaries that are trusted, timely, accurate, and responsive to their needs. FTO responsibilities include coordinating trust asset management activities with the BIA and other related government agencies in their respective geographic area. FTOs provide guidance to support staff in the examination, verification, and management of accounts and accounting information. They also ensure that responses to trust beneficiary requests are provided in a timely, courteous, and accurate manner.

Field Operations currently, does not allocate cost to its responsiveness measure. The varying numbers and types of (ABC/M) activities that would be required to be allocated to any one trust inquiry and its response would not be cost-effective or efficient. OST presently uses over one hundred ABC/M activity codes. Fourteen are dedicated to Beneficiary Services; thirty to Business Processes; and another thirty-nine to Organization management. The application of direct and indirect cost activities to Field Operations' responsive measure is not practical.

On December 4, 2004, OST opened the Trust Beneficiary Call Center (TBCC), located in Albuquerque, New Mexico. A major responsibility of the nationwide toll free call center (1-888-678-6836) is to provide a convenient “one-stop” service for all beneficiary inquiries including information regarding account statements, account balance(s), other account attributes, receipts, disbursements, leases and leasing, probate processing, and other trust activities. The call center’s expanded operating hours are 7:00 AM to 6:00 PM MT Monday through Friday and 8:00 AM to Noon MT on Saturday. Contract personnel trained in various trust beneficiary issues and systems make up the majority of the TBCC staff that operates the call center. Field Operations monitors the contract work and provide technical direction and guidance and managerial direction as needed.

This call center service has never been available before and represents an improved beneficiary service offered by OST Field Operations that is readily accessible to handle a wide range of inquiries. After two years of operation, the call center has received over 175,000 calls and provided a first-line resolution for approximately 89 percent of the requests. First-line resolution by TBCC means that the call center was able to address the beneficiary's inquiry without having to refer the call to the field for assistance. This allows BIA and OST field staff to focus on operational duties without interruption. Occasionally the complexity of the beneficiary's inquiries requires that OST staff obtain information from other agencies in the Department of the Interior which generally is not provided without extensive research. A call tracking system deployed in the field assures that beneficiaries receive consistent and timely responses and information and allows field staff to track requests and avoid duplication.

During FY 2006 the management and operation of the "Whereabouts Unknown" (WAU) project was transferred to OST – Field Operations from Trust Accountability. At the time of the transfer to Field Operations, there were 46,775 WAU beneficiaries representing \$64.8 million. In FY 2008 under the direction of Field Operations, the focus will continue to be locating and updating current addresses for WAU IIM accountholders. The responsibility for locating current addresses for WAU



Fiduciary Trust Officer and staff conducting beneficiary outreach.

IIM accountholders is coordinated across the entire Field Operations enterprise; FTOs and their staff, TBCC staff and contractor assistance. Comprehensive methods and tools are employed by Field Operations to obtain accountholder addresses through the utilization of outreach activities, accessing locator service databases and contracting with investigative services.

Field Operations plays a crucial role in response to requests from tribes seeking to withdraw trust funds for management outside of the Federal government pursuant to the *American Indian Trust Fund Management Reform Act of 1994*.

2008 Program Performance

Reduced contract costs, anticipated vacancy rates and associated lapsing of personnel costs for Field Operations staff will result in a \$500,000 savings during FY 2008 that will be used for External Affairs programs. Field operations savings include a \$500,000 decrease in costs that will affect general operation activities in program areas involving travel, training, and equipment purchases. Travel costs will decrease for central office and certain field staff, who assist (other) field offices with TAAMS Leasing conversion efforts. (The TAAMS Leasing conversions are scheduled to be complete in the last quarter of FY 2007). Training costs should decrease in FY 2008 as the majority of Fiduciary Trust Officers and support staff will have been trained in their respective required competencies. Combining travel for multiple trip purposes and continuing to

share costs for training and travel will be necessary. Service contract personnel costs are expected to decrease for the TBCC as two help desk positions will not be filled at this time. Field Operations also transferred certain tribal administrative functions to field locations which increased program efficiency, reduced the need for centralized support and facilitated decision-making at the local level.

Presently, the reduction of costs in these general operation activities and program areas is not expected to negatively affect Field Operations' strategic plan and annual program performance/measures - accordingly, no Performance Measure Change Table is provided.

For FY 2008 the measure rate at which Whereabouts Unknown (WAU) accounts are resolved is expected to be 25 percent. Due to implementation of the Fiduciary Trust Model TAAMS conversion, IIM accounts are created for non-income producing asset owners in order to generate asset statements to comply with the *American Indian Trust Fund Management Reform Act of 1994*. Many of these owners do not have current addresses on file. As a result, the total number of WAU is anticipated to increase. After the FTM conversion has been completed the size of the WAU population is expected to stabilize.

- Maintain and enhance strategic partnerships with the Department's bureaus and agencies with Indian trust responsibilities.
- Continue interaction with Tribal, individual Indian and Alaska Native beneficiaries through local community outreach programs regarding asset management and trust reform initiatives.
- Continue to participate in the implementation of reform initiatives in partnership with BIA and other government entities.
- Proactively identify and assist in the implementation of additional reform activities as outlined in the FTM.
- Continue to locate whereabouts unknown account holders.
- Respond to 90% of beneficiary inquiries within two business days and respond to the balance of these inquiries within 30 days.
- Actively engage Tribal and individual Indian beneficiaries in management of their trust assets.
- Continue advocating utilization of direct deposit capabilities for individual Indian beneficiaries and electronic fund transfers for Indian Tribal governments.
- Continue advocating the importance of estate planning for individual Indian beneficiaries.
- Continue assistance in Special Deposit Accounts cleanup.
- Maintain Trust Officer presence in field offices.
- Address Field Operations recommendations from internal and external program reviews.
- Continue to improve the efficiencies of the lockbox operations.
- Continue to migrate trust transaction activities to the local field level.
- Continue to encourage an engaged workforce.

Appraisal Services (\$8,824,000/63 FTE)

The Office of Appraisal Services (OAS) provides impartial opinions of value for a variety of specific real property interests on land owned in trust or restricted status. Opinions of value are provided through a contract with the Department Appraisal Directorate, regional appraisal staff, and contract appraisers. Various regulations governing Indian trust land transactions require the Secretary of the Interior to obtain opinions of value. Major types of valuations include commercial, industrial, recreational, agricultural and other types of leases; rights-of-way; land sales and land exchanges; grazing and range permits; and trespass.

Activity Based Costing (ABC) is conducted for OAS through the time and attendance system and its contracted services. ABC is tracked at the budget and finance level through Federal Financial System (FFS) reports, and at the regional level through time and attendance reports and electronic and manual logging systems. The OAS uses a combination of financial reports broken down by object class as well as ABC reporting to determine the costs associated with targeted performance levels. In addition, OAS collects information from each regional office's time and attendance reports to determine the direct and indirect costs for appraisal work.

Appraisal Services Performance Data

	FY 2006	FY 2007 Estimate	FY 2008 Estimate
Number of backlog carried over	1,796	497	957
New appraisal request	1,217	2,802	3,075
Number of backlog completed	2,516	2,342	2,949
Number of backlog remaining	497	957	1,083

2008 Program Performance

- Update software and IT equipment according to cyclical requirements, and as needed to accommodate the Indian Trust Appraisal Request System (ITARS) tracking system.
- Continue coordination and support of self-governance and self-determination tribes.
- Provide continuing education and certification opportunities to ensure the highest levels of professionalism among the OAS staff, as part of the CTM Plan and FTM.
- Provide continuing education on Uniform Standards of Professional Appraisal Practice and Uniform Appraisal Standards for Federal Land Acquisitions to ensure all OAS opinions of value conform to professional standards.
- Reduce the ILCP mineral appraisal backlog by a minimum of 50 percent.

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Activity: Program Operations and Support

Subactivity: Trust Services

	2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	2008 Budget Request	Inc(+) Dec(-) from 2007
\$(000)	8,989	8,751	+1,802	0	10,553	+1,802
FTE	106	109	+12	0	121	+12
Impact of the CR		[0]		[0]		

Summary of 2008 Program Changes for Trust Services

Request Component	(\$000)	FTE
<ul style="list-style-type: none"> Program Changes 	0	+12
TOTAL, Program Changes	0	+12

Justification of 2008 Program Changes

The 2008 budget request for the Office of Trust Services is \$10,553,000 and 121 FTE and does not include any program changes from the 2007 President’s Budget.

Trust Services

(+\$1,802,000/+12 FTE)

This increase includes the transfer of funding and 2 FTE from Trust Accountability and funding and 2 FTE from Field Operations. In addition, 8 FTEs will help Trust Services meet the rising demand for better information conveyance, faster transaction processing, and quicker remittance of payments to beneficiaries through the automation and streamlining of accounting processes.

Program Overview

Trust Services manages financial assets held in Trust on behalf of federally recognized tribes and individual Indian beneficiaries in compliance with Interior’s fiduciary responsibility. The products and services support the Trust Financial Management business line for comprehensive trust management.

Trust Services manages approximately \$3.3 billion of funds held in trust for federally recognized Indian tribes, individual Indian and Alaska Native beneficiaries. Approximately \$2.9 billion is held in approximately 1,450 tribal accounts and other trust funds, including the Alaska Native Escrow Fund. Approximately \$400 million is held on behalf of individual Indians in approximately 323,000 accounts.

Trust Services continued tracking cost and performance data in FY 2006, and is currently using this data to assess the efficiency and effectiveness of our trust operations as exhibited by:

- Revamping printing and mailing processes for beneficiary statements to save costs and increase reliability and timeliness.
- Utilizing individual employee performance metrics to assess and validate individual and team performance. Data are used to identify performance standards and training needs.
- Utilizing individual performance metrics to assess and validate contractor performance.
- Utilizing cost data to continue efforts to automate the SF-224 Treasury reporting, standard general ledger process, daily cash reconciliation process and other systems reconciliations.

Pursuant to the CTM, the program’s business objectives are to manage and invest fund assets to provide beneficial rates of return; and to quickly and accurately collect, disburse, and account for funds associated with trust assets. Accomplishment of these objectives enables the Department to provide accurate and timely information to trust beneficiaries. The accuracy and timeliness of information is comprised of several factors: same day processing of cash transactions, timely processing of account maintenance transactions, timely posting of investment income transactions, and accuracy of reconciliation and reporting activities on trust accounts. During FY 2006, over 8 million transactions were processed (both automated and manual), that resulted in an average of more than 650,000 transactions a month, or an average of 32,000 per day, both manual and automated.

Trust Services is responsible for the individual Indian, Alaska Native and tribal trust funds accounting, investment and reporting fiduciary responsibilities of the Department. This Office provides leadership, guidance and oversight of the development of policies, procedures, and processes to ensure proper management of trust funds on behalf of beneficiaries. By successfully operating the program, Trust Services supports the Department’s Strategic Plan end outcome goal of Serving Communities - Fulfill Indian Fiduciary Trust Responsibilities through the end out come performance measures of providing timely and accurate financial account information to trust beneficiaries, the timely recording of oil and gas royalties in the trust accounting system and the accurate processing of financial information in trust beneficiary accounts.

The United States Congress has designated the Secretary as the trustee delegate with responsibility for the monetary and non-monetary resources held in trust on behalf of American

Indian tribes, individual Indians, and other trust funds. In carrying out the management and oversight of the Indian trust funds, the Secretary has a fiduciary responsibility to ensure that trust accounts are properly maintained, invested, and reported in accordance with the *American Indian Trust Fund Management Reform Act of 1994* (Reform Act), Congressional action, and other applicable laws.

The Reform Act further identified certain of the Secretary of the Interior's duties to ensure proper discharge of the trust responsibilities of the United States. These include the following as it relates to Trust Services:

- Providing adequate controls over receipts and disbursements.
- Providing periodic, timely reconciliation to assure the accuracy of accounts.
- Preparing and supplying account holders with periodic statements of their account performance.
- Establishing consistent, written policies and procedures for trust fund management and accounting.
- Providing adequate staffing, supervision, and training for trust fund management and accounting.

The balances that have accumulated in the Indian trust funds have resulted from claims and judgment awards, investment income, and revenues from approximately 56 million acres of trust land. Revenues are derived from subsurface mineral extractions (coal, oil, gas, and uranium) timber, grazing, and other surface leases. Trust Services provides centralized accounting services for all trust funds management activities including receipting, accounting, investing, and disbursing of individual and tribal trust funds. Trust Services works directly with field offices to ensure cash management supporting documentation complies with policies and procedures and plans, directs, operates and controls the buying, selling and trading of investment instruments.



Check processing machine.

Trust Services is responsible for reconciling subsidiary and control accounts and monitoring trust funds activities. This office prepares internal and external financial accounting reports for trust funds. It also is responsible for the accurate and timely preparation and submission of appropriate external reports and required tax forms. The reconciliation of trust fund activities include custodial management of proprietary data, compliance and interface with Treasury cash flow reports, MMS, and BIA receipt of funds and source documents. This Office also ensures that beneficiary statements of performance for accounts with valid addresses are mailed.

Trust Services utilizes a complex mixture of tools, automated and manual, as well as contracted and in-house services to carry out the responsibilities of the office. The core accounting system is Trust 3000, a commercial off-the-shelf trust system that is used by eight of the top 15 National

Banks Trust Departments. Two other systems complement the core trust system: Customer StrataStation and Stratavision. Customer StrataStation allows the use of electronic approvals versus paper approvals. Stratavision is a computer output to laser disk storage product that allows the paperless view and storage of all reports generated by the core trust system. Trust Services also utilizes a centralized commercial custodian to process the financial investment securities as well as a commercial pricing service to price the securities daily. The Trust Services' investment group is on-line with the Bloomberg Service in order to execute security trades on a timely basis and at a prudent price. The Trust Services Reporting and Reconciliation group utilizes a myriad of government systems to report and reconcile trust management activities.

2008 Program Performance

- Attain 98% accuracy for financial information processed in trust beneficiary accounts in support of the Department's Strategic Plan.
- Record 99% of the Minerals Management Service royalty revenue within 24 hours of receipt in support of the Department's Strategic Plan.
- Attain 99.5% timeliness of financial account information provided to beneficiaries in support of the Department's Strategic Plan.
- Fully integrate beneficiary statements and informational announcements.
- Support key initiatives such as the lockbox, trust-funds receivable and assets and encumbrance statement implementation projects.
- Continue to process probate backlog and special deposit account clean-up transactions.
- Continue to compile monthly and annual financial statements.
- Ensure that approximately 750,000 beneficiary Statements of Performance are mailed annually.
- Continue to refine efficiency standards for all activities.
- Implement metrics covering most processes and implement on-line management dashboards.
- Streamline financial statement reporting processes.
- Continue efforts to streamline and automate the TAAMS/TFAS and daily cash reconciliation with Treasury.

Activity: Program Operations and Support
Subactivity: Historical Trust Accounting

	2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	2008 Budget Request	Inc(+) Dec(-) from 2007
\$(000)	56,353	56,353	0	+3,647	60,000	+3,647
FTE	0	0	0	0	0	0
Impact of the CR		[-34,593]		[+34,593]		

Note: FTE data is in OS submission. Funding transferred from OST to OS supports approximately 40 FTE.

Summary of 2008 Program Changes for Historical Trust Accounting

Request Component	(\$000)	FTE
<ul style="list-style-type: none"> Program Changes 	+3,647	0
TOTAL, Program Changes	+3,647	0

Justification of 2008 Program Changes

The 2008 budget request for the Historical Trust Accounting is \$60,000,000 and 0 FTE, a program change of +\$3,647,000 and 0 FTE from the 2007 President’s Budget.

The requested increase of \$3,647,000 will allow OHTA to raise IIM historical accounting funding from \$39 million under the level for 2007, to restore funding at the \$40 million level. In addition, the tribal trust historical accounting will be increased to \$20 million from \$17.4 million in FY 2007. OHTA had been allocating about \$40 million per year to the IIM historical accounting. Current accounting plan projections, amendments, and schedules are predicated on continuing at that level of funding through FY 2011.

The IIM historical accounting that was originally defined in the January 2003 Plan to the *Cobell* Court is being changed to reflect what has been learned about the work needed to complete the historical accounting. Each year’s work is a level of effort based on available funding directed to the IIM historical accounting. OHTA estimates that by allocating approximately \$40 million per year for the revised plan for the IIM historical accounting, it would take through fiscal year 2011 to complete the work. For the FY 2008 increase, OHTA would continue to allocate about \$40 million to the IIM historical accounting. Any reduction or reallocation of funding from the IIM program could extend the completion date for the IIM historical accounting beyond 2011.

Program Performance Change

Measure	2004 Actual	2005 Actual	2006 Actual	2007 CR	2008 Base Performance (2007 PB+ Fixed Costs)	2008 Plan	Program Change Accruing In 2008	Program Change Accruing In Outyears
					<u>A</u>	<u>B=A+C</u>	<u>C</u>	<u>D</u>
IIM Transactions Reconciled	4,706	4,000	603	1,000	550	1,000	+450	0
IIM Paper Era Ledgers Digitized	-	-	80,000	53,000	53,000	120,000	+67,000	0
Tribal Nationwide Test Transactions Reconciled	-	-	-	100	100	350	+250	0
Analysis and Resolution of Tribal Claims	-	-	18	5	5	15	+10	0
Tribal Document Production		1,600,000	1,800,000	2,500,000	2,500,000	3,500,000	+1,000,000	0
Tribal Litigation Support Cases	6	6	6	15	15	20	+10	0
<p>Note: Projected costs may not equal program change as these are full costs, which may include funds from other sources and (or) use averages.</p> <p>IIM Transactions Reconciled have dramatically decreased since FY 2005. OHTA's recent focus is data completeness validation, land to dollars testing, and digitizing paper era ledgers. None of these are reported as reconciling IIM transactions.</p> <p>Column B: The level of performance and costs expected in 2008. Reflects the impact of prior year funding changes, management efficiencies, and trend impacts.</p> <p>Column D: The out-year impact is the change in performance level expected in 2009 and Beyond of ONLY the requested program budget change; it does <u>not</u> include the impact of receiving the program increase again in a subsequent outyear.</p>								

Program Overview

In 1994, Congress passed the “*American Indian Trust Fund Management Reform Act of 1994*”. This Act requires the Secretary of the Interior to “account for the daily and annual balance of all funds held in trust by the United States for the benefit of an Indian tribe or an individual Indian which are deposited or invested pursuant to the Act of June 24, 1938 (25 U.S.C. Sec. 4011(a)).” The Department is now involved in lawsuits filed by or on behalf of over 300 tribes, including one class action tribal lawsuit on behalf of 250 tribes



Imagers at work.

associated with the Department’s management of Indian trust funds. In July of 2001, the Office of Historical Trust Accounting (OHTA) was created by Secretarial Order to plan, organize, direct, and execute the historical accounting of Tribal Trust accounts and Individual Indian Money (IIM) accounts. OHTA’s management model is based on a small staff of Federal employees directing the efforts of a number of individual contractors. The contractors provide the critical technical expertise in areas such as accounting services, project management, information technology, data security, statistical analysis, quality control, document search, collection and reproduction, and trust law analysis.

On January 6, 2003, as ordered by the court in the Cobell litigation, the Department filed The Historical Accounting Plan for Individual Indian Money Accounts. The Department’s accounting plan provided for a historical accounting for about 260,000 IIM accounts open on or after October 25, 1994, that had balances. The plan, over a five-year period, was estimated to cost \$335 million. The plan used both transaction-by-transaction and statistical sampling techniques to develop assurances of the accuracy of the statements of account. OHTA has since added in additional land-based IIM accounts, judgment and per capita accounts, and special deposit accounts. OHTA is revising the January 6, 2003 plan to reflect what has been learned in four years of historical accounting. The historical accounting is addressing three distinct types of IIM accounts, judgment and per capita IIM accounts, land-based IIM accounts, and special deposit accounts.

2008 Program Performance

OHTA expects to complete all but 8,000 of the Judgment and Per Capita account reconciliations in FY 2007. Reducing the funding needed to complete Judgment and Per Capita accounts allows some additional funding to be allocated to other components of the IIM historical accounting, to within the funding level of approximately \$40 million.

Effect of the FY 2007 Continuing Resolutions

The FY 2007 Continuing Resolutions through February 15, 2007, have reduced funding for historical accounting to \$21.3 million. This decrease has affected progress in several areas, including data completeness validation needed to prepare historical statements of account; search for historical records; locating, coding, and digitizing paper era ledgers; distributing residual balances from Special Deposit Accounts; reconciling Judgment and Per Capita Accounts; accounting tests for IIM and tribal trust funds; support to the Solicitor and Department of Justice for tribal litigation; and tribal document production.

Maintaining IIM Accounting

At the FY 2007 funding base of \$56.3 million, OHTA had expected to allocate and spend approximately \$39 million to the IIM historical accounting; the balance would be used for tribal trust accounting. The proposed 2008 increase would increase OHTA's base funding and thereby allow an increase in the IIM historical accounting to approximately the \$40 million level. If this funding level is sustained, OHTA will complete the IIM accounting in 2011.

With the additional funding requested, OHTA would allocate a portion of the increase to carry out planned work in both the electronic accounting era and paper accounting era. OHTA will maintain the funding allocation for IIM historical accounting to at least \$40 million for FY 2008. The balance of the increase would be allocated to tribal trust historical accounting to address the accounting claims filed on behalf of over 300 tribes.

Funding Tribal Trust Historical Accounting

At the end of FY 2006, OHTA was addressing tribal litigation filed by 34 tribes in the Court of Federal Claims and in District Courts around the country. Although only a few of the 34 cases were being actively litigated, OHTA was engaged in negotiations with or conducting analysis of tribal claims for most of the tribal cases. By supporting tribal document production and exploring settlement options with tribes, most of the original 34 tribal cases were stayed in their respective District Courts.

Just prior to the end of calendar year 2006, many additional tribes filed lawsuits because the legislation extending the statute of limitations on tribal trust fund and accounting-related claims expired.

At the FY 2007 requested a funding level of \$56.4 million, OHTA expected to allocate nearly \$17.4 million to tribal accounting. However, the CR has sharply reduced the funding available through February 15, 2007.

To address the expense of tribe-by-tribe analysis, OHTA is planning to conduct accounting and other tests of the management of tribal trust funds on a nationwide basis. Nationwide tests of investment earnings and proper allocation of pooled investments, tests of timeliness of deposits for payments to tribes, and completeness tests to verify that funds collected were posted to tribal accounts can save considerable time and cost over addressing these issues one tribe at a time. Without the proposed increase, OHTA would not be able to initiate any nationwide tests.

OHTA's tribal trust workload has increased dramatically with over a 200 percent increase in lawsuits, and the ten-fold increase in the number of tribes filing lawsuits at the end of 2006. With the 3.6 million increase, OHTA intends to continue its strategy for FY 2008 of satisfying the critical needs of the litigating tribes to avoid *active* litigation. OHTA's document production, support for the Department of Justice (DOJ) and the Solicitor's Office (SOL), and progress on tribal historical accountings and analysis of tribal claims are essential to continuing this approach.

Just as OHTA is relying on statistical sampling to perform parts of the IIM historical accounting, OHTA is looking at sampling approaches to examine specific tribal claims issues on a national, tribal trust-wide basis. For example, because funds from multiple tribes may be part of an investment instrument, the proper allocation of the principal and earnings can be tested by statistical methods and applied generally to the tribal accounting. Further, OHTA has proposed to address accounting shortcomings identified in the Tribal Reconciliation using statistical methods to test whether the historical accounting outcome is the same or different.

OHTA believes that using statistical methods to test certain aspects of tribal trust accounting will be, in the long run, significantly less costly than performing tribe-by-tribe historical accountings at \$2 to \$6 million per tribe. Statistical methods have proven to be an accurate measure of the reliability of information within a population. Additionally, developing tribal trust-wide statistics will inform and facilitate settlement negotiations with tribes, a feature of the ongoing rulemaking.

The allocation of nearly \$17.4 million for tribal trust accounting, would provide the resources to address the resolution of two tribal claims and/or accountings, provide litigation support for three other tribal cases, compile and validate tribal account statements for active litigating tribes, and produce approximately 2 million pages of documents to tribes.

At the FY 2008 level, OHTA could allocate approximately \$20 million to tribal trust accounting. This level provides for data validation for half of all tribes' accounts, tribal sample testing of 350 transactions, litigation or negotiations support for 7 tribal cases, ongoing analysis and resolution for 4 tribal claims, and document production for tribes of 3.5 million pages.

The program changes do not involve any increase in FTE. The additional funding would support higher levels of contractor effort to achieve this performance.

Office of the Special Trustee for American Indians

(Dollars in millions)

	Treasury Account ID: 14 – 0120 – 0	2006 Actual	2007 Estimate	2008 Estimate
	Obligations by program activity			
0001	Program operations, support, and improvements	196	157	186
0002	Executive Direction	2	2	2
0900	Reimbursable Program	4	1	1
1000	Total new obligations	202	160	189
	Budgetary resources available for obligation			
2140	Unobligated balance available, start of year	15	16	7
2200	New budget authority (gross)	192	151	187
2210	Resources available from recoveries of prior year obligations	11	0	0
2390	Total budgetary resources available for obligation	218	167	194
2395	New obligations	-202	-160	-189
2440	Unobligated balance available, end of year	16	7	5
	New budget authority (gross), detail			
	Discretionary			
4000	Appropriation	192	150	186
4035	Appropriation permanently reduced	-3	0	0
4200	Transferred from other accounts	3	0	0
4300	Appropriation (total discretionary)	192	150	186
5800	Spending Authority from Offsetting Collections	4	1	1
5810	Change in uncollected customer payments from Federal sources (unexpired)	-4	0	0
5890	Spending authority from offsetting collections (total discretionary)	0	1	1
7000	Total New Budget Authority	192	151	187
	Change in obligated balances			
7240	Obligated balance, start of year	68	58	44
7310	Total new obligations	202	160	189
7320	Total outlays (gross)	-205	-174	-169
7345	Recoveries of prior year obligations	-11	0	0
7400	Change in uncollected customer payments from Federal sources (unexpired)	4	0	0
7440	Obligated balance, end of year	58	44	64
	Outlays (gross), detail			
8690	Outlays from new discretionary authority	127	100	124
8693	Outlays from discretionary balances	78	74	45
8700	Total outlays (gross)	205	174	169
	Offsets			
	Against gross budget authority and outlays			
8800	Offsetting collections (cash) from Federal sources	4	1	1
	Against gross budget authority only			
8895	Change in uncollected customer payments from Federal sources (unexpired)	-4	0	0
	Net budget authority and outlays			
8900	Budget authority	192	150	186
9000	Outlays	201	173	168

Note: Table may not add due to rounding.

Object Classification

(Dollars in millions)

Treasury Account ID: 14 – 0120 – 0		2006 Actual	2007 Estimate	2008 Estimate
	Object Classification			
	Direct obligations			
	Personnel compensation			
1111	Full time permanent	37	38	38
1115	Other personnel compensation	1	1	1
1119	Total personnel compensation	38	39	39
1121	Civilian personnel benefits	11	11	11
1210	Travel and transportation of persons	4	4	4
1231	Rental Payments to GSA	5	5	5
1233	Communications, utilities	2	2	2
1252	Other services	54	54	50
1253	Purchases of goods and services from government accts	5	5	4
1260	Supplies and Materials	1	1	1
1310	Equipment	3	3	3
1990	Subtotal, Direct obligations	123	124	119
1990	Reimbursable obligations	3	1	1
	Allocation Account			
	Personnel compensation			
3111	Full-time permanent	7	7	7
3113	Other than full-time permanent	1	1	1
3119	Total personnel compensation	8	8	8
3121	Civilian personnel benefits	3	3	3
3210	Travel and transportation of persons	1	1	1
3231	Rental payments to GSA	2	2	2
3233	Communications, utilities, and miscellaneous charges	2	2	2
3252	Other services	60	19	53
3990	Subtotal, Allocation account	76	35	69
9999	Total obligations	202	160	189

Note: Table may not add due to rounding.

Office of the Special Trustee for American Indians

Personnel Summary	2006 Actual	2007 Estimate	2008 Estimate
Direct			
Civilian full-time equivalent employment	607	619	634
Allocation			
BIA and OS	[113]	[113]	[106]

**Employee Count by Grade
(Total Employment)**

	2006 Actual	2007 Estimate	2008 Estimate
Executive Level V	1	1	1
SES	13	13	13
Subtotal.....	14	14	14
SL - 00.....	0	0	0
ST - 00.....	0	0	0
Subtotal.....	0	0	0
GS/GM -15.....	29	29	29
GS/GM -14.....	98	100	100
GS/GM -13.....	81	87	93
GS -12	58	66	74
GS -11	18	17	17
GS -10	0	0	0
GS - 9	30	30	30
GS - 8	21	22	23
GS -7	146	146	146
GS - 6	37	45	45
GS - 5	66	61	61
GS - 4	19	12	12
GS - 3	0	0	0
GS - 2	0	0	0
GS -1	0	0	0
Subtotal.....	603	615	630
Other Pay Schedule Systems.....	1	1	1
Total employment (actual/estimate)	618	630	645

FY 2006 includes total actual personnel on-board at EOY, not FTE. FY 2007 and 2008 include FTE estimates.

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Appropriation Language Sheet**Office of the Special Trustee for American Indians**

Indian Land Consolidation

For consolidation of fractional interests in Indian lands and expenses associated with redetermining and redistributing escheated interests in allotted lands, and for necessary expenses to carry out the Indian Land Consolidation Act of 1983, as amended, by direct expenditure or cooperative agreement, \$10,000,000, to remain available until expended, and which may be transferred to the Bureau of Indian Affairs and Departmental Management accounts.

Note. – A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Justification of Proposed Language Change

Deletion of the following wording:

[Provided, That funds provided under this heading may be expended pursuant to the authorities contained in the provisos under the heading “Office of Special Trustee for American Indians, Indian Land Consolidation” of the Interior and Related Agencies Appropriations Act, 2001 (Public Law 106-291).]

The reference to 2001 provisions did not provide any additional authorities.

Activity: Indian Land Consolidation

	2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	2008 Request	Inc (+) Dec (-) from 2007
\$(000)	34,006	59,449	0	-49,449	10,000	-49,449
FTE	0	0	0	0	0	0
Impact of the CR		[-28,702]		[+28,702]		

Note: FTE data is in the BIA submission. Funding transferred from OST to BIA supports approximately 66 FTE and 65 contract personnel.

Summary of 2008 Program Changes for Indian Land Consolidation

Request Component	(000)	FTE
<ul style="list-style-type: none"> Program Changes 	-49,449	0
TOTAL, Program Changes	-49,449	0

Justification of 2008 Program Changes

The 2008 budget request for Indian Land Consolidation Program (ILCP) is \$10,000,000, a decrease of \$49,449,000 from the 2007 President’s Budget.

Indian Land Consolidation (-49,449,000/0 FTE Positions)

Funding at the \$10,000,000 level will enable the program to maintain the current infrastructure of the Indian Land Consolidation Office (ILCO). The goal is to continue operations with a core staff, maintaining a presence in each of the ILCP acquisition sites to acquire fractionated interests. The reduction is related to a temporary pause while the Administration and Congress attempt to evaluate other strategies to consolidate interests. The ILCP has worked diligently to maximize funding for land acquisitions and implemented systems and procedural changes that decreased administrative costs by approximately 21% from \$9.5 million in FY 2005 to \$7.5 million in FY 2006. Recent improvements to the program such as the Land Consolidation Tracking System and the targeted purchasing effort generated efficiencies that have lowered program support costs. However, administrative expenses are expected to increase by \$1,168,000 in FY 2008 due to the funding required to support the Office of Minerals Evaluation. The funds will pay for minerals valuations performed by the OAS.

With \$10,000,000 level of funding in FY 2008, acquisition of fractionated interests will equate to the purchase of about 4,135 small, highly fractionated interests among individual Indian landowners. This is a decrease of approximately 75,865 interests below the estimated FY 2007 level of acquisition. The estimate of the number of interests to be acquired is based on historical average interest cost. However, this does not account for the interests purchased directly by the tribes. This amount totaled over \$101 million in FY 2006. In addition, approximately \$1.2 million was generated in FY 2006 due to the income from interests held by the government to

repay liens. In FY 2008, ILCP expects to generate \$1.2 million as well and use the funds for acquisitions.

The FY 2008 budget request will allow the ILCP to continue to focus on the most highly fractionated tracts consisting of 1,523 tracts having 510,118 individual interests located in 5 BIA regions. This strategy should decrease the average cost per interest which would allow more interests to be acquired. ILCP will also work with tribes to leverage purchases by the program with tribal purchases. Contract costs may be able to be reduced further as well.

In addition, the Department will continue to work to enhance program operational efficiency and reduce the rate of fractionation as a part of its Trust Reform efforts.

Performance Change

					<u>A</u>	<u>B=A+C</u>	<u>C</u>	<u>D</u>
Measure	2004 Actual	2005 Actual	2006 Actual	2007 CR	2008 Base Performance (2007 PB)	2008 Plan	Program Change Accruing In 2008	Program Change Accruing In Outyears
Number and acreage of land acquisitions to increase land use capabilities and reduce fractionation of land interests. (SP), (PART) Annual	48,470 interests; 42,806 acres	72,547 interests; 114,528 acres	77,577 interests; 160,049 acres	37,800 interests; 57,900 acres	80,000 interests; 95,000 acres	4,135 interests; 6,330 acres	-75,865 interests; -88,670 acres	0
Reduce number of open IIM accounts through acquisition (PART) (IIM accounts eligible for closure) Annual	827	606	1,019	800	800	27	-773	0

Note: Projected costs may not equal program change as these are full costs, which may include funds from other sources and (or) use averages.

Column B: The level of performance and costs expected in 2008. Reflects the impact of prior year funding changes, management efficiencies, and trend impacts.

Column E: Outyear performance beyond 2008 addresses lagging performance — those changes occurring as a result of the program change (not total budget) requested in 2008. It does not include the impact of receiving the program change again in a subsequent outyear.

Program Overview

The ILCP assists the Department in fulfilling its trust responsibilities by addressing the growth of fractionated land interests in Indian trust or restricted land. ILCP acquires highly fractionated land ownership interests from willing sellers at fair market value. BIA manages the program while funding is provided through OST's budget.

Purchase of fractional interests reduces record keeping and the large numbers of small dollar financial transactions. Also, the number of individuals subject to probate decreases.

ILCA is the law permitting the Secretary to acquire fractionated land interests from individual owners. It was originally enacted in 1983, and was amended significantly in 2005 with the enactment of the American Indian Probate Reform Act (AIPRA).

In order to acquire any interest in land, the regulations require that the Secretary provide an appraisal of the interest and that the purchase price must meet or exceed the appraised value. At the present time, the process is for the ILCA program to acquire small (usually less than 2%) interest in parcels of highly fractionated land and convey those parcels to the tribe on whose reservation the land is located. No consideration is paid by the tribe; however, any income from the property is to be retained by the United States until the purchase price has been repaid. The ILCP's workload could be affected by the ability of the Office of Appraisal Services to perform the appraisals. Thus far, this has not been a problem and is not likely to be in the future. During the past three years, the offers to sell from fractional owners have always exceeded the funding available, and appraisers have been able to meet the need of ILCP and provide appraisals when necessary.

AIPRA adds another dimension to the ILCP. AIPRA allows purchases of interests directly from the estate of a deceased account holder during probate. It also permits creation of family partnerships which could merge small interests into a single owner entity and it permits consolidation of interests with co-owners under certain circumstances. It also restricts intestate inheritance of very small interests to a single heir, which ultimately would have the effect of reducing further fractionation of land parcels. However, the Act still leaves the option for these very small interests to be devised by will to multiple heirs. In most of these situations, appraisals are still required, in particular, at partition sales or purchases during the probate or by co-owners.

It is also necessary to value an estate at the time of death. In many instances, the BIA has required an appraisal of the real property in order to complete the inventory of the estate to be probated. While this may not be needed at the beginning of the probate, it will be needed later on if the real estate is transferred to someone other than the person who would normally inherit or was devised the land through a special bequest.

The *American Indian Probate Reform Act* of 2004, provided new tools to improve probate and slow the rate of fractionation. Key provisions took effect on June 20, 2006, with respect to the estates of Indians who die owning trust property after that date. The Act includes provisions to create a new federal Indian probate code and authorities for consolidating land ownership through sales, gift deeds, land exchanges, and consolidation agreements.

Provisions of the Act provide for measures to slow the rate for continued fractionation on approximately 85 percent of all interests. However, even those small interests that do not continue to fractionate may cost millions to manage. The individual accounts that track, hold, and pay earnings and interest will require probate upon the death of the account holder.

The Department has demonstrated success and increased efficiency over the past several years acquiring small highly fractionated interests through ILCP. 85% of purchases were for interests of less than 2 percent. In addition, ILCP has acquired 100 percent interest ownership in 223 tracts of land that have been conveyed to the tribes. Approximately 377,000 acres have been acquired, and all purchases are now directed at those tracts that are the most highly fractionated. By doing so, there is much greater opportunity for savings by eliminating some probates and for more efficient management of the land. The ILCP has acquired 100 percent of the interests of 6,388 individuals, potentially eliminating the need to probate these individuals, eliminating the creation of 689,904 additional interests, and federal administrative cost savings of approximately \$31,940,000 (based on \$5,000 per probate).

Since inception of the program in FY 1999, ILCP has been able to achieve majority ownership in the majority of the allotments in four reservations in the Midwest Region. Of the 200 most highly fractionated tracts in Rosebud, the program has acquired majority ownership in 83 percent of these target tracts. Program-wide, 223 tracts have been restored to 100 percent tribal ownership. Revenue increased from a cumulative total of approximately \$126,500 for the first 5 year period, to \$658,000 (rounded) in FY 2005; \$1.2 million (rounded) in FY 2006.

2008 Program Performance

The focus in FY 2008 will be to acquire approximately 4,135 small, fractionated interests and 6,330 acres by:

- Continuing to target the least expensive of the most highly fractionated tracts (200 or more interests) in 5 regions where the ILCP is currently present.
- Maintaining infrastructure at the current locations
- Purchasing selected interests from targeted sellers, including re-vested *Youpee* interests, with the goal to achieve majority or single ownership in targeted tracts.
- Acquiring small fractionated interests at probate under AIPRA.
- Prioritizing the acquisitions to acquire the least costly interests.
- Continuing efforts to leverage other funds at current reservations.
- Acquiring subsurface fractionated interests of nominal value in the most highly fractionated tracts on the current reservations.
- Providing maintenance costs associated with the Land Consolidation Tracking System (LCTS).
- Fully utilizing TAAMS/LCP for acquisitions to enhance efficiency in the acquisition of fractionated land interests.
- Considering alternative methods to resolve land fractionation proliferation

**Office of the Special Trustee for American Indians
Indian Land Consolidation**

(Dollars in millions)

	Indian Land Consolidation (14-2103)	2006 Actual	2007 Estimate	2008 Estimate
	Obligations by program activity			
0001	Direct Program Activity	34	34	13
1000	Total new obligations	34	34	13
	Budgetary resources available for obligation			
2140	Unobligated balance available, start of year	1	4	2
2200	New budget authority (gross)	36	32	11
2210	Resources available from recoveries of prior year obligations	1	0	0
2390	Total budgetary resources available for obligation	38	36	13
2395	New obligations	-34	-34	-13
2440	Unobligated balance available, end of year	4	2	0
	New budget authority (gross), detail			
	Discretionary			
4000	Appropriation	35	31	10
4035	Appropriation permanently reduced	-1	0	0
4300	Appropriation (total discretionary)	34	31	10
5800	Offsetting collections	1	1	1
5810	Change in uncollected customer payments from Federal Sources	1	0	0
5890	Spending authority from offsetting collections (total discretionary)	2	1	1
7000	Total new budget authority (gross)	36	32	11
7240	Obligated balance, start of year	5	3	2
7310	Total new obligations	34	34	13
7320	Total outlays (gross)	-34	-35	-13
7345	Recoveries of prior year obligations	-1	0	0
7400	Change in uncollected customer payments from Federal sources	-1	0	0
7440	Obligated balance, end of year	3	2	2
8690	Outlays from new discretionary authority	33	29	10
8693	Outlays from discretionary balances	1	6	3
8700	Total outlays (gross)	34	35	13
	Offsets:			
8800	Offsetting collections (cash) from: Federal sources	1	1	1
8895	Change in uncollected customer payments from Federal sources	1	0	0
8900	Budget authority	34	31	10
9000	Outlays	33	34	12

Object Classification

(Dollars in millions)

	Indian Land Consolidation (14-2103)	2006 Actual	2007 Estimate	2008 Estimate
9909	Reimbursable obligations	1	1	1
	Allocation Account-direct:			
1100	Full-time permanent	2	2	2
1115	Other than full-time permanent	1	1	1
1119	Total personnel compensation	3	3	3
1121	Civilian personnel benefits	1	1	1
1252	Other Services	4	5	6
1320	Land and structures	25	24	2
	Allocation Account-direct			
9999	Total obligations	34	34	13

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Office of the Special Trustee for American Indians

Tribal and Other Trust Funds

(Dollars in Thousands)

		2006 Actual	2007 CR	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	2008 Budget Request	Inc(+) Dec(-) from 2007
Tribal Special Fund	\$(000)	98,296	141,041	0	+7,306	148,347	+7,306
	FTE	0	0	0	0	0	0
Tribal Trust Fund	\$(000)	33,185	46,974	0	+2,433	49,407	+2,433
	FTE	0	0	0	0	0	0
Total	\$(000)	131,481	188,015	0	+9,739	197,754	+9,739
	FTE	0	0	0	0	0	0
Impact of the CR			[0]		[0]		

Summary of 2008 Program Changes for Trust Funds

Request Component	(\$000)	FTE
• Tribal Special Fund	+7,306	0
• Tribal Trust Fund	+2,433	0
TOTAL, Program Changes	+9,739	0

Justification of 2008 Program Changes

The 2008 budget request for the Tribal and Other Trust Funds totals \$197,754,000, an increase of \$9,739,000 from the 2007 estimated receipts and outlays.

Budget authority for the Tribal and Other Trust Funds is equal to the receipts of such funds. Receipts generally include appropriations from the general fund, investment income, and proceeds (i.e., maturities, sales) from investments in non-Treasury securities. Investments in non-Treasury and non-federal securities are recorded as an outlay upon purchase.

Budgetary Classification of Tribal Trust Funds

Tribal trust funds are deposited into consolidated accounts in the U.S. Treasury pursuant to: (1) general or specific acts of Congress and (2) Federal management of tribal real properties, the titles to which are held in trust for the tribes by the United States. These funds are available to the respective tribal groups for various purposes, under various acts of Congress, and may be subject to the provisions of tribal constitutions, bylaws, charters, and resolutions of the various tribes, bands, or groups.

Commencing with FY 2000, most tribal trust funds, including special funds, managed by the Office of Special the Trustee were reclassified as non-budgetary. Ownership of these funds did not change, nor did the federal government's management responsibilities; changes were made

for presentation purposes only. Some tribal trust funds will remain budgetary, in the Tribal and Other Trust Fund.

The budgetary funds are included in either a budgetary special fund account or trust fund account. The distinction between a special and a trust fund is purely technical from a budgetary standpoint; if the law creating the fund delineates it as a “trust fund,” it is included in the trust fund account. If the law delineates the fund as something other than a trust fund (e.g., a “development fund”) it is included in the special fund account.

Tribal Special Fund

This fund includes activities associated with the following accounts:

- *Tribal Economic Recovery Fund*. This fund is authorized by the *Three Affiliated Tribes and Standing Rock Sioux Tribe Equitable Compensation Act of 1992* (P.L. 102-575) and holds funds which have been appropriated pursuant to the Act. Beginning in 1998, interest earned on the principal of this fund is available for both Tribes for economic development, education, and social services programs.
- *Three Affiliated Fort Berthold* (P.L. 102-575). The fund is not designated by law as a trust fund. The act provides for additional compensation to the Three Affiliated Tribes and the Standing Rock Sioux Tribe for the taking of tribal lands related to the Garrison Dam and Reservoir project. The tribes are only entitled to the interest earnings, not the corpus (Sec. 3504(a) (4)).
- *Standing Rock* (P.L. 102-575, Title XXXV). The Act provides for additional compensation to the Three Affiliated Tribes and the Standing Rock Sioux Tribe for the taking of tribal lands related to the Garrison Dam and Reservoir project. The Tribes are only entitled to the interest earnings, not the corpus (Sec. 3504(a) (4)).
- *Papago Cooperative Fund* (P.L. 97-293). The fund was established for the tribe to obtain services that are financed by earnings on investment of the fund.
- *Ute Tribe* (P.L. 102-575, Title V). The fund was established for certain environmental and developmental purposes. One of the expressed purposes of this act is to put the Tribe in the same economic position it would have been had features contemplated by a September 20, 1965 agreement with the United States and others been constructed and thus, resolve tribal claims arising out of the agreement. In addition, the Act qualifies the Tribe’s reserved rights and provides for the waiver of tribal claims related to this issue. The funds provided for by Section 504, like all funds provided for by the Act, with the exception of those funds provided for under Section 505, are intended to resolve legal claims related to the Tribe’s water rights.
- *Pyramid Lake Indian Reservation* (P.L. 101-618). (Specifically, the Lahonta Valley and Pyramid Lake Fish and Wildlife Fund). The Lahonta Valley and Pyramid Lake Fish and Wildlife Fund consist of payments for the use of certain water and transfers from the Fisheries Fund. Except for the transfers, the use of the funds is subject to appropriations for fish and protection.
- *San Luis Rey Water Authority* (P.L. 100-675). This is settlement legislation that resolves pending water rights litigation between the United States, the Bands local entities. The Act established the San Luis Rey Tribal Development Fund and authorized appropriations of \$30 million to the Fund. Following execution of the proposed settlement agreement, the

Secretary of the Treasury is directed to make the funds available upon the request of the Indian Water Authority.

- *Cochiti Wetfields Solution.* In 1994, the Army Corps of Engineers transferred \$4 million pursuant to P.L. 102-358 to fund the Department's responsibilities under the settlement agreement between Cochiti Tribe, the Corps, and the Department. The Secretary of the Interior is responsible for maintenance, repair, and replacement of a drainage system constructed by the Corps for the Cochiti Pueblo.
- *Southern Arizona Water Rights Settlement Act.* This Cooperative Fund was established to provide a source of funds to carry out the obligations of the Secretary under sections 303, 304, and 305 of the Act (Title III, P.L. 97-293, 96 Stat. 1274-1285). Only interest accruing to the fund may be expended.

Tribal Trust Fund

This fund includes activities associated with the following accounts:

- *Funds Contributed for the Advancement of the Indian Race.* This fund accounts for any contributions, donations, gifts, etc., which are to be used for the benefit of American Indians in accordance with the donors' wishes (82 Stat. 171).
- *Bequest of George C. Edgeter.* This fund consists of a bequest, the principal of which is invested in U.S. Treasury securities, and the interest is to be used for the relief of American Indians as specified by the donors' wishes (82 Stat. 171).
- *Ella M. Franklin Fund.* This fund includes a donation made by George C. Edgeter; income is available according to the terms of the bequest for the expenditure as determined by the Assistant Secretary, Indian Affairs for the relief of American Indians.
- *Josephine Lambert Fund.* This fund includes a donation made by Josephine Lambert, income to be used for the health or education of underprivileged Indian children.
- *Orrie Shaw Fund.* This fund includes a donation made by Dr. Orrie Shaw, income used only for the training or education of American Indians.
- *Welmas Endowment Fund.* This fund was established to receive revenue generated by land owned by the decedent for the period of ten (10) years whereby the annual interest earnings of the endowment can be distributed by the Assistant Secretary- Indian Affairs for the education of members of federally recognized tribes; provided that 20% of the annual interest serves to benefit the education of Agua Caliente Tribal members. The Tribe has the option of obtaining complete control of the land, prior to the end of the endowment period, if it elects to fund the endowment so that the principal amount reaches \$750,000.
- *Arizona Intertribal Fund* (P.L. 100-696). The fund represents an exchange agreement for privately held lands in Florida for publicly held land in Arizona. Use of the money is subject to appropriations and is available to pay for supplemental education and child welfare programs.
- *Navajo Trust Fund* (P.L. 100-696). The fund ratifies an exchange of Federal land in Arizona.
- *Crow Creek* (P.L. 104-223). The Act established a corpus that is to be invested and makes the interest earnings available without appropriation for the various activities under Section 5. However, the Act does not appear to transfer ownership of the money to the Tribe or create a legal claim to the funds, until it is paid to them.

- *So Ute Tribal Resource Fund* (P.L. 106-554). This fund was established in FY 2002. As part of the requirements under Section 18 of the Act for disbursing the tribal resource funds, the Colorado Ute are required to submit a resource acquisition and enhancement plan or an investment plan to the Secretary for approval.
- *Ute Mtn Tribal Resource Fund* (P.L. 106-554). The fund was established in FY 2002. As part of the requirements under Section 18 of the Act for disbursing the tribal resource funds, the Colorado Ute are required to submit a resource acquisition and enhancement plan or an investment plan to the Secretary for approval.
- *Chippewa Cree Tribal Compact ADM/Chippewa Cree Future Water Supply* (P.L. 106-163). The fund was established in FY 2001. The trust fund is established under Title I, Sec. 104, Chippewa Cree Indian Reserved Water Rights Settlement Trust Fund. The ownership of the trust fund does not convey to the Tribe until such time as the Tribe waives all claims and meets the underlying settlement requirements.
- *Shivwits Band of Paiute Indians* (P.L. 106-263). The fund was established in FY 2002. Ownership of the trust fund does not convey to the Tribe until such time as funds have been appropriated and deposited into the Trust fund; the St. George Water Reuse Project Agreement, the Santa Clara Project Agreement and the Settlement Agreement are approved and in effect; the State Engineer of Utah has approved all applications necessary to implement the provision of the Santa Clara Project Agreement, St. George Water Reuse Agreement and the Settlement Agreement; the Court has entered a judgment and decree confirming the Shivwits Water Rights and is final as to all parties to the Santa Clara Division and the Virgin River Adjudication.
- *Northern Cheyenne Indian Reserved Water Rights Settlement Trust Fund*. This fund established a \$21.5 million trust fund for the Northern Cheyenne Indian Tribe. These funds may be used by the Tribe to make \$11.5 million available to the State of Montana as a loan to assist in financing Tongue River Dam project costs; land and natural resources administration, planning, and development; land acquisition; and any other purpose determined by the Tribe. In addition, this fund holds \$31.5 million for the enlargement and repair of the Tongue River Dam project.
- *The Crow Creek Sioux Tribe Infrastructure Development Trust Fund of 1996* (P.L. 104-223, 110 Stat 3026). The fund establishes a Crow Creek Sioux Tribe Infrastructure Development Trust Fund. In 1997, \$27.5 million was deposited into the Fund. The interest earned from the invested principal is available for payment to the Tribe for tribal educational, health care, recreational, and other projects.

Tribal Special Fund

(Dollars in millions)

	Treasury Account ID: 14 – 5265 – 0	2006 Actual	2007 Estimate	2008 Estimate
	Obligations by program activity			
0001	Direct Program Activity	95	140	148
1000	Total new obligations (object class 41.0)	95	140	148
	Budgetary resources available for obligation			
2140	Unobligated balance carried forward, start of year	58	61	61
2200	New budget authority (gross)	98	140	148
2390	Total budgetary resources available for obligation	156	201	209
	Total new obligations	-95	-140	-148
2440	Unobligated balance carried forward, end of year	61	61	61
	New budget authority (gross) detail			
	Mandatory:			
6020	Appropriation (Special fund)	98	140	148
	Change in obligated balances:			
7310	Total new obligations	95	140	148
7320	Total outlays (gross)	-95	-140	-148
	Outlays (gross) detail:			
8697	Outlays from new mandatory authority	85	140	148
8698	Outlays from mandatory balances	10		
8700	Total outlays (gross)	95	140	148
	Net budget authority and outlays:			
8900	Budget authority	98	140	148
9000	Outlays	95	140	148
	Memorandum (non-add) entries:			
9201	Total investments, start of year: Federal securities: Par value	58	61	38
9202	Total investments, end of year, Federal securities: Par value	61	38	38

Note: Table may not add due to rounding.

Tribal Trust Fund

(Dollars in millions)

	Treasury Account ID: 14 – 8030 – 0	2006 Actual	2007 Estimate	2008 Estimate
	Obligations by program activity			
0001	Direct Program Activity	20	47	49
1000	Total new obligations (object class 41.0)	20	47	49
	Budgetary resources available for obligation			
2140	Unobligated balance carried forward, start of year	40	53	53
2200	New budget authority (gross)	33	47	49
2390	Total budgetary resources available for obligation	73	100	102
2395	Total new obligations	-20	-47	-49
2440	Unobligated balances carried forward, end of year	53	53	53
	New budget authority (gross), detail			
	Mandatory			
6026	Appropriation (trust fund)	33	47	49
	Change in obligated balances			
7310	Total new obligations	20	47	49
7320	Total outlays (gross)	-20	-47	-49
	Outlays (gross), detail			
8697	Outlays from new mandatory authority	10	47	49
8698	Outlays from mandatory balances	10		
8700	Total outlays (gross)	20	47	49
	Net budget authority and outlays			
8900	Budget authority	33	47	49
9000	Outlays	20	47	49
	Memorandum (non-add) entries			
9201	Total Investments, start of year: Federal securities: Par Value		53	20
9202	Total Investments, end of year: Federal securities: Par Value	53	20	20

Note: Table may not add due to rounding.